

The Sutcliffe Speakman Pension & Life Assurance Scheme Implementation Statement for the year ended 31 March 2021

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Sutcliffe Speakman Pension & Life Assurance Scheme (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 31 March 2021 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

In Q1 2019, the Trustees received training on Environmental, Social and Governance (“ESG”) issues from their Investment Adviser, XPS Investment (“XPS”) and discussed their beliefs around those issues. This enabled the Trustees to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers’ own equivalent policies. The Trustees’ new policy was first documented in the updated Statement of Investment Principles dated September 2019, then subsequently updated in the version dated September 2020 to reflect additional detail on stewardship and remains in the latest Statement of Investment Principles dated January 2021.

The Trustees’ updated policy

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s investment managers. The Trustees require the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, the Trustees introduced the following funds: the M&G Investments (“M&G”) Total Return Credit Investment Fund and the Legal and General Investment Management (“LGIM”) Buy & Maintain Credit and Sterling Liquidity Funds. Each fund was recommended by XPS, using various criteria. One of the criteria - in acknowledgement of the Trustees’ updated ESG policy - was that the investment manager had been found to have a credible ESG capability, with decisions linked to that capability applied to the fund to an acceptable degree.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees’ requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees’ views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

The Trustees are satisfied that during the reporting year they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. During the reporting year, investments in equities formed part of the strategy for the multi-asset fund previously held by the Scheme. Therefore, a summary of the voting behaviour and most significant votes cast by the relevant investment manager organisation is shown below. Based on this summary, the Trustees conclude that the investment manager has exercised its delegated voting rights on behalf of the Trustees in a way that aligns with the Trustees’ relevant policies in this regard.

M&G Episode Income Fund

Voting Information
M&G Episode Income Fund
The manager voted on 98.15% of resolutions of which they were eligible out of 1,297 eligible votes.
Investment Manager Client Consultation Policy on Voting
Voting decisions are taken in the best interests of clients and decision-making takes into account a wide range of factors. Whilst M&G do not solicit clients' views it would take them into account should they be made known to M&G.
Investment Manager Process to determine how to Vote

An active and informed voting policy is an integral part of M&G's investment philosophy. In M&G's view, voting should never be divorced from the underlying investment management activity. By exercising its votes, M&G seeks both to add value to its clients and to protect its interests as shareholders. M&G considers the issues, meets the management if necessary, and votes accordingly.

How does this manager determine what constitutes a 'Significant' Vote?

Under the Shareholder Rights Directive II, M&G is required to report on its stewardship activities, including proxy voting and the identification of significant votes. M&G has therefore determined its own definition of significant votes following internal discussion and consideration of external guidance. For the purposes of reporting to clients under the requirements of pensions regulations M&G has typically disregarded its 3% shareholding criterion.

Does the manager utilise a Proxy Voting System? If so, please detail

M&G uses research provided by ISS and the Investment Association; and it uses the ProxyEdge platform from ISS voting platform for managing its proxy activity.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
HSBC Holdings Plc	Approve Remuneration Report	Against	Not in a position to provide
Not in a position to provide			
Wells Fargo and Company	Shareholder approval for amending the Bylaws	For	Not in a position to provide
Not in a position to provide			
BAE Systems plc	Approve Remuneration Report	Against	

			Not in a position to provide
Not in a position to provide			
Ford Motor Company	Approve Recapitalization Plan for all Stock to Have One-vote per Share	For	Not in a position to provide
Not in a position to provide			
JPMorgan Chase & Co.	Shareholder resolution requesting that the Board issue a report "describing how JPMorgan Chase plans to respond to rising reputational risks for the Company and questions about its role in society related to involvement in Canadian oil sands production, oil sands pipeline companies, and Arctic oil and gas exploration and production."	For	Not in a position to provide
Not in a position to provide			

I confirm that this Implementation Statement is accurate and representative of the Trustees' investment policies followed during the year.

Signed: _____,

On behalf of the Trustees of the Sutcliffe Speakman Pension & Life Assurance Scheme

Date: _____