

Joseph Holt Staff Pension Scheme (the “Scheme”)

Implementation Statement for the year ended 30 June 2022

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Joseph Holt Staff Pension Scheme (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 30 June 2022 (“the reporting year”). The statement has previously provided a summary of the voting behaviour and most significant votes cast during the reporting year, however the Scheme no longer holds investments with voting rights and therefore this is no longer reported.

The Trustee’s policy

During the Scheme year the Trustees continued to follow their policy on Environmental, Social and Governance (“ESG”) and voting issues, documented in the updated Statement of Investment Principles dated September 2021.

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s investment managers. The Trustees requires the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights – where applicable) attached to the Scheme’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments. Furthermore, the Trustees revert to the investment manager’s approach when determining vote significance unless stated otherwise.

It should be noted that the Scheme transacted a full insurance buy-in policy covering all Scheme members during May 2022. This policy will meet member benefits in full and the Trustee do not have oversight of the assets backing the buy-in or the insurers set policy on ESG factors.

Manager selection exercises

One of the main ways in which the policy of the Trustees is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

Following the restructure of the Scheme’s assets during June 2021 there have been no further manager selection exercises (with the exception of the appointment of Aviva as a bulk-annuity provider).

Where investment funds are put forward by XPS, they are rated using various criteria. One of these criteria is the ESG capabilities of the investment manager.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement.

Following the transaction of the buy-in policy, the Trustees no longer have the ability to influence the underlying investment strategy and hence the approach to ESG related issues.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The Scheme no longer holds equities and therefore there were no associated voting rights. Whilst the non-equity funds held within the Scheme's investment strategy do not carry voting rights, levels of engagement and stewardship are considered when appointing managers and are monitored by the Trustees. However, engagement on ESG related matters is no longer practical following the transaction of the buy-in policy.

Signed:  Chair of Trustees

Date: 14 December 2022