



# WILLIAM JACKSON PENSION PLAN (“THE PLAN”)

## ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

### Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles (‘SIP’) produced by the Trustee has been followed during the year to 5 April 2023. 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 subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

### Investment Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the investment objectives it has set. The objectives of the Plan included in the SIP are as follows:

- To invest the assets of the Plan in a way that is consistent with keeping to a low level of volatility between the value of the assets and the price of a bulk annuity, recognising that it is not possible to eliminate volatility due to a wide range of factors influencing insurer pricing
- To hold liquid assets so as to facilitate a buy-in should it be affordable.

### Policy on ESG, Stewardship and Climate Change

The Plan’s SIP includes the Trustee’s policy on Environmental, Social and Governance (‘ESG’) factors, stewardship and climate change. This policy sets out the Trustee’s beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. This was previously reviewed in September 2020 and again in December 2022.

In order to establish these beliefs and produce this policy, the Trustee undertook investment training in September 2018 provided by their investment consultant, Mercer Limited (Mercer), on responsible investment which covered ESG factors, stewardship and climate change, and further training was received in June 2020 and June 2021 in relation to ongoing disclosure requirements. In 2020, the Trustee set up an investment subcommittee to facilitate comprehensive ongoing review of all investment matters including ESG and climate change.

The Trustee keeps their policies under regular review with the SIP subject to review at least triennially.

The following work was undertaken during the year relating to the Trustee’s policy on ESG factors, stewardship and climate change, and sets out how the Trustee’s engagement and voting policies were followed and implemented during the year.

- The Trustee has retained Mercer to act as discretionary investment manager in respect of the Plan’s assets and such assets are invested in a range of Mercer Funds managed by MGIE. The Plan also has holdings in an external Property Fund, managed by Aviva (noting that this makes up c.15% of total Plan assets as at 5 April 2023).

- Investment managers appointed by MGIE to manage the Mercer Funds, as well as Aviva, are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code, regardless of where they are domiciled. In addition, investment managers appointed by MGIE are expected to monitor investee companies and to report on stewardship activities and outcomes on an annual basis, as set out in a publicly available Sustainable Investment Policy.
- The Trustee considers how ESG, climate change and stewardship is integrated within Mercer's, MGIE's, the Mercer Fund underlying managers' and Aviva's investment processes in the monitoring process. Mercer, and MGIE is expected to provide reporting to the Trustee on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics. The investment subcommittee received a report in July 2023 accordingly.
- The Trustee considers how ESG, including climate change, is integrated within Mercer's, MGIE's and Aviva's investment processes by reviewing the ESG ratings assigned by Mercer (and its affiliates') global manager research team, which are included in the investment performance report produced by Mercer on a quarterly basis. ESG ratings for Mercer manager funds are reviewed by MGIE during quarterly monitoring processes, with a more comprehensive review performed annually — which seeks evidence of positive momentum on ESG integration. MGI expectations are set as ESG3 or above, where practicable and relevant to the strategy (with ESG1 being the highest rating and ESG4 being the lowest). Comparisons are also made with the appropriate universe of strategies in Mercer's global investment manager database.
- ESG ratings for Aviva's LIME property fund are reviewed by Mercer periodically with the most recent review taking place in the fourth quarter of 2022.

### **Stewardship monitoring**

The majority (c.85%) of the Trustee's investments take the form of shares or units in Mercer Funds. Given the nature of the Plan's fixed-income oriented investment strategy, the majority of the underlying assets have no exercisable voting rights to report. A small portion of Mercer Multi Asset Credit Fund invests in equity linked securities which may have attached voting rights. Where these assets were eligible for votes the underlying managers are expected to cast all votes in line with their internal policies. Over the year, the Plan disinvested from the Mercer Multi Asset Credit Fund.

Any voting rights that do apply with respect to the underlying investments attached to the Mercer Funds are, ultimately, delegated to the third party investment managers appointed by MGIE. MGIE accepts that managers may have detailed knowledge of both the governance and the operations of the investee companies and has therefore enabled managers to vote based on their own proxy-voting execution policy, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. As such the Trustee does not use the direct services of a proxy voter. The MGIE [Engagement Policy](#) outlines this framework.

C.15% of the Trustee's investments are held in the Aviva LIME Property Fund. Aviva have prepared their Real Assets responsible Investment policy and have provided the Trustee with engagement statistics at a firm level covering the 12 month period to 31 March 2022. They will provide statistics for the 12 months to 31 March 2023 once available.

## **Conclusion**

The Trustee believes that, through the actions taken, they have adhered to the Engagement Policy outlined in the Statement of Investment Principles ('SIP') over the course of the year to 5 April 2023.

Going forward, the Trustee will continue to review the suitability of its Engagement Policy and will work with their advisers and managers on monitoring and integrating ESG factors within its portfolio as appropriate, taking into account the risks and opportunities presented by these factors.

**05 April 2023**