



J Barbour & Sons Limited 2015 Pension Scheme – Implementation Statement

Year to 30 April 2025

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ("DWP") has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustees' fiduciary duty.

Implementation Statement

This Implementation Statement is to provide evidence that the Scheme continues to follow and act on the principles outlined in the Statement of Investment Principles ("SIP"). The Scheme's current SIP is dated February 2024 and is available here: [J-Barbour-Sons-Limited-2015-Pension-Scheme-Statement-of-Investment-Principles.pdf](#)

The Implementation Statement details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP;
- the current policy and approach with regards to ESG and the actions taken with investment managers on managing ESG risks;
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate;
- voting behaviour covering the reporting year up to 30 April 2025 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

Summary of key actions undertaken over the Scheme reporting year

- Isio delivered an ESG training session to the Trustees to provide an overview of the current sustainability regulations, deep dive into ESG risks such as climate change and outline potential considerations and next steps.
- Isio prepared a Sustainability Integration Assessment ("SIA") report on behalf of the Trustees that set out Isio's assessment of the ESG capabilities of each of the Scheme's underlying investment managers and identified areas for engagement.
- Following the reporting period, the Trustees began the process of agreeing a long-term strategic objective for the Scheme. Isio will conduct a strategy review for the Scheme in H2 2025 once the objective has been agreed. As an immediate action, the Trustees agreed to rebalance the Scheme's overweight corporate bond allocation back to the current strategic target at the July 2025 Trustee meeting.

Implementation Statement

This report demonstrates that J Barbour & Sons Limited 2015 Pension Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed: Trustees of the J Barbour & Sons Limited 2015 Pension Scheme

Date:

Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 100% of these risks on a Technical Provisions basis,	<p>The Scheme has an LDI mandate in place to manage these risks.</p> <p>Following the reporting period, The Trustees agreed to conduct a light-touch review of the hedging arrangement to replace any lost interest rate exposure from rebalancing the Scheme's overweight corporate bond allocation back to the strategic target.</p> <p>As part of wider conversations around the long-term strategic objective for the Scheme, the level of hedging could be increased in the future. This would take place as part of a full LDI retool expected to take place in H2 2025 using updated liability information from the 2024 Triennial Actuarial Valuation.</p>
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	The Scheme holds collateral with LGIM to cover any potential recapitalisation events.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Scheme employs an investment strategy which is diversified across asset classes and hedges out unrewarded investment risk (i.e. the Scheme's LDI mandate hedging interest rate and inflation risk).
Credit	Default on payments due as part of a financial security contract.	To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.	Credit risk is minimised by the Scheme's exposure across a range of different sectors and geographies.

Environmental, Social and Governance	<p>Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.</p>	<p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:</p> <ol style="list-style-type: none"> 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory <p>The Trustees monitor the managers on an ongoing basis.</p>	<p>Isio conducts an annual Sustainability Integrated Assessment ("SIA") on behalf of the Trustees, reviewing the ESG credentials of the Scheme's investment managers through its ESG Manager Review Framework. This framework evaluates investment managers and funds across key areas, including investment approach, risk management, governance, and collaboration with stakeholders.</p> <p>The results of the most recent SIA, presented to the Trustees in June 2024, gave the Scheme an overall "meets traditional ESG criteria" rating and a "meets additional sustainable criteria" rating for Climate.</p> <p>For each fund, a score and list of proposed actions has been prepared. Isio will engage with the investment managers on these actions to hopefully drive future improvement in these scores. The Trustees will monitor the investment managers' progress on these actions over the following years.</p> <p>Further detail on specific funds is provided later in this document.</p>
Currency	<p>The potential for adverse currency movements to have an impact on the Scheme's investments.</p>	<p>Hedge all currency risk on all assets that deliver a return through contractual income.</p>	<p>The Scheme's investment managers hedge currency risk where appropriate, within the funds which the Scheme invests in.</p>
Non-financial	<p>Any factor that is not expected to have a financial impact on the Scheme's investments.</p>	<p>Non-financial matters are not taken into account in the selection, retention, or realisation of investments.</p>	<p>There is no policy related to this factor at this time.</p>

Changes to the SIP

Over the 12-month period to 30 April 2025, the Trustees made no changes to the SIP.

Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regarding to ESG as a financially material risk. This page details how the Scheme's ESG policy is implemented, while the following page outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Scheme's managers' ESG policies and procedures. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights and engagement activity	<p>The Trustees investment managers provide reports on how they have engaged with issuers regarding social, environmental, and corporate governance issues.</p> <p>Where desired or required, the Trustees will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters.</p>	<p>The manager has not acted in accordance with their policies and frameworks.</p> <p>The manager's policies are not in line with the Trustees policies in this area.</p>

Areas of assessment and ESG beliefs

Risk Management	<ol style="list-style-type: none"> 1. ESG factors are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustees. 2. The Trustees believe that ESG integration leads to better risk adjusted outcomes and want a positive ESG tilt to the investment strategy.
Approach / Framework	<ol style="list-style-type: none"> 3. The Trustees want to understand how asset managers integrate ESG within their investment process and in their stewardship activities. 4. The Trustees believe that sectors aiming for positive social and environmental impacts may outperform as countries transition to more sustainable economies. Where possible the investment strategy will allocate to these sectors. 5. The Trustees will consider the ESG values and priority areas of the stakeholders and sponsor and use these to set ESG targets.
Reporting & Monitoring	<ol style="list-style-type: none"> 6. ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG factors. 7. The Trustees believe that engaging with managers is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers in the first instance. 8. The Trustees want to understand the impact of voting & engagement activity within their investment mandates.
Voting & Engagement	<ol style="list-style-type: none"> 9. ESG factors are dynamic and continually evolving, therefore the Trustees will receive training as required to develop their knowledge. 10. The Trustees will seek to monitor key ESG metrics within their investment portfolio to understand the impact of their investments.
Collaboration	<ol style="list-style-type: none"> 11. Asset managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices as well as sign up and comply with common codes such as UNPRI and TCFD. 12. The Trustees should seek to sign up to a recognised ESG framework to collaborate with other investors on key issues.

ESG summary and actions with the investment managers

The Trustees are satisfied with the current process for ESG considerations and have additionally received and reviewed Mobius Life's ESG policy.

Isio conducts an annual Sustainability Integrated Assessment ("SIA") on behalf of the Trustees, reviewing the ESG credentials of the Scheme's investment managers through its ESG Manager Review Framework. This framework evaluates investment managers and funds across key areas, including investment approach, risk management, governance, and collaboration with stakeholders.

In the table below Isio have included an updated summary of each investment manager's ESG credentials and the Trustees points for engagement. Through Isio, the Trustees continue to engage with the Scheme's investment managers on both their ESG approach and engagement. Further information on each investment manager and fund can be found in the latest SIA report.

Manager / Fund	ESG Summary	Key Actions identified
LGIM Buy & Maintain Credit	<p>LGIM is considered one of the market leaders in implementing ESG policies within their funds. They have strong firm-level policies, as well as a strong approach to stewardship and collaboration.</p> <p>The LGIM Buy and Maintain Fund scores well amongst peer group mandates, with strong evidence of sustainability in the investment process. The fund also has clear forward-looking ESG and climate objectives.</p>	<p>Risk Management – Introduce a formal ESG training program with defined priorities.</p> <p>Stewardship – Increase engagement coverage to above 66% and carbon metric coverage to above 70% of the fund's NAV per annum.</p> <p>Reporting – Include social metrics and engagement details in regular fund reporting.</p> <p>Collaboration – Developing connections with leading academic institutions to develop robust risk management frameworks.</p>
M&G Total Return Credit Investment	<p>M&G boasts a robust company-wide ESG strategy, illustrating their competency in managing ESG risks within the fund. However, the ESG reporting lags against peers in the market, as M&G do not produce detailed ESG metrics and tracking for the assets contained within the portfolio.</p> <p>Despite having no fund-level ESG policy, M&G adhere to comprehensive firm level policies, including their net zero commitment by 2050, covering all assets under management.</p> <p>M&G also have a strong firm-level stewardship policy, despite limiting it to focus on climate change.</p>	<p>Investment Approach – Establish and report on fund-level ESG objectives.</p> <p>Stewardship – Include nature and social factors in stewardship priorities.</p> <p>Reporting – Improve and report on active engagement with issuers across climate, social and biodiversity factors.</p>

LGIM LDI	<p>LGIM is actively committed to integrating ESG considerations into LDI funds. Their dedicated ESG team plays a crucial role in stewardship and responsible investment, ensuring premium risk management through their proprietary tools.</p> <p>At a firm level LGIM is strong in their approach to ESG and Stewardship.</p> <p>LGIM embed ESG within their counterparty review process for LDI funds via their Active ESG tool & engaging with counterparties. However, the LDI funds do not have any explicit ESG objectives.</p>	<p>Investment Approach – Consider expanding the approach to assessing green gilts to complement a relative value assessment to create positive externalities within the funds.</p> <p>Risk Management – Introduce a formal ESG training program with defined priorities.</p> <p>Collaboration – Consider developing connections with leading academic institutions to develop robust risk management frameworks.</p>
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Engagement

The Trustees have appointed Mobius Life as the platform provider which implements policies on their behalf. Mobius Life has adopted the investment managers definitions of significant votes and has not set stewardship priorities. The investment managers have provided examples of votes they deem to be significant, and Mobius Life has shown the votes relating to the greatest exposure within the Scheme's investment. When requesting data annually, Mobius Life informs the investment managers what they deem most significant.

Please see attached document from Mobius Life for details on engagement and voting actions including a summary of the activity, covering the 12-month period ending 30 April 2025.

Voting (for equity and multi-asset funds only)

The Trustees have acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.

Please note, this section does not apply to the Scheme's current holdings as the funds held do not have shareholder voting rights.

