

## **The Pension and Life Assurance Plan for the Non-Teaching Staff of Haberdashers' Aske's Schools ("the Plan")**

### **Implementation Statement for the year to 31 August 2020**

This statement sets out how, and the extent to which, the stewardship (voting and engagement) policies set out in the Statement(s) of Investment Principles ('SIPs') produced by the Trustee have been followed during the year to 31 August 2020. This statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as amended and the guidance published by the Pensions Regulator.

#### **Overview**

The Trustee of the Plan's assets has taken a wholly insured approach to investing the Plan's assets, which means that the Trustee holds a qualifying group insurance policy in which member and the Plan's Employer's contributions are invested.

The Trustee is responsible for the selection and retention of the insurance provider (Clerical Medical) and also decides on the fund provided by the insurer. The Trustee has no other discretion or influence as to how monies are invested by the insurance provider. In particular, the day-to-day management of the investments (including the responsibility for voting and engaging with companies) is delegated to the insurance provider. The insurer will select fund managers to manage the investments and, in these cases, the insurer may delegate some of the day-to-day responsibilities to the investment managers.

During the year to 31 August 2020, the Trustee updated the SIP and since the Plan year end, the Trustee has updated the SIP to meet new regulations that came into effect from 1 October 2020.

#### **Trustee's approach to monitoring the investment manager's performance and ESG policies**

The Trustee believes that ESG factors (including climate change risks) can potentially have a material positive or negative financial impact on the Plan. However, due to the Trustee's use of the with-profit policy, the application of ESG factors and the stewardship of the assets (including the exercising of voting and other rights attached to investments) are, ultimately, delegated to the provider of the policy and the manager's own policies in this regard.

In its capacity as professional Trustee, Independent Trustee Services has undertaken wider training on ESG matters and responsible investment.

#### **Reporting and oversight**

The Trustee has reviewed the performance of the With-Profits fund over the year and performance information is set out elsewhere in this report. The Trustee is satisfied with the performance of the fund, given its objective.

## Voting and engagement

We are aware of the requirement on the Trustee to report on voting and engagement activities. These activities are delegated to the insurance provider (who is responsible for selecting the investment managers) and the Trustee has requested information on these topics to better understand the activities that they have been undertaking for the specific fund to which the Plan has an allocation.

Clerical Medical does not provide the Trustee with specific information on the With-Profits fund, but we have obtained and reviewed information from the insurers' website about the firm's general policies on Responsible Investment, Stewardship, Voting, Engagement and embedding ESG into their investment process.

### Clerical Medical With-Profit Fund

In December 2009, Clerical Medical became part of Lloyds Banking Group. Scottish Widows, also part of Lloyds Banking Group, are responsible for the Clerical Medical With-Profit Fund. Scottish Widows have signed up to the UN Principles for Responsible Investment (UN PRI) which works to incorporate ESG factors into investment and ownership decisions. They are also a member of the Institutional Investors Group on Climate Change.

Scottish Widows state<sup>1</sup>:

*As environmental, social and governance (ESG) risks and opportunities become better researched and understood, it is clear that these factors can have a financial impact on investment portfolios. Our customers look to us to exercise our judgement on the most appropriate way of investing over the long term, for example in our pension default funds. So where we believe ESG factors pose downside risks to their investments, or offer potential upside opportunities, we will incorporate them into our decision-making.*

#### Our six principles of responsible investment

- 1. We will be a responsible investor. We will strive to protect our investments from material ESG-related risks and seek to capitalise on ESG-related opportunities.*
- 2. To help us manage downside risk, we will take a position on the companies we will not support and will implement exclusions throughout funds managed or mandated by us.*
- 3. We will aim to reduce the carbon intensity of our equity exposure over time.*
- 4. We will aim to offer an industry-leading fund range to our customers to help support causes that are close to their hearts while growing their savings for the future.*
- 5. We will seek to extend our responsible investment principles into all asset classes over time.*
- 6. We will work with policymakers and industry participants to promote direct investment opportunities required to successfully transition to a lower carbon economy.*

---

<sup>1</sup> Source: <https://adviser.scottishwidows.co.uk/assets/literature/docs/60161.pdf>

Scottish Widow's Stewardship policy comprises six key components<sup>2</sup>:

1. *Be responsible stewards of the assets we oversee*
2. *Influence companies we invest in to engender positive change*
3. *Exercise strong governance over the asset managers we partner with*
4. *Collaboration*
5. *Governance and Escalation*
6. *Reporting and Disclosure*

The Trustee has reviewed these policies for Clerical Medical and are satisfied that they are appropriate for the Plan.

***This Implementation Statement was signed by the Trustee of the Pension and Life Assurance Plan for the Non-Teaching Staff of Haberdashers' Aske's Schools on 29 March 2021***

---

<sup>2</sup> Source: <https://adviser.scottishwidows.co.uk/assets/literature/docs/60209.pdf>