



CH Johnson Pension Plan Implementation Statement

Year to 5 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 Trustee's fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Plan continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address:

[https://www.heimbach.com/fileadmin/user_upload/CH Johnson Pension Plan - Statement of Investment Principles SIP September 2023.pdf](https://www.heimbach.com/fileadmin/user_upload/CH_Johnson_Pension_Plan_-_Statement_of_Investment_Principles_SIP_September_2023.pdf)

Changes to the SIP are detailed on a following page.

The Implementation Report details:

- actions the Plan 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 managers on managing ESG risks
- the extent to which the Plan 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 5th April 2025 for and on behalf of (the Plan) including the most significant votes cast by (the Plan) or on its behalf

Summary of key actions undertaken over (the Plan) reporting year

Over the reporting period, the Trustees invested the proceeds from the sale of two funds into the Aegon European ABS Fund. This change in strategy was decided in order to provide the Plan with greater liquidity moving forward. The Trustees also agreed to carry out a review of the liability hedging portfolio using the liability data from the latest Actuarial Valuation to implement a hedge on the Plan's buyout basis. The LDI portfolio will be rebalanced to ensure it is hedging interest rates and inflation at the appropriate levels and ensuring there is sufficient LDI collateral. This retool occurred post reporting period end.

Implementation Statement

This report demonstrates that the CH Johnson Pension Plan has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Approved by the Trustees of the CH Johnson Pension Plan

Date: 15 August 2025

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 Plan's 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 whilst ensuring compliance with all regulatory guidance in relation to leverage and collateral management.	The Trustees updated the liability hedging portfolio to hedge 100% of the Plan's buyout basis to better protect the Plan against interest rate and inflation risk.
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 meet regulatory guidance around providing collateral to the LDI manager.	The Trustees reinvested the proceeds from the, more illiquid, Apollo Total Return Fund and the Partners Group Partners Fund into the more liquid Aegon European ABS Fund.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away unrewarded risks, where practicable.	The allocation to the Aegon European ABS Fund provides diversification across geographies and sectors. This fund is supported by the Partners Group MAC V Fund which further contributes to portfolio level diversification.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.	The Plan's allocation to the Aegon European ABS Fund and Partners Group Multi Asset Credit Strategies V provide diversified exposure to credit markets.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: <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 6. UK Stewardship Code Signatory <p>The Trustees monitor the managers on an ongoing basis.</p>	The Trustees' policy on managing ESG related risks was reviewed by the Trustees as part of the SIP and IID update in September 2023. More details of the ESG policy and how it was implemented are presented later in this report.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	Hedge all currency risk on all assets that deliver a return through contractual income.	There were no changes to the policy during the 12-month period.

Changes to the SIP

Over the period to 5 April 2025, the Trustees made no changes to the SIP.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Plan's policy with regards to ESG as a financially material risk. The Plan has agreed a more detailed ESG policy which describes how it monitors and engages with the investment managers regarding the ESG policies. This page details the Plan's ESG policy. The next page details our view of the managers, our actions for engagement and an evaluation of the engagement activity.

Risk Management	<ol style="list-style-type: none">1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Plan.2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustees.
Approach / Framework	<ol style="list-style-type: none">3. The Trustees should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.4. ESG factors are relevant to investment decisions in all asset classes.5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	<ol style="list-style-type: none">6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.7. ESG factors are dynamic and continually evolving; therefore, the Trustees will receive training as required to develop their knowledge.8. The role of the Plan's asset managers is prevalent in integrating ESG factors; the Trustees will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	<ol style="list-style-type: none">9. The Trustees will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	<ol style="list-style-type: none">11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why.12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

Engagement

As the Plan invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category.

Fund name	Engagement summary	Commentary
CT Short Profile Dynamic Funds	<p>Total engagements: 10 Entities engaged: 7 Environmental: 9 Social: 3 Governance: 8</p> <p>Note: Data above covers the 12 months to 31 December 2024. Figures may not sum due to engagements covering multiple themes.</p>	<p>CT was an early adopter of ESG risk management and have invested a significant amount of time and research in this area. CT have evidenced that they believe ESG factors are a crucial to good risk management. For LDI portfolios, CT engage with the counterparty banks that provide them with leverage to encourage them to identify and manage ESG risks.</p> <p>Example of significant engagements include:</p> <p>Barclays PLC: CT have an ongoing engagement with the company and acknowledged Barclays' progress in biodiversity risk management, marked by their updated forestry/ agricultural commodities policy with stricter deforestation criteria and piloting of the TNFD framework. While these steps demonstrate forward momentum, CT highlighted that Barclays still trails peers in adopting comprehensive biodiversity safeguards across all financing sectors.</p>
CT Sterling Liquidity Fund	<p>Total engagements: 20 Entities engaged: 7 Environmental: 22 Social: 3 Governance: 10</p> <p>Note: Data above covers the 12 months to 31 December 2024. Figures may not sum due to engagements covering multiple themes.</p>	<p>Example of significant engagements include:</p> <p>Toyota Motor Corp: In a recent climate lobbying engagement, CT collaborated with Toyota to enhance transparency in corporate advocacy, broadening evaluations of industry associations. Following CT's engagement, Toyota have expanded their climate lobbying report to include additional industry groups and independent reviews of association activities, aligning with CT's key recommendations. CT have acknowledged this progress as a milestone. CT plans to continue advocating for deeper self-assessment of Toyota's direct lobbying practices to ensure alignment with global climate goals.</p>
Aegon European ABS Fund	<p>Total engagements: 109 Entities engaged: 87 Environmental: 25 Social: 2 Governance: 38</p> <p>Note: Data above covers the 12 months to 31 March 2025. Figures may not sum due to engagements covering multiple themes.</p>	<p>Example of significant engagements include:</p> <p>ICG- St Paul's CLO VII: In a recent ESG engagement, Aegon collaborated with ICG to address social risks in the CLO's collateral pool, focusing on excluding gambling- related loans to align with societal wellbeing. After ICG removed three gambling companies following Aegon's feedback, the improved ESG profile led Aegon to participate in the transaction, with plans to expand monitoring to other high- risk sectors like alcohol and tobacco.</p>
Partners Group Multi-Asset Credit Strategies V	<p>Partners Group were unable to provide details of engagement during this period.</p> <p>Note: Engagement examples cover the 12 months to 31 December 2024 as data is provided semi-annually.</p>	<p>Given the private market nature of the Fund, Partners Group are unable to share appropriate engagement data for the Fund.</p>

Voting (equity/multi-asset funds only)

As the Plan's had no direct or indirect equity holdings at year end, there is no voting data to report.

