

## **F J BESWICK (PAPER) LIMITED PENSION AND LIFE ASSURANCE SCHEME (the 'Scheme) – Annual Engagement Policy 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 June 2022.

This statement has been produced in accordance with The Pension Protection Scheme (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 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 into consideration the circumstances of the Scheme.

The Trustees have also received confirmation from the Scheme Actuary that the actuarial valuation methodology and assumptions used in the Statutory Funding Objective are consistent with the Scheme’s investment strategy.

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

### **Review of the SIP**

No changes were made to the SIP over the 12 months period to 30 June 2022. The SIP was last reviewed as at 30 September 2020.

### **Investment Strategy**

During the course of the financial year to 30 June 2022, the Trustees did not make any changes to the Scheme’s investment strategy.

### **Policy on ESG, Stewardship and Climate Change**

The Scheme's SIP includes the Trustees' policy on ESG factors, stewardship and climate change. The policies in question were last approved on 30 September 2020. The Trustees will keep their policies under review.

### **Scheme's Investment Structure**

The Trustees have determined their investment strategy after considering the Scheme's liability profile and requirements of the Statutory Funding Objective, their own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant.

The Scheme invests directly in pooled managed funds managed by Scottish Widows and Schroders Life.

### **Trustee Engagement**

During the year, the Trustees have not engaged with the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change. However, the Trustees will review the stewardship and ESG policies of the investment managers periodically.

### **Voting Activity**

The Trustees delegate the responsibility for engaging with, monitoring investee companies and exercising voting rights to the pooled fund investment managers.

The Trustees have not been asked to vote on any specific matters during the year under review.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e. all funds which include equity holdings) in which the Scheme's assets are ultimately invested.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of next year's statement.

Scheme	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
Schroder Life Managed Balanced Fund	<p><i>Institutional Shareholder Services (ISS) – research and recommendations</i></p> <p><i>Institutional Voting Information Services (IVIS) – research and recommendations</i></p> <p><i>The research from ISS and IVS is only one component that feeds into Schroders' voting decisions. In addition to relying on internal policies, Schroders will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.</i></p> <p><i>Schroder's own research is also integral to the final voting decision.</i></p>	7200	499	117	Schroder considers significant votes to be those against company management.	<p><i>Alphabet Inc.</i></p> <p><i>Resolution – "Report on Metrics and Efforts to Reduce Water Related Risk"</i></p> <p><i>Voting: Schroders voted for the resolution.</i></p> <p><i>Rationale: Shareholders would benefit from increased disclosure regarding how the company is managing climate-related water risks.</i></p>
Scottish Widows PM Managed Fund (with the underlying funds predominantly managed by Schroders) <sup>1</sup>	<p><i>Institutional Shareholder Services (ISS) – research and recommendations</i></p> <p><i>Institutional Voting Information Services (IVIS) – research and recommendations</i></p> <p><i>The research from ISS and IVS is only one component that feeds into Schroders' voting decisions. In addition to relying on internal policies, Schroders will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.</i></p> <p><i>Schroder's own research is also integral to the final voting decision.</i></p>	97,149 <sup>2</sup>	8,347 <sup>2</sup>	2,039 <sup>2</sup>	Schroders who predominantly manages the underlying assets of the Scottish Widows strategy held by the Scheme, considers significant votes to be those against company management.	<p><i>Royal Dutch Shell Plc</i></p> <p><i>Resolution – "Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions"</i></p> <p><i>Voting: Schroders voted for the resolution.</i></p> <p><i>Rationale: Schroders believes that the proposal is aligned to their net-zero ambitions, in particular by addressing scope 3 as fully as they believe is necessary.</i></p>

<sup>1</sup>Please note that information on voting activity in relation to the Scottish Widows Managed Fund includes data of the underlying sub-funds in which the Scottish Widows Managed Fund invests in. For some of these funds, 30 June 2022 voting information has not been shared by the investment managers and therefore, in these cases, Mercer has considered voting information as at 31 March 2022.

<sup>2</sup>Please note that total number of votes do not necessarily relate to the same number of resolutions, and two underlying funds may be voting on the same resolution hence there may be two votes on a single resolution.