

Statement of Investment Principles - Implementation Report

Ideal Stelrad Group Pension Plan (ISGPP)

The Trustees of the Ideal Stelrad Group Pension Plan (the Plan) present their annual SIP implementation report setting out how the Trustees have followed the policies outlined in the Statement of Investment Principle (the SIP) that came into force from 1 October 2019. This report meets the requirements set out in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations. The Report covers the annual period up to 31 March 2021.

The Statement of Investment Principles

During the Plan Year ending 31 March 2021, the Trustees undertook a review of the Statement of Investment Principles (SIP). The review resulted in an update to the existing SIP covering:

- the format of the SIP to ensure it clearly sets out the Principles the Trustees wish to follow
- to confirm the Plan's current position on monitoring investment managers including consideration of Environment, Social and Governance (ESG) issues. This also captured the monitoring of Responsible Investment and Stewardship considerations.
- the Trustees' policy is to delegate the decisions relating to the long-term financial impact of ESG considerations to the Investment Manager of the selected fund as part of the pooled investment vehicles utilised.
- A process for the Trustees to monitor how the investment manager applies these policies.
- There were no changes to the investment strategy, objectives or fund range as part of this review.

The Trustees are undertaking the triennial review of their default strategy in Q4 2021 and will review the SIP following the conclusion of that process.

Monitoring investments against the SIP

As part of the Trustees' governance of the Plan the Trustees have established a process to review the investments within the Plan to ensure that they continue to perform in line with the SIP. In this section, we set out the actions taken during the Plan year:

- **Trustees governance process:** The SIP sets out that the Trustees monitor the investment funds at least annually. The Trustees met in July and October 2020 and March 2021 to monitor and review the performance of the Plan's investments against their objective. The level of monitoring is in accordance with the policy established in the SIP.
- **Trustees governance knowledge and understanding:** The Board continues to operate with PTL as professional independent Trustee, such that the level of understanding of the Plan's investments and the SIP continues to remain sufficiently high to enable the Trustee board to monitor the Plan effectively. PTL with their detailed knowledge and understanding help the Trustee board undertake effective oversight of the Plan including its view on the Plan's investments against the SIP.
- **Trustee governance investment advice:** During the Plan Year, the Trustees received investment advice from Punter Southall Aspire on the value to members provided by the Plan's investment funds. The advice provided by Punter Southall Aspire met the monitoring processes set out within the SIP. The Trustee board is satisfied that it had appropriate support to undertake its monitoring of the investments included in the Plan.
- **Plan Investment objective:** The Plan's default funds are two blended fund arrangements implemented following the 2015 triennial investment review. The objective of these funds is to provide a level of investment return ahead of the appropriate CPI+ benchmark over the medium to long term with de-risking to each member's selected retirement date on a phased basis over the final seven years. This approach is designed to provide the member with a medium to long term level of return commensurate with an appropriate level of risk, with the underlying blends being rebalanced monthly by Standard Life. The Trustees, through the reporting provided by Standard Life Assurance Limited were satisfied on the security of the with blended funds. Through its governance and monitoring process the Trustees conclude that these funds continue to meet these objectives in line with the SIP.
- **Manager monitoring – default fund:** The nature of the blended funds is such that performance is delivered through the performance of the underlying funds that make up each blended fund. The Trustees receive quarterly investment performance reporting from the Plan provider Standard Life Assurance Limited and monitor performance accordingly. The Trustees concluded that performance during the Plan year aligned with the objective of each fund in continuing to provide robust medium to long term returns in line with each fund's benchmark as detailed in the SIP.

- **Manager monitoring – wider fund range:** The Trustees reviewed the funds members invest in on a self-select basis. The Trustees do not assess the appropriateness of the funds selected by members on a self-select basis. However, during the year the Trustees consider whether the funds have performed in line with their stated objective. During the year, the Trustees consider each fund to have performed in line with the policies set out within the SIP.
- **Non-financial matters:** The Trustees’ policy is to delegate consideration for non-financial matters to the underlying fund managers. During the Plan year, the with profit funds were managed by Aberdeen Standard Investments (ASI) on behalf of Standard Life Assurance Limited. The Trustees have taken the view in the SIP that it will delegate non-financial matters to the underlying managers. Accordingly, the fund has performed in line with the policies set out in the SIP.

Later in this report we consider further some of the activity undertaken within the fund. The Trustee note that ASI has a strong ESG team with clear policies on major matters. Key features of this include being a signatory to the UN Principles of Responsible Investing and having in place a climate change policy committed to tackle climate change.

- **Engagement with underlying Companies invested in:** The Trustees are aware that ASI undertake a strong level of engagement with companies and organisation that are invested in through the policyholder assets.
- **Divergences from the SIP:** The Trustees have not identified any areas where the Plan’s investments have diverged from the policies set out within the SIP.



Trustees Conclusion

The Trustees are satisfied that the Plan’s investments, investment managers and the Trustees’ investment governance processes have been undertaken in accordance with the Statement of Investment Principles during the 2020/21 Plan Year.

In August 2019, the Trustees undertook additional investment monitoring through receiving advice on the value for members provided by the Plan’s investments to further support this conclusion.

Assessing voting rights of the Plan

During the Plan year the Trustees investments were managed by ASI. In the below table we summarise their engagement through its equity management which forms a significant proportion of the blended funds.

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Total
Number of meetings voted at:	3,268	1,294	1,164	1,124	6,850
Number of resolutions voted:	40,398	11,454	8,285	9,370	69,507
For	85.8%	88.3%	87.3%	86.3%	
Against	12.1%	9.6%	11.0%	10.7%	
Abstain	2.1%	2.1%	1.7%	3.0%	

The Trustees delegate to voting to the fund manager. Therefore, no one vote is more significant in the context of the Trustees policies or the policies set out within the SIP. The key directives within the voting behaviour of ASI during the Plan year focused on:

- Board composition to ensure it is diverse, appropriate and includes independent elements.
- Climate change and carbon emissions
- Human rights and labour practices.

Below, we set out voting and engagement activity that may be of significant interest to our membership.

Company	Details
AstraZeneca – Covid-19 vaccine development	Engagement meetings undertaken to understand the company's plans around development and roll out of an approved Covid-19 vaccine globally.
Just Eat Takeaway – Gig economy and rights of workers	Engagement with both Just Eat and Takeaway.com to fully understand the businesses plans to ensure all workers across both businesses benefit from fair contractual terms and benefits.
HSBC – climate change	Engaged with both HSBC on a resolution tabled by the NGO group Share Action on short, medium and long term targets reducing exposure to fossil fuels in line with the Paris Agreement. Through constructive dialogue both parties reached an accord.

The above is based on the information detailed in Aberdeen Standard Investments quarterly ESG Investment Reporting.

NAME: Colin Richardson

POSITION: Chair of Trustees, Ideal Stelrad Group Pension Plan

Signed: Colin Richardson

Date: 12 October 2021