

Harland & Wolff Pension Scheme (“The Scheme”) - Investment Accounting Disclosures

Trustee Policies

This section sets out the policies in the Statement of Investment Principles (‘SIP’) in force at the Scheme year end, relating to the following:

- Financially Material considerations
- Non-Financial matters

Stewardship including the exercise of voting rights and engagement activities is set out in the ‘Voting and Engagement’ section.

The Trustee updated the SIP after the Scheme year end to include policies required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and will include those policies going forward.

Financially Material considerations

The Trustee has considered financially material factors such as environmental, social and governance (‘ESG’) issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. They believe that financially material considerations are implicitly factored into the expected risk and return profile of the asset classes they are investing in. However, the Trustee has not made an explicit allowance for risks associated with climate.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. The Trustee acknowledges that they cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustee do expect their fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Scheme’s assets are subject to the investment manager’s own policy on socially responsible investment. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustee will only invest with investment managers that are signatories to the United Nations Principles of Responsible Investment (‘UNPRI’) or other similarly recognised standards.

The Trustee will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments.
- Use ESG ratings information provided by its investment consultant, to assess how the Scheme’s investment managers take account of ESG issues; and
- Request that all of the Scheme’s investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.

If the Trustee determines that financially material considerations have not been factored into the investment managers' process, it will take this into account on whether to select or retain an investment.

Non-Financial considerations

The Trustee has not considered non-financially material matters in the selection, retention and realisation of investments.

Voting and Engagement

The Trustee is required to disclose the voting and engagement activity over the Scheme year. The Trustee has appointed Minerva Analytics ('Minerva') to obtain voting and investment engagement information ('VEI') on the Scheme's behalf.

This statement provides a summary of the key information and summarises Minerva's findings on behalf of the Scheme over the Scheme year.

Voting and Engagement Policy and Funds

The Trustee policy on stewardship is as set out below in the Statement of Investment Principles ('SIP') dated September 2019:

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf, having regard to the best financial interests of the beneficiaries.

Where this primary consideration is not prejudiced, the investment manager should engage with companies to take account of ESG factors in the exercise of such rights. The Trustee will review the investment managers' voting policies, with the help of its investment consultant, and decide if they are appropriate. If they are not appropriate, the Trustee will engage with the investment manager, with the help of its investment consultant, to influence the investment managers' policy. If this fails, the Trustee will review the investments made with the investment manager.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments they manage.

The table below sets out the funds the Scheme invested in over the Scheme year and states the use of a proxy voter.

Fund / Product Manager	Investment Fund/Product	Made Via	Scheme / Inv Type	Period Start Date	'Proxy Voter' Used?
LGIM	LGIM AAA-AA-A Bonds Over 15 Year Index Fund	Direct	DB	6/8/19 - 5/8/20	N/A
LGIM	LGIM All Stocks Gilts Index Fund	Direct	DB	6/8/19 - 5/8/20	N/A
LGIM	LGIM LDI Matching Core Fund	Direct	DB	6/8/19 - 5/8/20	N/A
LGIM	LGIM Sterling Liquidity Fund	Direct	DB	6/8/19 - 5/8/20	N/A
LGIM	LGIM UK Equity Index Fund	Direct	DB	6/8/19 - 5/8/20	ISS
LGIM	LGIM Under 15 Year Index Linked Gilts Index Fund	Direct	DB	6/8/19 - 5/8/20	N/A
LGIM	LGIM World (ex UK) Developed Equity Index - GBP Hedged Fund	Direct	DB	6/8/19 - 5/8/20	ISS
LGIM	LGIM World (ex UK) Developed Equity Index Fund	Direct	DB	6/8/19 - 5/8/20	ISS
Aberdeen Standard	Aberdeen Standard	Direct	DC - AVC	6/8/19 - 5/8/20	?
Utmost	Utmost	Direct	DC - AVC	6/8/19 - 5/8/20	?
Aegon	Scottish Equitable (Aegon)	Direct	Annuity	6/8/19 - 5/8/20	?
Prudential	Prudential	Direct	Annuity	6/8/19 - 5/8/20	?
Sun Life of Canada	Sun Life Financial of Canada	Direct	Annuity	6/8/19 - 5/8/20	?
Unum	Unum	Direct	Annuity	6/8/19 - 5/8/20	?

🔍 Not confirmed by Manager N/A - Not applicable

ISS is a proxy voting service.

Exercise of voting rights

Voting activity was requested by Minerva from Legal & General Investment Management ('LGIM') in respect of the three equity funds noted above. Albeit LGIM responded with some date they were not able to provide the relevant information required for the analysis in time. Please see section on 'Outstanding Information' for further details.

Manager Voting Behaviour

The Trustee believes that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Scheme's managers to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour of each manager where disclosed by the manager.

Manager	Fund	No. of Meetings	No. of Resolutions				
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
LGIM	LGIM UK Equity Index Fund	846	11,859	99.6%	93.6%	6.4%	0%

LGIM were only able to supply data up to 05/04/20.

The most significant votes cast was requested by Minerva from LGIM, but they were not able to provide the relevant information required for the analysis in time. Please see section on 'Outstanding Information' for further details.

Manager Engagement Information

The Trustee believes that an important part of responsible oversight is for the Scheme's investment managers to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, they expect the Scheme's managers to engage with investee companies where they have identified any such issues.

LGIM were unable to provide data specific to the funds the Scheme invests in. The table below summarises the engagement activity of LGIM at a firm level.

Summary of Company Engagement Activity										Outcomes	
Corporate Governance								Sustainability		Resolve	Open
No.	Strategy	Audit & Report	Board	Capital	Corp. Action	Remun	Shrhdr Rights	Envir.	Social		
739	13%	2%	19%	3%	3%	28%	2%	34%	37%	?	?

⚠ Not confirmed by Manager

Outstanding Information

This section sets out the status of outstanding information Minerva have requested.

Fund / Product Manager	Investment Fund/Product	Information Request Acknowledged	Voting Info Available?	Engagement Info Available	Info Rec'd by Minerva Deadline
LGIM	LGIM AAA-AA-A Bonds Over 15 Year Index Fund	✓	?	?	✗
LGIM	LGIM All Stocks Gilts Index Fund	✓	?	?	✗
LGIM	LGIM LDI Matching Core Fund	✓	✓	✓	✓
LGIM	LGIM Sterling Liquidity Fund	✓	✓	✓	✓
LGIM	LGIM UK Equity Index Fund	✓	✓	✓	✗
LGIM	LGIM Under 15 Year Index Linked Gilts Index Fund	✓	✓	✓	✓
LGIM	LGIM World (ex UK) Developed Equity Index - GBP Hedged Fund	✓	?	?	✗
LGIM	LGIM World (ex UK) Developed Equity Index Fund	✓	?	?	✗
Aberdeen Standard	Aberdeen Standard	✓	?	?	✗
Utmost	Utmost	✓	?	?	✗
Aegon	Scottish Equitable (Aegon)	✓	?	?	✗
Prudential	Prudential	✓	?	?	✗
Sun Life of Canada	Sun Life Financial of Canada	✓	?	?	✗
Unum	Unum	✗	?	?	✗

✓ Positive response ✓ Partial response* ✗ Negative response ? Not confirmed by Manager ✓ No VEI information to report

It is clearly disappointing that LGIM were unable to provide the relevant data. Minerva is continuing to engage with the relevant managers on the identification and provision of any missing VEI information and will provide the Scheme with an update as soon as all of the managers have formally

reported back, and any information provided has then been analysed. It is hoped that for next year's statement that investment managers in general and LGIM in particular will be better prepared to support trustees in complying with the Implementation Statement requirements.

Conclusion

This statement has shown there is only partial information available. The Trustee will seek any outstanding information and will agree a way forward on any actions identified by Minerva once this information is available.