



# Johnson & Starley Limited Pension Scheme

October 2022

# Background and Implementation Statement

## Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their statement of investment principles (SIP) and demonstrate adherence to these policies in an implementation report.

## Statement of Investment Principles (SIP)

The SIP can be found at the web address

<https://www.johnsonandstarley.co.uk/sites/default/files/downloads/STATEMENT%20OF%20INVESTMENT%20PRINCIPLES%202010..pdf>.

## Implementation Report

This implementation report is to confirm that the Scheme continues to follow and act on the principles outlined in the SIP. This report details

- 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 31 March 2022 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

## Implementation Statement

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

**Signed**

**Position**

**Date**

# Changes to the SIP

For the 12-month period to 31 March 2022, there were no changes made to the statement of investment principles (SIP).

# Engagement

As the Scheme invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to the end of 31 March 2022.

Fund name	Engagement summary	Commentary
<p>Legal &amp; General (LGIM) World (ex UK) Equity Index Funds</p>	<p>Total Engagements: 386            Environmental: 222            Governance: 173            Social: 140            Other: 62</p> <p>Please note that values may not correctly sum due to activities falling into multiple classifications.</p>	<p>LGIM have firm wide ESG policies which are available on their website, an extract of which can be found below:</p> <p>LGIM are long-term investors and have a longstanding commitment to raising corporate governance and sustainability standards to ultimately enhance the value of companies in which they invest.</p> <p>LGIM view the consideration of ESG issues as part of risk management, and therefore part of their fiduciary duty.</p> <p>LGIM, believe they have a responsibility to address long-term issues, evolving regulatory hurdles and shifting societal demands that will impact the value of clients' assets.</p> <p>Direct engagement with companies or regulators is an opportunity for LGIM to have an open discussion on key strategic and ESG topics, and to voice their concerns and push for change.</p>

<p>Legal &amp; General (LGIM) UK Equity Index</p>	<p>Total Engagements: 244  Environmental: 67  Governance: 159  Social: 72  Other: 27</p> <p>Please note that values may not correctly sum due to activities falling into multiple classifications.</p>	<p>See above</p>
<p>M&amp;G PP all Stocks Corporate Bond Fund</p>	<p>Total Engagements: 21  Environmental: 16  Governance: 2  Social: 3</p>	<p>M&amp;G undertakes constructive engagement with management of companies that aims to better understand ESG strengths and weaknesses.</p> <p>Examples of significant ESG activities with portfolio projects include:</p> <p><b>BHP</b> – Engagement with the company through a series of meetings to discuss the company’s coal policy of divesting from coal within two years.</p> <p><b>Engie</b> – Attended a collective meeting to receive an update on the company’s climate strategy. M&amp;G have asked the business to disclose the climate strategy pathway after 2030.</p>
<p>Insight Liquidity Plus Fund 3</p>	<p>Total Engagements: 24</p> <p>Insight provides information on their total engagement activities, however, are unable to provide more detailed figures.</p>	<p>Insight do not directly engage with companies solely for the benefit of the ILF+ Funds, and so engagement occurs at an issuer level and is driven by the responsible investment team.</p> <p>An example of ESG activity includes:</p> <p><b>Commonwealth Bank of Australia</b> – Insight met with the Commonwealth Bank of Australia, who have recently signed up to the Net Zero Banking Alliance, following their annual results announcements and discussed their progress on their transition pathways.</p>

Slater  
Investments

Total Engagements: 163

Slater Investments provide information on their total engagement activities, however, are unable to provide more detailed figures.

Slater Investments follows an investment process that specifies that they invest in companies that are well managed with high standards of corporate governance to help mitigate risk and lead to superior long-term performance.

An example of significant ESG activities with portfolio projects includes:

**Palace Capital PLC** – Slater Investments felt that the incumbent Non-Executive Chairman was no longer complying with the 2018 UK Corporate Governance Code and so lead a collaboration with other shareholders, following which the Chairman agreed to step down and a new Chairman has been found.

# Voting (for equity/multi asset funds only)

As the Scheme invests via fund managers, the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2022. The managers also provided examples of any significant votes.

Fund name	Voting summary	Examples of significant votes	Commentary
Legal and General (LGIM) UK Equity Index Fund	Votes available: 10,813	<b>The Sage Group Plc</b> – LGIM voted against the re-election of Drummond Hall as director.  LGIM took this action due to a lack of progress on gender diversity on the board. LGIM expects boards to have at least one-third female representation on the board.	All voting decisions are made by LGIM's Investment Stewardship team and in accordance with their Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually.  Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.  This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.
	Votes cast 10,811		
	Votes 'for' management: 10,062		
	Votes 'against' management: 749		
	Votes abstained: 0	<b>Domino's Pizza Group Plc</b> – LGIM decided against the re-election of Matt Shattock as director  LGIM deemed that the company does not meet the minimum standards with regards to climate risk management and disclosure	
Legal & General (LGIM) World (ex UK) Equity Index Fund	Votes available: 34,024	<b>Amazon.com, Inc.</b> – LGIM voted against the election of director Jeffrey Bezos.  LGIM has a longstanding company policy advocating for the separation of the two roles of CEO and board chair. This is due to LGIM believing that the two roles are substantially different	See above
	Votes cast: 33,953		
	Votes 'for' management: 26,816		
	Votes 'against' management: 6,824		
	Votes abstained: 312		

		<p>requiring distinctly different skillsets.</p> <p><b>NVIDIA Corporation</b> – LGIM voted against the election of director Harvey Jones</p> <p>LGIM views gender diversity as a financially material issue for their clients, with implications on the assets of their clients. LGIM have been trying to encourage companies to adopt a more gender diverse company</p>	
Slater Investments	<p>Votes available: 1,368</p> <p>Votes cast: 1,265</p> <p>Votes 'for' management: 949</p> <p>Votes 'against' management: 316</p> <p>Votes abstained: 0</p>	<p><b>Palace Capital PLC</b> – Slater Investments voted against management on the disapplication of pre-emptive rights.</p> <p>Slater Investments will continue to engage with management on the issue and commence collaborative engagement if deemed in best interest</p>	<p>All of Slater Investments' voting decisions are undertaken in-house and in accordance with its corporate governance guidelines and stewardship code, taking account of their investors' best interests.</p> <p>It is Slater Investments' policy to engage actively with the management of investee companies to monitor their performance strategy, risk, governance, culture, and remuneration to ensure that they meet required standards.</p>

