

# THE TWEFS RETIREMENT BENEFITS SCHEME

## YEAR ENDED 30 JUNE 2020

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### ANNUAL IMPLEMENTATION STATEMENT

#### Introduction

This statement, written for the benefit of the members of the Scheme, sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee, has been followed during the year to 30 June 2020.

The SIP is a document drafted by the Trustee in order to help govern the Scheme's investment strategy and it details a range of investment-related policies.

This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Disclosure of Information) Regulations 2013/2734 and the guidance published by the Pensions Regulator.

#### Trustee's Investment Objectives

For the Defined Benefits ("DB") Scheme, the Trustee's primary investment objective for the Scheme 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.

This objective requires taking a degree of investment risk and the SIP describes the ways in which the Trustee seeks to manage such risk exposures. In addition, the Trustee is required to consult with the Sponsoring Employer on the nature of the Scheme's investment strategy and consider its views. This process helps to inform a suitable investment time horizon and the extent of funding support available.

For the Defined Contribution ("DC") section, the Trustee is not required to establish a default investment strategy for the Scheme as the Scheme was not set up for auto-enrolment purposes. Instead, the Trustee offers a range of self-select options from which members may choose to invest their assets. The range of investment options covers a number of asset classes and provides appropriate strategic choices for members' different savings objectives, risk profiles and time horizons.

#### Investment Strategy

During the course of the financial year, the Trustee did not make any changes to the Scheme's investment strategy.

Further, there were no changes to the self-select options available to DC members.

#### Statement of Investment Principles

During the year to 30 June 2020, the Trustee reviewed the Scheme's SIP and a revised SIP was implemented with effect from September 2019. Changes were made to reflect new requirements under the Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2018 relating to the Trustee's policies in regards to the following:

- Financially material considerations of the investments, including Environmental, Social and Governance ("ESG") considerations, and how these are taken into account in the selection, retention and realization of investments.
- The extent to which non-financial matters are taken into account in the selection, retention and realization of investments.
- The exercise of the rights (including voting rights) attached to the investments.
- Undertaking engagement activities in respect of the investments (including methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters).

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## YEAR ENDED 30 JUNE 2020

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### ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

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

For the DB, JLT Investment Management ("JLT IM"), now a part of Mercer, has fiduciary responsibility to the Scheme, as per the definitions of the 2019 Competition and Markets Authority ("CMA"). JLT IM holds a Trustee Investment Policy ("TIP") with Mobius Life Limited ("Mobius") as platform provider to the Scheme. Mobius's investment platform enables the Scheme to invest in multi-client pooled funds managed by third party investment managers.

As such, the Trustee has no direct relationship with the Scheme's underlying investments managers.

As an investor in multi-client pooled funds the Trustee has limited ability to influence the investment manager's investment decision making process. The Trustee therefore delegates decisions around ESG directly to the investment managers.

The DC is directly invested with UBS Life.

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

The SIP includes the Trustee's policy on ESG factors, Stewardship and Climate Change, which also includes the processes followed by the Trustee in relation to voting rights. In order to inform these views the Trustee undertook training on responsible investment and on the legal obligations of trustees under the new legislation. The policies were last reviewed in September 2019 following a trustee training exercise on current ESG regulations.

The Trustee keeps its 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.

#### **Engagement**

In the relevant year, the Trustee has not directly engaged with either Mobius, JLT IM, or the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change. However, the Trustee refers to research ratings as provided by their investment consultant, Mercer, on a semi-annual basis. These research ratings reflect Mercer's forward-looking assessment of the fund manager's ability to deliver on their target objectives including ESG-credentials, which are captured within each fund manager's investment decision-making processes.

# THE TWEFS RETIREMENT BENEFITS SCHEME

## YEAR ENDED 30 JUNE 2020

### ANNUAL IMPLEMENTATION STATEMENT (CONTINUED)

#### Voting Activity

The Trustee has no direct relationship with the underlying companies in which the pooled funds that are invested in by the Scheme, and therefore have no voting rights in relation to the Scheme's investments. The Trustee has therefore effectively delegated their voting rights to the Scheme's underlying investment managers.

The Trustee does not use the services of a proxy voter.

Nevertheless, the table below 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 invested, over the year from 30 June 2019 to 30 June 2020.

Fund	Proxy voter used?	Votes cast			Significant vote examples*
		Votes in total	Votes against management	Abstentions	
<b>Columbia Threadneedle Multi Asset Fund</b>	ISS – for voting execution and recommendations  IVIS – recommendations only  Glass Lewis – recommendations only.	<b>6646</b>	<b>380</b> (further 79 votes supporting proposals raised by shareholders but not endorsed by management)	<b>182</b> (further 4 votes abstaining from proposals raised by shareholders but not endorsed by management)	<i>Adobe Inc.</i> – a vote 'for' was cast to provide shareholder resolution regarding a report on gender pay gap, specifically to encourage company to increase disclosure of material, decision-useful data.  <i>Alexion Pharmaceuticals, Inc.</i> - a vote 'against' was cast for the election of a Director as there were concerns with a number of that Director's outside commitments.
<b>UBS Life World (ex-UK) Equity Tracker Fund &amp; Life UK Equity Tracker Fund</b>	ISS – for voting recommendations (based on UBS pre-defined principles)	<b>34,254</b>	<b>4,770</b> (this related to 14% of votes cast)	<b>145</b>	<i>Facebook, Inc.</i> - a vote 'Against' was cast regarding the election of Directors Peggy Alford and Andrew W Houston – Nominees are considered to be affiliated to Mr Zuckerberg and there is insufficient independent counterbalance to the Chair/CEO on the Board.

\*an exhaustive list of examples are available on request

27 January 2021

This report was approved by the Trustee on .....

and signed on its behalf by:

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Director

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Director