

Nelson Hurst Group Pension Scheme 4 Implementation Statement, covering the Scheme Year from 1 May 2023 to 30 April 2024

The Trustee of the Nelson Hurst Group Pension Scheme 4 (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Sections 1 and 2 below.

The Statement is also required to include a description of the exercise of rights (including voting rights) during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below. The AVC investments are not covered in this Statement on materiality grounds, since they are a small proportion of the Scheme’s overall assets.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

No review of the SIP was undertaken during the Scheme Year. The last time the SIP was formally reviewed was in May 2022, following the completion of the Scheme’s second buy-in transaction. Over the Scheme Year, the Trustee continues to hold a balance in the Legal & General (“L&G”) Sterling Liquidity Fund.

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustee has delegated to its remaining investment manager (L&G) the exercise of rights attaching to investments, including voting rights, and engagement. The policy is here: <https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-uk-corporate-governance-and-responsible-investment-policy.pdf>

However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with the manager as detailed below.

The Trustee has considered how environmental, social, governance (“ESG”) and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

As part of its advice on the selection and ongoing review of investment managers, the Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement. LCP was comfortable with L&G’s approach to voting and engagement over the Scheme Year.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus engagement with their investment managers on specific ESG factors. The Trustee set climate change as the Scheme’s stewardship priority in March 2023 (ie prior to the coverage of this Statement), and engaged with the investment manager to communicate this priority. This priority was selected because the Trustee believes that it is a key market-wide risk and an area where good stewardship and engagement can improve long-term financial outcomes. The Scheme did not change its stewardship priority during the Scheme Year.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Scheme Year

The SIP notes that the Scheme’s investments are held in units of a pooled fund and two annuity policies. The Trustee therefore does not have any direct voting rights; any voting rights are indirect as they pertain to the underlying investments within the pooled funds and annuity policies. Hence, in effect the Trustee has delegated

voting rights to the investment managers of the pooled fund and the annuity providers. The Trustee itself has not used proxy voting services over the Scheme Year.

Throughout the Scheme Year, the Scheme did not invest in any funds that held listed equities or assets with voting opportunities.