

# Samuel Smith Old Brewery (Production) Retirement Benefits Scheme

## ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 30 September 2022

### Introduction

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles (SIP) produced by the Trustees has been followed during the year to 30 September 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, as amended, and the guidance published by the Pensions Regulator.

### Trustees' Investment Objective

The Trustees believe it is important to consider the policies in place in the context of the investment objectives it has set.

The Trustees' 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.

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 also ensure that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

### Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all financially relevant factors in making investment decisions on behalf of the Scheme. However, they may also consider any non-financial factors, for example the views of members.

The Trustees recognise that Environmental, Social and Governance (ESG) factors, including climate change, can all influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated appropriately.

The Scheme's SIP includes the Trustees' policies on ESG factors, stewardship and climate change. The SIP has not been changed over the Scheme Year and the policies were last reviewed in the latest SIP dated September 2020. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially. A copy of the latest SIP is available at the following link:

<https://v3.merceroneview.co.uk/SSOBPRBS/pensions>

The Trustees recognise that the Scheme's assets are currently invested on a passive basis, which limits the investment manager's ability to take active decisions on whether to hold securities based on the investment manager's considerations of ESG factors, including climate change. Nonetheless, the Trustees can confirm that they have acted in accordance with the SIP in relation to voting and engagement activities over the year under review.

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

The Scheme's only investment is a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers.

Currently all the underlying funds are managed by Legal & General Investment Management (LGIM), which are accessed through the Mobius platform. As such, the Trustees do not have a direct relationship with LGIM. The Trustees have the responsibility of monitoring the pooled funds, in conjunction with advice received from their investment advisor, Mercer.

### **Voting Activity**

Where the Trustees are specifically invited to vote on a matter relating to corporate policy, they will exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's members.

Over the Scheme year, the Trustees have not been asked to vote on any specific matters and have therefore not cast any votes.

As noted earlier, the Scheme has no direct relationship with LGIM, and invest solely in pooled funds through the Mobius platform. Therefore the Trustees have no voting rights in relation to the Scheme's underlying investments and no direct ability to influence LGIM.

Nevertheless, the Appendix to this Statement sets out a summary, produced by Mobius, of key voting and engagement background and activity for the pooled funds in which the Scheme is invested.

The Trustees note that LGIM has put in place a custom voting policy with specific voting instructions with ISS ("Institutional Shareholder Services") to enable them to vote widely across their investee companies, without outsourcing strategic voting decisions.

The Trustees also note that in determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation. This includes, but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;

- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

Again, the Trustees have no direct ability to influence LGIM, but are satisfied that the approach taken by LGIM to determine a significant vote is appropriate. An example significant vote for each fund is included in the Appendix.

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

## Engagement

In the last year, the Trustees have not engaged with Mobius or LGIM on matters pertaining to ESG, stewardship or climate change. However, Mercer's quarterly performance reporting includes ESG scores for the funds in which the Scheme is invested.

The ESG information provided by Mercer helps the Trustees to determine whether further action should be taken in respect of specific funds.

The Trustees are satisfied that the scores are good in the context of the mandates of the funds and note Mercer's view that LGIM is market leading on ESG issues amongst passive investment managers.

Furthermore, the Trustees take reassurance from the information in the Appendix that LGIM engaged with a large number of investee companies on a wide range of issues.

Further information on LGIM's approach to Investment Stewardship can be accessed at the following link: <https://www.lgim.com/uk/en/capabilities/investment-stewardship/>

## Summary

Taking into consideration the information in this Statement, the Trustees are satisfied that the voting and engagement policies set out in the SIP have been followed over the Scheme year.