

Implementation Statement for the year ending 5 April 2022 (30 November 2021 for the DC Scheme)

Welcome to the Trustee’s statement of how they implemented the policies and practices in the Scheme(s) Statement of Investment Principles (SIP) during the year ending 5 April 2022 (30 November 2021 for the DC Scheme).

Introduction

The Trustee’s Implementation Statement has been prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This Statement sets out how the Trustee has complied with the policies and practices in the Scheme’s SIP during the period from 6 April 2021 to 5 April 2022 (30 November 2021 for the DC scheme).

Why do the Scheme’s investments matter to me?

The Scheme provides you with benefits on a defined benefit (“DB”) and/or a defined contribution (“DC”) basis (sometimes called money purchase benefits). Benefits which are DB in nature are based on the service you have completed in the past but take account of expected future salary increases. Contributions from the employer are invested in such a way as to meet your DB benefits as they fall due. Benefits which are DC in nature will be determined by how much the funds where your savings are invested grow over the years.

What is the Statement of Investment Principles (‘SIP’)?

The SIPs set out the investment principles and practices the Trustee follows when governing the Scheme’s investments. They describe the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used and the Trustee’s approach to responsible investing (including climate change).

This Implementation Statement is in respect of the Scheme’s SIPs that were in place over the year to 5 April 2022 (30 November 2021 for the DC scheme). In order to reflect new regulatory requirements, the DC SIP was reviewed and signed by the Chair on 16 July 2020 and the DB SIP updated to reflect strategic changes implemented in 2021 and was signed by the Chair on 7 October 2021.

The Scheme SIPs between 6 April 2021 and 5 April 2022 (30 November 2021 for the DC scheme) were fundamentally the same as the SIP(s) signed respectively on 16 July 2020 and 7 October 2021 from an investment policy, objective and risk management perspective. The next review of the DB scheme SIP will take place no later than October 2024, or sooner if there are changes to the investment strategy.

You can find a copy of the Scheme SIP(s) at <https://www.agbarr.co.uk/pension-information/>

What is the Implementation Statement for?

Each year from 2020, the Trustee is required to prepare an Implementation Statement which sets out how it has complied with the Scheme SIPs during the last Scheme year. This report covers the SIPs that were signed on 16 July 2020 and 7 October 2021 for the DC and DB Scheme’s respectively and were in place between 6 April 2021 and 5 April 2022 (30 November 2021 for the DC scheme).

Overall, the Trustee is satisfied that:

- **Throughout the last Scheme year, the DB and DC Scheme’s investments have broadly been managed in accordance with the SIPs at that time; and**
- **The provisions in the current SIPs remain suitable for the Schemes’ members.**

How the Scheme's investments are governed

The Trustee has overall responsibility for how the Scheme's investments are governed and managed in accordance with the Scheme Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations.

WRG Barr resigned as Chair of the board of Trustee Directors on 26 May 2020 and A C Martin, an independent Trustee Director, was appointed as Chair on the same day.

In accordance with the Occupational Pension Schemes (Member Nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for Member Nominated Directors (MNDs).

G Irving was appointed as a MND on 26 September 2016 to serve for a period of five years. Following a nomination exercise, G Irving has been reappointed as an MND to serve for a period of another 5 years. Also, following a nomination exercise, R Porter was appointed as a second MND on 21 August 2020. MNDs may be removed before the end of their five year term only by agreement of all the remaining Directors, although their appointment ceases if they cease to be employed, active deferred or pensioner members of the Scheme.

The Trustee has delegated day-to-day investment decisions, such as which investments to buy and sell, to the investment managers. As at 5 April 2022, these were Newton Investment Management ("Newton"), Barings Asset Management ("Barings"), Insight Investment Funds Management Limited ("Insight") and Legal and General Investment Management ("LGIM") for the DB Ssection of the Scheme and Newton and Aberdeen Standard Investments ("Standard Life") and LGIM for the DC section of the Scheme (until 30 November 2021 when [the current DC section arrangements were moved to a new master trust with Legal & General](#)).

The Trustee undertook the following training during the last year to ensure that its knowledge of investment matters remains up to date:

Date	Topic	Aim	Trainer
January 2022	The Pension Regulator's Draft Code of Practice	Ensure the Trustee is aware of the main new items they should consider for their 2022 Business Plans	Hymans Robertson

The Trustee hold's its investment advisers to account by monitoring how well they meet the objectives agreed with them. These are intended to help the Trustee meet their SIP objectives by aligning the objectives with the requirements of the SIPs, including minimising risks, considering responsible investment and providing appropriate advice, monitoring and training.

The Trustee is satisfied that during the last Scheme year:

- **The Scheme's governance structure was appropriate; and**
- **The Trustee has maintained its understanding of investment matters;**

The Trustee has liaised with its investment adviser in relation to their objectives and will review the investment adviser against their agreed objectives in late 2022.

How the investment strategy is managed

The objectives and rationale for the investment strategy are set out in the Scheme's current DB SIP on page 1 and DC SIP on page 3-6.

Over the course of the Scheme year it was agreed that the current DC arrangements would be moved to a new master trust with Legal & General. The Trustee received advice on the suitability on this arrangement and the mapping of the members investments to the new investment options including the default option.

The Trustee also implemented a number of changes to the DB arrangements following a review of strategy in 2021. This included moving to a new equity strategy with LGIM, allocating to a new secured finance strategy with Insight, increasing the allocation to Barings and updating the LDI mandate with LGIM to increase hedging and incorporate a new buy and maintain credit strategy.

Over the last Scheme year, the Trustee monitored fund performance relative to the manager's respective benchmarks and targets on a 6 monthly basis.

How investments are chosen

The Trustee's approach to the selection of new investments is set out in the DB SIP on pages 3-5 and in the DC SIP on pages 11-14

The Trustee reviews the performance of their managers on a 6 monthly basis against a series of metrics, including, but not limited to, financial performance against the benchmark and objectives of the mandate and the management of risks. Material deviation from performance or risk targets is likely to result in the mandate being formally reviewed. The Trustee is satisfied that all managers performed within the objectives of their mandates during the year.

For any future manager appointments, the Trustee will continue to consider the policies set out in the SIP(s), especially around the remuneration of managers.

The expected risks and returns in the Scheme

The investment risks and returns relating to the Scheme are described in the DB SIP on pages 2 and 3 and on pages 7-10 on the DC SIP. The Scheme's investments met their return objectives over the year to April 2022.

The Trustee believes that the main investment risks the Scheme faces as described in the SIPs have not changed materially over the last year.

The Trustee is satisfied that through a diversified portfolio, systemic risk can be mitigated, and accept that it is not possible to make specific provision for all possible eventualities which arise under this heading.

The Trustee's views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Scheme invests in over the longer-term) and the style of management adopted by the Scheme.

When determining the long-term mix of investments for the Scheme, the Trustee monitored and managed risks as described in the SIPs.

Ability to invest / disinvest promptly ('liquidity')

It is important that member benefits can be received promptly, and that the Scheme's investments can be realised quickly if required.

No issues of liquidity were reported over the last Scheme year.

Portfolio turnover within funds

The Trustee monitors the volume of buying and selling of the assets underlying each pooled investment fund by the fund managers. Short-term changes in the level of turnover may be expected when a manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio

turnover might indicate a shift in the amount of risk the manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustee.

The Trustee is satisfied that the level of trading of the funds' assets carried out by the fund managers has been consistent with the funds' objectives. The Trustee delegated this check to their investment consultant, the fund managers cover this detail in their quarterly reporting.

Manager incentives

As described on page 6 of the DB SIP and page 11 of the DC SIP, the Trustee seeks to ensure that the fund managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives.

Additional Voluntary Contributions (AVCs)

The Trustee offers members the opportunity to pay additional contributions and invest in a range of vehicles at the members' discretion. The Trustee holds these assets separately from the Scheme to secure benefits on a money purchase basis for those DB members electing to pay AVCs.

The Trustee periodically monitors the investment suitability of the underlying AVC fund range.

The Trustee has thought about the policies specified in the SIP and have applied them in a proportionate manner to the Scheme's AVCs. Therefore, the reporting summarised elsewhere in the Implementation Statement also broadly holds true for the Scheme's AVC investments.

Stewardship policy

The Trustee's Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Scheme's assets which includes the Trustee's approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment managers, Newton, Barings, Insight, LGIM and Standard Life (until 30 November 2021). The Trustee believe it is important that the managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustee's own engagement activity is focused on their dialogue with the managers which is undertaken in conjunction with their investment advisers. The Trustee met in September 2021 and in January 2022 to consider their exercise of stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustee also monitors compliance with their Stewardship Policy on a regular basis and are satisfied that it has complied with the Scheme's Stewardship Policy over the last year.

Voting activity

The DB scheme holds assets with Barings and Insight. Whilst Barings and Insight actively engage with investee companies the nature of the Scheme holdings are largely bonds and cash and are therefore not as relevant from an engagement perspective. The same applies to the bond and LDI assets held by LGIM.

Similarly, the DC scheme held assets with Aberdeen Standard until 30 November 2021 and while Aberdeen Standard actively engaged with investee companies the nature of the Scheme holdings were largely government bonds and cash and are therefore not as relevant from an engagement perspective.

The Scheme held/holds assets with Newton (DB (to 30 July 2021) and DC Sections (until 14 September 2021)) and LGIM (DB from July 2021) and DC Section until 30 November 2021) which were/are invested in equities. The Trustee seeks to ensure that Newton 50:50 Global Equity Fund and the Future World LGIM Global Equity Fixed Weights (50/50) Fund are exercising voting rights and, where appropriate, will monitor voting patterns. The Trustees also monitor Newton and LGIM's voting on particular companies or issues that affect more than one company.

The 2008 DB Scheme also holds assets with Legal & General Investment Management (LGIM) which are largely largely government bonds and cash and are therefore not as relevant from an engagement perspective. LGIM actively engages with the investee companies.

Newton and LGIM have reported on how votes were cast in these mandates as set out in the tables below.

Newton¹

50/50 Global Equity Fund	
Proportion of Scheme(s) assets (as at 30 July 2021 DB and 14 September 2021 DC))	52.3% DB, 63.8% DC
No. of meetings eligible to vote at during the year	92
No. of resolutions eligible to vote on during the year	1,438
% of resolutions voted	98.4
% of resolutions voted with management	86.8
% of resolutions voted against management	13.2
% of resolutions abstained	0.0
% of meetings with at least one vote against management	41.0

¹ Voting data for the year end 31 March 2022

LGIM²

Global Equity Fixed Weights (50:50) Index	
Proportion of Scheme(s) assets (as at 14 September 2021)	11.9% DC only
No. of meetings eligible to vote at during the year	2,666
No. of resolutions eligible to vote on during the year	33,599
% of resolutions voted	99.93
% of resolutions voted with management	82.81
% of resolutions voted against management	17.04

LGIM³

Future World Global Equity Fund	
Proportion of Scheme(s) assets (as at 5 April 2022)	11.0% DB
No. of meetings eligible to vote at during the year	465
No. of resolutions eligible to vote on during the year	47,851
% of resolutions voted	99.9%
% of resolutions voted with management	81.7%
% of resolutions voted against management	17.4%
% of resolutions abstained	0.8%
% of meetings with at least one vote against management	61.9%

Significant votes

The Trustee has asked Newton to report on the most significant votes cast within the 50/50 Global Equity Fund. Newton were asked to explain the reasons why votes were significant, the size of the position in the portfolio, how they voted, any engagement they had undertaken with the company and the outcome of the vote. From the Newton report, the Trustee has identified the following votes as being of particular relevance to the Scheme.

Newton 50/50 Global Equity

Date	Company	Subject	Manager's vote and rationale	Outcome
27/04/2021	Travis Perkins Plc	Remuneration	Voted against - the approval of a new restricted share plan, which was part of the wider (EGM) proposal to demerge a part of the group's business into a new standalone entity. While Newton were supportive of the	10.6% AGAINST Remuneration Policy; 44.7% AGAINST Bundled Remuneration Plans; 12% AGAINST Restricted Stock Plan. The level of opposition, in itself, to the remuneration proposal determines this as a significant vote.

² Voting data for the year end 31 March 2022

³ Voting data for the year end 31 March 2022

			<p>demerger, they did not consider the special retention award of restricted shares to the CEO and CFO, that vest without achieving performance hurdles, to be in shareholders' best interests or reflective of UK best practices. Further, the company failed to provide a compelling rationale in its disclosures to merit shareholder support.</p>	
18/05/2021	Royal Dutch Shell Plc	Climate Related Proposal	<p>Voted against - the company's energy transition plan and in favour of a shareholder resolution requesting that the company set Paris-aligned emission targets that aim to reduce absolute emissions. Newton felt that Shell's disclosures do not make it clear as to what its absolute emissions will be at 2030, how its scope 3 emissions profile will fit within the wider energy system's emissions, and the extent to which this is Paris-aligned. They also had concerns regarding the strategy's heavy reliance upon carbon capture and storage, and nature-based solutions</p>	<p>11.3% against Management Climate-Related Proposal, 30.5% for Shareholder E4Climate-Related Proposal. Newton expect to continue engaging with the company in relation to its approach to climate change. The vote outcome shows that other concerns surrounding the efficacy of the company's approach are shared, formally, by a sizable number of shareholders and that the company needs to do more in this area.</p>

29/07/2021	B&M European Value Retail SA	Director election /Remuneration	Voted against - against the approval of the remuneration report and the remuneration policy. In light of the financial impact of the Covid-19 pandemic, Newton did not consider it appropriate to award a 23% salary increase to the CEO, alongside an increase in his maximum bonus opportunity. They also voted against the members of the remuneration committee.	19.4%, 5.6%, 5.2% AGAINST Election of Directors, 22.8% AGAINST Remuneration Report, 18.5% AGAINST Remuneration Policy. Newton recognise this as a significant vote owing largely to the vote outcome; where it is rare for this level of dissent to be formally lodged by shareholders.
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LGIM

The Trustee has asked LGIM to report on the most significant votes cast within the 50:50 Global Equity Index Fund and the Future World Global Equity Index Fund. LGIM were asked to explain the reasons why votes were significant, the size of the position in the portfolio, how they voted, any engagement they had undertaken with the company and the outcome of the vote. From the LGIM report, the Trustee has identified the following votes as being of particular relevance to the Scheme.

LGIM Global Equity Fixed Weights (50:50) Index

Date	Company	Subject	Manager's vote and rationale	Outcome
26/05/2021	Amazon	Director Election	Voted Against - LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board	Vote passed - LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

			chairs, and since 2020 they are voting against all combined board chair/CEO roles.	
26/05/2021	Facebook	Director Election	Voted Against - LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they are voting against all combined board chair/CEO roles.	Vote passed - LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
22/06/2021	Softbank Corp.	Amend Articles	Voted against - Japanese companies are able to hold virtual meetings using temporary regulatory relief (without amending articles) for two years, but the passage of this proposal will authorize the company to hold virtual meetings permanently, without further need to consult shareholders, even after the current health crisis is resolved.- The proposed language fails to specify situations under which	Vote passed - LGIM will continue to engage on this important ESG issue.

			virtual meetings will be held, raising concerns that meaningful exchange between the company and shareholders could be hindered, especially in controversial situations such as when shareholder proposals are submitted, a proxy fight is waged, or a corporate scandal occurs.	
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LGIM Future World Global Equity Index

Date	Company	Subject	Manager's vote and rationale	Outcome
13/05/2021	Intel Corporation	Gender/Racial Pay Gap	For (management recommended against) – A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. As part of their efforts to influence investee companies on having greater gender balance, they expect all companies in which they invest globally to have at least one female on their board.	Vote failed – 14.3% of shareholders supported the resolution. LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
04/03/2022	Apple Inc.	Report on Civil Rights Audit	For - A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies	Vote passed - 53.6% of shareholders supported the resolution. LGIM will continue to engage with investee companies,

			as they consider these issues to be a material risk to companies.	publicly advocate their position on this issue and monitor company and market-level progress.
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The resolutions which Newton and LGIM voted against management the most on over the scheme year were mainly in relation to diversity and director elections. Whilst the resolutions described above largely passed, Newton and LGIM have demonstrated long term opposition to these and have continued their engagement with the companies and encouraging them to take appropriate action.

Engagement activity

The Trustee holds meetings with the Scheme's investment managers on a periodic basis where stewardship issues are discussed in further detail.

Newton (2008 DB & DC), LGIM (2008 DB & DC) and Barings (2008 DB only) all produce reports on their wider stewardship activity over the year detailing their engagement activity across their entire range of funds. The following table summarises the key engagement activity for the 12-month period ending 31 March 2022.

Newton (2008 DB & DC)

Topic engaged on	Number of times topic was engaged*
Climate Change	95
Human Capital Management	65
Remuneration	50
Strategy and risk	49
Board Leadership	43

*Figures are for the 12 months to 31 December 2021

LGIM (2008 DB & DC)

Topic engaged on	Number of times topic was engaged
Climate Change Matters	213
Executive Remuneration	191
Board Composition	87
Public Health	57
Diversity (gender & ethnicity)	39

Barings (2008 DB only)

Topic engaged on	Number of times topic was engaged
Emissions/ Environmental Impact	223
Strategy and Approach	125
Board Composition	95
Transparency	87
Natural Capital	80

The tables show the top five topics the managers engaged with companies on over 2021/22 with Newton, LGIM and Barings frequently engaging on executive remuneration as well as topics surrounding climate change and sustainability. The main methods of engagement were management meetings, shareholder calls and AGMs.

Use of a proxy adviser

The Trustee's managers have made use of the services of the following proxy voting advisors over the period:

Manager	Proxy Advisor used
Newton (2008 DB & DC)	ISS for the purpose of administering proxy voting as well as its research reports on individual company meetings. Only in the event where they recognise a potential material conflict of interest do they follow the voting recommendations of ISS.
LGIM (2008 DB & DC)	In-house custom voting policy in conjunction with ISS 'ProxyExchange' platform.
Barings (2008 DB only)	N/A

Review of policies

The Trustee has committed to reviewing the managers responsible investing policies on a regular basis.

The Trustee and their advisors remain satisfied that the responsible investment policies of the managers and, where appropriate, the voting policies, remain suitable for the Scheme.

Limitations and missing information

The Trustee has been able to obtain full information on voting data and engagement activity for the majority of the Scheme's AVC investments invested in Newton as outlined above. However, there are some legacy arrangements where full information was not obtained. The Trustee believes this is a temporary issue while platform providers and fund managers put these new reporting requirements in place. The Trustee and their investment adviser will work with these AVC managers (and voting service agencies) to compile this information in readiness for next year's Implementation Statement.