

Yuill Group Pension Scheme

Statement of Investment Principles - Implementation Statement

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) 2019 Regulations. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statement of Investment Principles (SIP) dated August 2020 have been implemented. The SIP provides further background details on investment arrangements.

This Statement covers the period 1 July 2021 to 30 June 2022.

Investment manager and funds in use

The Scheme holds the majority of its assets in a bulk annuity buy-in policy with Aviva Life & Pensions ('Aviva'). The remaining assets held to meet expected expenses associated with winding up the Scheme are invested in the Blackrock ICS Sterling Government Liquidity Fund which is held via the Mobius Life investment platform.

Strategy Review

Over the year the Scheme switched its cash fund holding from the Legal & General Cash Fund to the Blackrock ICS Sterling Government Liquidity Fund.

Scheme Governance

The Trustee is responsible for making investment decisions, and seeks advice from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustee's investment consultant.

The Trustee does not actively obtain views of the membership of the Scheme to help form its policies set out in the SIP.

There were no changes to the investment management agreement with Mobius during the year.

Statement of Investment Principles

The Trustee last reviewed the Statement of Investment Principles (SIP) in August 2020, which was updated in line with new regulations relating to Environmental, Social and Governance (ESG) considerations.

The Trustee has a policy on financially material considerations relating to ESG issues, including the risk associated with the impact of climate change. In addition, the Trustee has a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out below and are detailed in the SIP. There were no departures from the policies set out in the SIP, including the Trustee's policies on financially and non-financially material considerations, during the year.

Policy for taking into account financially material and non-financial ESG considerations

Trustee's Policy: *The Trustee has appointed Aviva to manage the buy-in policy and Legal & General to manage the cash assets. The Trustee has given them both discretion in relation to the selection, retention and realisation of investments.*

The Trustee expects the investment managers to take steps to ensure environmental, social and corporate governance factors are implicitly incorporated into the investment decision-making process and expect their appointed investment managers to be cognisant of climate change risks and opportunities within their investment processes as applied to the assets of the Scheme.

The Trustee does not take into account social, environmental and ethical factors in making their investment decisions, except to the extent set out in this section.

There have been no changes to the Trustee's policy, nor any departures from the policy, during the year.

The Trustee notes that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustee is satisfied that the investments currently made by the Scheme are managed in accordance with their views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustee has access to updates on governance and engagement activities by the investment manager and input from their investment advisor on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustee acknowledges that it is delegating the consideration of financially material factors in relation to determining the underlying holdings to its investment manager given it is investing in a pooled fund.

A summary of the Trustee's views for each investment in which the Scheme invests is outlined below.

Asset Class	Actively or Passively Managed?	Comments
Insurance policies	Active	The Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the investment. However voting rights are expected to be exercised by the insurer in line with their general voting policies.
Cash	Active	The Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the cash asset class. However voting rights are expected to be exercised by the investment manager in line with their general voting policies.

Policy on the exercise of voting rights and engagement activities

Trustee's Policy: *The Trustee cannot directly influence Aviva's policies on the exercise of investment rights (such as voting and engagement) for their bulk annuity policy. This is due to the nature of these investments. The Trustee also cannot directly influence Legal & General's policies on voting and engagement for the assets held in the cash fund.*

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code, and is supportive of the Code. The Trustee understands that investment rights will be exercised by Aviva and Legal & General in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the Code, and which are provided to the Trustee from time to time.

There have been no changes to the Trustee's policy, nor any departures from their policy, during the year. Any voting activities, if they were to arise, have been delegated to the insurer and investment manager.

The Trustee currently invests in a bulk annuity buy in policy with Aviva and a pooled investment fund with BlackRock.

The Trustee has employed Broadstone to assist in monitoring the voting and engagement activity of its investment manager. The Trustee, with the assistance of Broadstone, concluded that the voting and engagement activity of their investment manager is in line with their policy on voting and engagement.

Within the current investment arrangements, the underlying assets held by Aviva in respect of the bulk annuity policy are not expected to attract voting rights given the fixed income nature of the investments.

The assets held within the Blackrock ICS Sterling Government Liquidity Fund also do not typically attract voting rights, however we have summarised the votes made by BlackRock at a company level which is measure of the wider engagement work done by BlackRock across all asset classes. BlackRock employs the services of a third party proxy voter when exercising voting rights and will often engage with investee companies directly. The third party proxy voter used is also confirmed in the table below. The Trustee has delegated engagement activities to the investment manager, and the investment manager reports to the Trustee on how they have voted on behalf of the Trustees for the underlying holdings.

Manager	Pooled or Segregated?	Third Party Proxy Policy Used	Resolutions Voted On	Resolutions Voted:		
				For	Against	Abstained
BlackRock	Pooled	No – in house but cast votes using ISS	160,170	88%	10%	2%

The votes above are at the company level, rather than being scheme or fund specific. The Trustee will work with the investment manager to obtain this information in future years if required.

A notable engagement activity of Blackrock is provided below:

- **BlackRock** held constructive engagements with utility company AGL Energy Ltd (AGL). AGL operates Australia's largest electricity generation portfolio, representing approximately 20% of the total generation capacity within Australia's National Electricity Market. AGL is also Australia's largest carbon emitter, largely attributable to its coal-fired power station operations. As such, AGL is included in BlackRock Investment Stewardship's (BIS) climate focus universe. BIS has had a long and constructive history of engagement with members of AGL's board and management team. During the past year, BIS continued to focus their discussions on corporate governance and sustainability issues that they believe drive long-term shareholder value, including how the company is addressing climate related risks and opportunities and the energy transition, as well as what role, if any, coal-fired operations might play in its portfolio over time.

The Trustee is comfortable with the investment manager's approach for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

The Trustee also considers the investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall 'score' which represents how well ESG metrics are incorporated into managers' investment processes. Investment managers will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report. Scores are presented in performance bands ranging from 'A+' to 'E'. The latest UNPRI scores of the investment managers are outlined in the table below.

Manager	UNPRI Score
Aviva Investors (on behalf of Aviva Life)	A+
BlackRock	A+

Both Aviva and BlackRock have been awarded the highest rating of 'A+'.

Monitoring of Investment Arrangements

In addition to any reviews of investment manager or approaches, and direct engagement with investment manager (as detailed above), the Trustee receives periodic reports to ensure the investment objectives set out in their SIP are being met.

Signed: Rosemary Kennell

Date: 9 January 2023

On behalf of the Trustee of the Yuill Group Pension Scheme