

# 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 and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statement of Investment Principles (SIP) dated August 2023 have been implemented.

It also includes the Trustee's voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, is also included within this Statement. This Statement covers the period 1 July 2023 to 30 June 2024.

### Investment objectives of the Scheme

The Employer has ceased to trade. The Scheme entered the Pension Protection Fund assessment period, but did not transfer to the PPF as the Scheme is sufficiently funded on a PPF basis to pay benefits above PPF compensation levels.

The primary funding and investment objective of the Scheme is to secure the benefits of members with an insurance company who will ultimately provide benefits to the Scheme members as and when these fall due.

Once each individual member's benefits have been secured through an insurance policy, the Scheme will be wound up.

### Stewardship policy

The Trustee's stewardship policy, as set out in the SIP is as follows.

The Trustee believes that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, it must act as a responsible asset owner. The Trustee expects its Investment Manager to exercise its ownership rights, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an ongoing basis the Trustee assesses the stewardship and engagement activity of its Investment Manager.

### Review of the SIP and Investment Strategy

The SIP was last updated in August 2023. The SIP was updated to reflect the change of Investment Manager from Legal & General to BlackRock for managing the cash assets of the Scheme that took place in May 2022.

Over the current scheme year, there have been no changes made to the Scheme's investment strategy.

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 later in this Statement and are detailed in the Trustee's SIP.

### **Investment managers 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.

### **Investment Governance**

The Trustee is responsible for making investment decisions and seeks advice as appropriate 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 their policies set out in the SIP.

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

There were no changes to the objectives put in place for Broadstone which were last reviewed in November 2022. The Trustee is due to formally review these objectives by November 2025 or earlier.

### **Trustee Policies**

The table below sets out how, and the extent to which, the relevant policies in the Scheme's SIP have been followed:

Requirement	Policy	Implementation of Policy
<b>Financially and Non-Financially Material Considerations</b>	<p>The Trustee has appointed Aviva to manage the buy-in policy and BlackRock to manage the cash assets. The Trustee has given them both discretion in relation to the selection, retention and realisation of investments.</p> <p>The Trustee expects the investment manager to take steps to ensure environmental, social and corporate governance factors are implicitly incorporated into the investment decisionmaking process and expect their appointed investment manager to be cognisant of climate change risks and opportunities within their investment processes as applied to the assets of the Scheme.</p> <p>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. Responsibility for monitoring the makeup and development of the capital structure of investee companies is delegated to Aviva and BlackRock. The Trustee expects the extent to which the Aviva and BlackRock monitor capital structure to be limited.</p>	No deviation from this policy over the year to 30 June 2024
<b>Voting Rights and Engagement</b>	<p>The Trustee's voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee believes that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustee will aim to monitor the actions taken by the investment manager on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the manager. The Trustee cannot directly influence Aviva's policies on the exercise of investment for their bulk annuity policy. This is due to the nature of these investments.</p>	No deviation from this policy over the year to 30 June 2024

## Financially and non-financially material considerations

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 funds currently invested in 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 managers, and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing an investment manager.

The Trustee acknowledges that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their investment managers, given they are investing in pooled funds.

A summary of the Trustee's views for each asset class in which the Scheme invests is outlined below:

Asset Class	Actively or Passively Managed?	Comments
Insurance policies	N/A	The Trustee believes there is less scope for the consideration of ESG issues due to the nature of the buy-in 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 managers in line with their general voting policies.

## Voting rights and engagement activities

The Trustee currently invests in a bulk annuity buy in policy with Aviva and a pooled investment fund with BlackRock. The Trustee acknowledge that this limits their ability to directly influence the investment managers.

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

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.

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.

## Engagement activity

Notable engagement activities of BlackRock over the last 12 months are provided below:

- **BlackRock** engaged with Canon on corporate governance, focusing on board composition and long-term leadership planning. At the March 2023 AGM, Canon had no female directors, making it an outlier among large Japanese companies. BlackRock has been advocating for at least two female directors on boards of TOPIX 100 companies since 2023. Due to ongoing concerns about board diversity, BlackRock did not support the election of Canon's board chair and CEO in both 2022 and 2023 AGMs. The chairman's re-election received significantly lower support compared to other

directors, indicating investor concern. Following the 2023 AGM, Canon announced plans to appoint a female director by March 2024, a development welcomed by BlackRock.

- **BlackRock** engaged with Kumho Petrochemical's senior management over several years, including discussions with the CEO and CFO in 2023 regarding the company's corporate governance practices, developments in climate-related reporting and its climate risk-related plans for 2024. Kumho had identified transition risks linked to increasing customer demand for low-carbon products and stricter emissions regulations. In response, Kumho established a board-level committee to oversee climate-related risks, disclosed scope 1 and 2 emissions, and set medium and long-term targets for carbon neutrality. Their 2023 sustainability report also introduced a framework for assessing relevant environmental and social risks in investment decisions, reflecting a proactive approach to navigating market changes.

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

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. The 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. For the 2023 UNPRI Assessment Reports, scores are presented as a 'star' rating ranging from 1 star to 5 stars, with more stars representing a higher score.

The latest available UNPRI scores for BlackRock is shown below. Aviva investment manager is also shown for information.

Manager	UNPRI Score
Aviva	5
BlackRock	4
Median	3

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

## Monitoring of Investment Arrangements

In addition to any reviews of the investment managers 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: 28 January 2025**

**On behalf of the Trustee of the Yuill Group Pension Scheme**