

James Gibbons Pension Scheme (1981)

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. It confirms how the investment principles, objectives and policies of the Trustees' outlined in the Scheme's Statement of Investment Principles (SIP) dated February 2024, have been implemented.

It also includes the Trustees' 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 Trustees, or if a proxy voter was used, is also included within this Statement. This Statement covers the period 06 April 2023 to 05 April 2024.

Investment objectives of the Scheme

During the year under review, the investment objective of the Scheme had changed from "*to ensure that the existing assets together with stable future contributions will be sufficient to provide for the benefits as they fall due*" to investing the assets "*with the aim of preserving capital value*" following the completion of a buy-in transaction in December 2023.

The Trustees' intention is to convert this buy-in contract into a buy-out (where individual annuity contracts are assigned to each member) so that the Scheme can be wound up in due course.

Stewardship policy

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

The Trustees' 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 Trustees believe 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 Trustees 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.

Review of the SIP & Recent Investment Strategy Changes

The Trustees most recently reviewed the SIP in February 2024 to reflect the purchase of a buy-in contract during December 2023.

The majority of the Scheme's assets were used to fund the buy-in transaction but, due to the strong funding position of the Scheme, some assets remained invested (the "Additional Assets").

As a result of the buy-in transaction, the Trustees' ultimate target for the investment strategy is to solely allocate the Scheme's "Additional Assets" into a cash fund with Abrdn but, in conjunction with the Employer, this has not yet been fully implemented (see below).

Investment managers and funds in use

In alignment with the Scheme's investment objectives, the Trustees have put into effect the strategic asset allocation outlined in the table below:

Asset Class	Investment Manager	Fund	Actual Asset Allocation (5.4.24)
Corporate Bonds	Abrdn	Standard Life Corporate Bond Fund	7.62%
		Standard Life Deposit and Treasury	23.21%
Gilts	SL Vanguard	UK Government Bond Index Pension Fund	21.10%
		UK Inflation Linked Gilt Index Fund	30.25%
		UK Long Duration Gilt Index Fund	17.82%
Total			100%

Investment Governance

The Trustees are responsible for making investment decisions and seeks advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment consultant.

The Trustees do not actively obtain views of the membership of the Scheme to help form their policies set out in the SIP as the Scheme is comprised of a diverse membership, which the Trustees expect to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment consultant, as required by the Investment Consultancy and Fiduciary Management Market Investigation Order 2019 and now the Pensions Regulator. These strategic objectives cover demonstration of adding value, delivery of specialist investment consultancy services,

proactivity of investment consultancy advice, scheme management, compliance and service standards.

There were no changes to the objectives put in place for Broadstone which were last reviewed in June 2023. The Trustees are due to formally review these objectives by 30 May 2026 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
Financially and Non-Financially Material Considerations	The Trustees believe that environmental, social and governance factors are financially material and therefore have a policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments to ensure the sustainability of any investment selected. However, given the long term aim is for the 'Additional Assets' to be solely invested in a cash fund, the Trustees note that the application of this policy is limited.	No deviation from this policy over the year to 05 April 2024
Voting Rights and Engagement	The Trustees' 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 Trustees believe 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 Trustees 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 Investment Manager.	No deviation from this policy over the year to 05 April 2024
Capital Structure of Underlying Companies	The Trustees delegate the responsibility for monitoring the make-up and development of the capital structure of investee companies to the Investment Manager. Further, the Trustees do not incentivise the Investment Manager to make decisions based on assessments about medium to long term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity to improve their performance in the medium to long term.	No deviation from this policy over the year to 05 April 2024

Financially and non-financially material considerations

The Trustees note 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 Trustees are satisfied that the funds the Scheme currently invests in 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 Trustees have access to updates on governance and engagement activities by their investment manager,

and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing an investment manager.

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

The Trustees invest across a range of asset classes and styles. The Trustees expect the investment manager to take into account ESG considerations by engaging with the underlying companies and where relevant, by exercising voting rights on these companies.

A summary of the Trustees' views for each of the Scheme's asset classes is outlined below:

Asset Class	Actively or Passively Managed?	Comments
Corporate Bonds	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the funds and the ability of the manager to use its discretion to generate higher risk adjusted returns. The Trustees also expect their Investment Manager to engage with the underlying investee companies, where possible, although they appreciate that fixed income assets within the portfolio do not typically attract voting rights.
Gilts	Passive	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.
Cash	Passive	The Trustee believes there is limited scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the investment.

Voting rights and engagement activities

The Trustees currently invest in pooled investment funds with abrdn, and they acknowledge that this limits their ability to directly influence the investment manager. The Trustees' stewardship policy is detailed at the start of this document although this has not been shared with the investment manager to influence what they believe to be the most significant votes.

At time of writing, the Scheme does not invest in any funds containing public listed equity holdings. Therefore, the Trustees do not have voting rights for their current investment arrangements.

Engagement activities

The notable engagement activities of the investment manager over the last 12 months are detailed below:

- Abrdn engaged with Vale, one of the largest iron ore and base metal producers in the world. The Mining and Metals production sector is exposed to high-risk and high-impact environmental and social issues. Abrdn saw an opportunity for Vale to move from a laggard to an ESG improver, creating value for all stakeholders. The initial engagement was focused on corporate governance but expanded to include issues

such as safety and risk management amongst other ESG topics. Abrdn nominated the first two fully independent directors to Vale's Board of Directors and advocated for the improvement of safety and operational standards. Additionally, Abridn supported the single share listing of Vale under Novo Mercado, its main investment vehicle. The outcome of these multi-year long engagements saw Vale listed under Novo Mercado, with a single share class, strengthening its Board of Directors with a better balance of skills and greater independence. Vale strengthened its safety & risk management governance and process, implementing new technologies, promoting better alignment within its internal governance, and embedding ESG and Health & Safety in management's KPIs. It also disclosed an ESG roadmap, with a key feature being the company's commitment to Net Zero by 2050. Going forward, Abridn have said they will monitor Vale's progress in the initiatives of its ESG roadmap.

- Vanguard engaged with Sasol Ltd. leaders ahead of the company's rescheduled annual meeting to discuss several topics, including the board's oversight of climate-related risks. In their engagement, Sasol leaders shared that the board had embedded climate risk oversight as a strategic focus area. The board chair also provided an overview of the various considerations for evaluating the board's composition and evolution, particularly focusing on the need for technical engineering skills to equip the company to execute on its energy transition. As a result of Vanguard's engagement with Sasol leaders, Vanguard determined that the board conveyed a clear rationale for putting the climate report up for a shareholder vote (including that shareholders asked the company to do so), articulated the governance implications of the vote and existing board practices for overseeing material climate risks, and provided robust reporting in line with the ISSB framework.

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 manager 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 ★ to ★★★★★, with more stars representing a higher score.

The latest available UNPRI scores of the Investment Managers are outlined in the table below:

Manager	UNPRI Score
Abrdn	★★★★
Vanguard	★★★
Median	★★★

The Trustees also consider 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 manager or approaches, and direct engagement with the investment manager (as detailed above), the Trustees receive performance reports on a quarterly basis from their investment manager to ensure the investment objectives set out in their SIP are being met.

Signed: 

Date: 24/7/24

On behalf of the Trustees of The James Gibbons Pension Scheme