

Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Stewardship Policy and related policies on Environmental, Social and Governance ("ESG") factors and Climate Change set out in the Statement of Investment Principles ('SIP') have been followed during the year to 30 September 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the investment objectives it has set. As set out in the SIP, the Trustees' primary investment objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustees also aim to maximise returns at an acceptable level of risk, taking in to consideration the circumstances of the Scheme.

The objectives set out above provide a framework for the Trustees when making investment decisions.

Policy on ESG, Stewardship and Climate Change

The Scheme's SIP dated 2019 first included the Trustees' policies on ESG factors, stewardship and Climate Change. These policies have since been updated in the SIP approved in September 2020.

The Trustees keep their policies under regular review and will reconsider them when reviewing the SIP, which is subject to review at least triennially.

Scheme's Investment Structure

Standard Life manage the Scheme's investment Portfolio who have been appointed since the inception of the scheme.

HS Pensions monitored the portfolio in line with the agreed investment objectives and risk profile, which are reviewed on a regular basis. A key duty of the Adviser is to ensure that the range of pooled funds is suitable to the overall mandate.

Under the portfolio, the underlying pooled fund units are held in the name of Standard Life. The Trustees therefore have no direct relationship with the Scheme's underlying investments and no direct ownership of the underlying investments.

Trustee engagement

The Trustees' engagement policies were first formalised in the 2020 SIP. These were determined in conjunction with their investment adviser. The SIP notes that the Trustees will engage with their advisers no less frequently than annually. A further update will be provided in next year's Statement.

Voting Activity

Where the Trustees are specifically invited to vote on a matter relating to the corporate policy, they will exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's members. Over the Scheme year, the Trustees have not been asked to vote on any specific matters.

As noted earlier, the Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore has no voting rights in relation to the Scheme's investments and no influence over the managers of the pooled funds. However, the Trustees have taken reassurance from the Fund Managers Statements:

'Standard Life Assurance Limited's approach to responsible investment is based on the United Nations-supported **Principles of Responsible Investment (PRI)** and the **UK Stewardship Code**.'

We note that best practice in developing a statement on voting and engagement activity is evolving and we will consider further information and general developments in market practice in this area before the production of next year's' statement.