

# L.G. Harris & Co. Limited Pension Scheme Implementation Statement for the year ended 5 April 2021

## Purpose

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This Implementation Statement provides information on how, and the extent to which, the Trustees of the L.G. Harris & Co. Limited Pension Scheme (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 5 April 2021 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year (where applicable).

## Background

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The Trustees previously have not explicitly incorporated Environmental, Social and Governance (“ESG”) and climate change considerations into the setting of the investment strategy or its implementation. The Trustees policy was therefore a broad reflection of the investment managers’ own equivalent policies. The Trustees’ new policy was documented in the updated Statement of Investment Principles dated 14 September 2020.

## The Trustees’ updated policy

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The Trustees stance on responsible investment is now a direct consequence of the Scheme’s short term time horizon as it prepares for buy-out. As the majority of assets of the Scheme are invested in a buy-in policy with an Insurance Provider, Legal and General Assurance Society (“LGAS”), and the remainder held in a pooled cash fund with a single Investment Manager, Legal and General Investment Management (“LGIM”), the Trustees believe that the Scheme’s position will not be adversely impacted as a result of ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s Insurance Provider and Investment Manager. The Trustees require the Scheme’s Insurance Provider and Investment Manager to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the Insurance Provider and Investment Manager and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

## Manager selection exercises

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One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

In April 2020 the Scheme completed its purchase of a buy-in policy with LGAS and invested the remaining Scheme assets in the LGIM Cash Fund. There have been no such manager selection exercises undertaken during the reporting year.

## Ongoing governance

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The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the Insurance Provider and Investment Manager from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters may evolve over time based on developments within the industry.

## Adherence to the Statement of Investment Principles

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During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

## Voting activity

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The main asset class where investment managers will have voting rights is equities. The Scheme does not have any specific allocations to either public or private equities as the majority of assets are held in a bulk annuity contract with LGAS. This arrangement utilises fixed income assets, for the most part, to closely match the liabilities of the Scheme, with the remaining assets invested in a cash fund with LGIM.

Therefore, the Trustees understand that a summary of the voting behaviour and most significant votes cast by the Insurance Provider or Investment Manager is not required.

Signed: \_\_\_\_\_, Chair of Trustees

Date: \_\_\_\_\_