

# Implementation Statement for the year ending 5 April 2024

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 2024.

## 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 2023 to 5 April 2024.

## Why do the Scheme's investments matter to me?

The Scheme provides you with benefits on a defined benefit ("DB") basis.. 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.

## What is the Statement of Investment Principles ('SIP')?

The SIP sets 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 SIP that was in place over the year to 5 April 2024.

The Scheme's SIP between 6 April 2023 and 5 April 2024 was fundamentally the same as the SIP signed respectively on 7 October 2021 from an investment policy, objective and risk management perspective. The next review of the 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 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 SIP during the last Scheme year. This report covers the SIP that was signed on 7 October 2021 and was in place between 6 April 2023 and 5 April 2024.

## Overall, the Trustee is satisfied that:

- Throughout the last Scheme year, the Scheme's investments have broadly been managed in accordance with the SIP at that time; and
- The provisions in the current SIP remain suitable for the Scheme's 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 2024, Barings Asset Management (“Barings”) and Legal and General Investment Management (“LGIM”).

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 2024 | Risk Transfer | To provide an overview of the insurance market for bulk annuities and to help the Trustee in considering the potential next steps for the Scheme. | 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 2024.**

#### **How the investment strategy is managed**

The objectives and rationale for the investment strategy are set out in the Scheme’s current SIP on page 1 .

**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 SIP on pages 3-5.

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, 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 SIP on pages 2 and 3.. The Scheme's investments met their return objectives over the year to April 2024.

**The Trustee believes that the main investment risks the Scheme faces as described in the SIP 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 SIP.**

### 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 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.

### 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, Barings and LGIM. 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 October 2023 and in January 2024 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 Scheme holds assets with Barings. Whilst Barings 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 Scheme holds assets with LGIM which are invested in equities. The Trustee seeks to ensure that the Future World LGIM Global Equity Fixed Weights (50/50) Fund is exercising voting rights and, where appropriate, will monitor voting patterns. The Trustee also monitors LGIM's voting on particular companies or issues that affect more than one company.

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

LGIM has reported on how votes were cast in this mandate as set out in the tables below.

#### LGIM<sup>1</sup>

| Future World Global Equity Fund                         |        |
|---|--------|
| Proportion of Scheme(s) assets (as at 5 April 2024)     | 17.1%  |
| No. of meetings eligible to vote at during the year     | 5,134  |
| No. of resolutions eligible to vote on during the year  | 52,212 |
| % of resolutions voted                                  | 99.9%  |
| % of resolutions voted with management                  | 80.3%  |
| % of resolutions voted against management               | 19.5%  |
| % of resolutions abstained                              | 0.3%   |
| % of meetings with at least one vote against management | 63.3%  |

<sup>1</sup> Voting data for the year end 31 March 2024

**Significant votes****LGIM**

The Trustee has asked LGIM to report on the most significant votes cast within 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 Future World Global Equity Index**

| Date      | Company              | Subject  | Manager's vote and rationale                             | Outcome  |
|-----------|----------------------|--|--|--|
| 24/5/2023 | Amazon.com, Inc      | Report on Median and Adjusted Gender/Racial Pay Gaps | <b>Voted for</b> – against the management recommendation | 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. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. company, economy and society.   |
| 31/5/2023 | Meta Platforms, Inc. | Elect Director Mark Zuckerberg                       | <b>Withheld</b> - against management recommendation      | Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. Shareholder rights: A vote against is applied because LGIM supports the equitable structure of one-share-one-vote. We expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure. WITHHOLD votes are further warranted for Mark Zuckerberg, the owner of the supervoting shares. |

|            |                          |                                   |                      |  |
|------------|--------------------------|-----------------------------------|----------------------|--|
| 10/10/2023 | Procter & Gamble Company | Elect Director Patricia A. Woertz | <b>Voted Against</b> | Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. |
|------------|--------------------------|-----------------------------------|----------------------|--|

The resolutions which LGIM voted against management the most on over the scheme year were mainly in relation to climate change and director elections. Whilst the resolutions described above largely passed, LGIM has 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.

LGIM and Barings 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.

#### LGIM

| Topic engaged on | Number of times topic was engaged |
|------------------|-----------------------------------|
| Climate Change   | 1,282                             |
| Remuneration     | 213                               |
| Deforestation    | 162                               |
| Diversity        | 106                               |
| Strategy         | 66                                |

#### Barings

| Topic engaged on  | Number of times topic was engaged |
|-------------------|-----------------------------------|
| Board Composition | 10,594                            |
| Routine Business  | 3,652                             |
| Compensation      | 3,018                             |
| Capitalisation    | 1,799                             |
| Audit Related     | 1,203                             |

The tables show the top five topics the managers engaged with companies on over 2023/24 with LGIM and Barings frequently engaging on climate change as well as topics surrounding diversity and strategy. 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 advisers over the period:

| Manager | Proxy Advisor used  |
|---------|---|
| LGIM    | In-house custom voting policy in conjunction with ISS 'ProxyExchange' platform. |
| Barings | 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 Scheme holds legacy AVC investments with Newton, Standard Life and Prudential. The Trustee has taken a proportionate view to the preparation of this implementation statement and excluded these.