

ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the year to 31 December 2022. This statement has been produced in accordance with the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The primary objective of the Scheme is to ensure that the obligations to the beneficiaries of the Scheme can be met. In order to meet this objective, the Trustee has entered into three insurance policies with Legal & General (“L&G”) as follows:

- Two pensioner buy-in policies, whereby L&G has agreed to pay the Scheme an amount equal to the pensions in payment for those members covered under the policies;
- An assured payment policy, which is effectively an inflation-linked bond which insures the majority of the interest rate, inflation and asset return risks associated with deferred members. Over the five years following commencement of the policy, additional top up payments are expected to be made which progressively convert the policy to a buy-in and insure demographic and remaining market risks.

Under each of these policies, the pension liabilities remain liabilities of the Scheme, and the policies are held as assets of the Scheme.

Policy on ESG, Stewardship and Climate Change

The Scheme’s SIP includes the Trustee’s policy on Environmental, Social and Governance (“ESG”) factors, stewardship and climate change. This was last reviewed in September 2020. The Trustee believes that ESG factors are likely to have a material impact on investment risk and return outcomes over the time horizon of the Scheme, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustee considers these issues and takes advice on them when setting its asset allocation. However, the nature of the investments, consisting of insurance policies and cash, limits the scope for the Trustee to incorporate views on ESG, stewardship and climate change within the Scheme’s investment strategy.

Engagement and Voting Activity

Due to the nature of the Scheme’s assets, there were no voting rights or other stewardship obligations relating to the Scheme’s assets during the year under review.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

Trustee Responsibilities in Respect of the Financial Statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee Responsibilities in Respect of Contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule of Contributions occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Signed for and on behalf of the Trustee

Trustee Director:

Trustee Director:

Date:
