

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 2020 to 30 June 2021.

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 LGIM Cash Fund which is held via the Mobius Life investment platform.

Strategy Review

There have been no changes to the investment manager or target asset allocation over the year.

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 LGIM 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	N/A	The Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns 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 LGIM.

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 LGIM Cash Fund also do not typically attract voting rights, however we have summarised the votes made by LGIM at a company level which is measure of the wider engagement work done by them across all asset classes. LGIM employs the services of a third party proxy voter when exercising voting rights and will often engage with investee companies directly. The third 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 Voter	Manager uses own voting policy?	Resolutions Voted On	Resolutions Voted:		
					For	Against	Abstained
LGIM	Pooled	ISS	Yes	79,302	80%	19%	1%

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.

LGIM provided examples of significant votes cast:

- LGIM voted against a resolution to ratify the compensation for AmerisourceBergen Corporation's CEO. The company recorded a \$6.6 billion charge related to opioid lawsuits and made an operating loss of \$5.1 billion. By excluding the settlement costs relating to the lawsuits, the Compensation Committee ensured executive pay was not impacted by the operating loss and as a result its CEO's total proposed compensation was approximately 25% higher than the previous year. The resolution encountered a significant amount of opposing votes from shareholders, with 48.36% voting against the resolution and 51.63% supporting the proposal. LGIM continues to engage with US companies on their pay structures and has published specific pay principles for US companies.
- LGIM voted against a number of resolutions in relation to electing Directors at Samsung Electronics. In January 2021, Lee Jae-yong, the vice chairman of Samsung Electronics and only son of the former company chairman, was sentenced to two years and six months in prison for bribery, embezzlement and concealment of criminal proceeds. LGIM engaged with the company ahead of the vote and were not satisfied with the independence of the company board and whether the independent directors are really able to challenge management. LGIM voted against the resolutions as the directors, who should provide independent oversight, have collectively failed to remove criminally convicted directors from the board. LGIM stated the inaction is indicative of a material failure of governance and oversight at the company.

A notable engagement activity of LGIM is provided below:

- LGIM engaged with Amazon after they were made aware Amazon had been interfering with its workforce's efforts to unionise, ahead of a workforce vote on unionisation. LGIM, along with 70 other investors with a total AUM of \$6.4trillion, signed a letter to Amazon emphasising that they should meet the expectations set out in the UN Guiding Principles on Business & Human Rights, and that workers should be free to exercise their freedom of association and right to collective bargaining. This action resulted in Amazon launching its first Global Human Rights Principles and also commissioning a human rights impact assessment by an external consultant. Despite the moves, LGIM still retain concerns on how they will meet these commitments and will continue to engage with the company on the matter.

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.

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.

28 September 2021