

Pickerings Limited Retirement Benefits Plan

ENGAGEMENT POLICY

IMPLEMENTATION STATEMENT

Financial Year Ending 5 April 2024

Introduction

This statement sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance ('ESG') factors and climate change set out in the Statement of Investment Principles ('SIP') have been followed during the year to 5 April 2024. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018, as amended, and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan and Investment Strategy

Over the Plan Year, the Trustees implemented a low risk, fully bond based investment strategy. The purpose of this strategy is to help protect funding gains that had been made when rises in gilt yields led to a significant fall in the value of the Plan's liabilities.

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

As set out in the SIP, the Trustees' key objective for the Plan's investment strategy is to reduce risk ahead of any decision to undertake a buy-in (ahead of a full buy-out) of the Plan's liabilities with an insurance company.

Furthermore, the Trustees seek to ensure that the assets are sufficiently liquid to meet the liabilities, as and when they fall due. 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 factors that have the potential to impact upon the financial performance of the Plan's investments over the appropriate time horizon. This includes, but is not limited to, ESG factors.

The Plan's SIP includes the Trustees policies on ESG factors, stewardship and climate change. These policies are also set out in the Appendix to this Statement. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

The SIP was updated on 7 March 2024, largely to reflect the lower risk investment strategy. It replaces the SIP dated 21 September 2020. The latest SIP is available online at:

<https://www.pickeringslifts.co.uk/> (at the bottom of the page - 'Investment Principles')

Trustees' Engagement

The Plan is invested in pooled investment vehicles managed by Columbia Threadneedle (CT).

It is mostly invested in pooled funds containing gilts and index-linked gilts issued by the UK Government, and a money market fund. There is therefore very limited ability to influence issuer behaviour by engagement.

In setting the investment strategy, the Trustees' key priority has been to put in place a low risk investment strategy, to protect the funding position of the Plan against changes caused by movements in financial markets.

Taking the above into consideration, the Trustees have not engaged with CT on matters relating to ESG, stewardship or climate change.

The Trustees policy is therefore to invest with an investment manager where responsible investment is embedded appropriately in its approach to investment; including monitoring and engaging with investee companies.

Further information on CT's approach to responsible investment, and engagement is available at the following website:

<https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment/>

CT has been a signatory of the UK Stewardship Code since 2022. (Source FRC Website.)

Taking all the above into consideration, the Trustees are satisfied that responsible investment is embedded appropriately in CT's approach to investing.

Voting Activity

The Plan disinvested from pooled funds with exposure to equities and therefore no longer holds assets with voting rights. As such, the Trustees do not assess any form of voting information as it is not applicable to the Plan's investments.

Assessment of how the Engagement Policies in the SIP have been followed for the year to 5 April 2024

The Trustees are satisfied that the Engagement Policies set out in the SIPs which have been in place over the year have been followed.

Appendix – Trustees’ Policies on ESG factors, stewardship and Climate Change

The policies below are included within the 7 March 2024 SIP:

Financially Material Considerations

The Trustees understand that they must consider all factors that have the ability to impact the financial performance of the Plan’s investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Trustees recognise that ESG factors, such as climate change, can influence the investment performance of the Plan’s portfolio and it is therefore in members’ and the Plan’s best interests that these factors are taken into account within the investment process.

As noted earlier, the Plan’s assets are invested in pooled funds. The Trustees accept the fact that they would have very limited ability to influence the ESG policies and practices of the companies in which its manager invests. Furthermore, given the Trustees’ key objective is to reduce risk, the Plan’s assets are invested in pooled funds solely containing gilts and index-linked gilts issued by the UK Government and money market instruments. ESG considerations do not readily apply to these investments.

The Trustees will review the position as appropriate to make sure that their policy evolves in line with emerging trends and developments.

Taking the above into consideration, the Trustees are satisfied that ESG factors are appropriately reflected in the overall investment approach.

Non-Financial Matters

The Trustees only consider factors that are expected to have a financial impact on the Plan’s investments. Non-financial considerations, such as ethical views, are not taken into consideration in the current investment strategy.

Stewardship

The Plan is invested solely in pooled funds containing gilts and index-linked gilts issued by the UK Government and short term money market instruments. There are therefore no voting rights, and limited ability to influence behaviour by engagement.

The Trustees’ policy is to invest with an investment manager where responsible investment is embedded appropriately in its approach to investment and note that the investment manager’s approach to responsible investment is available at: <https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment/>.

Where the Trustees are specifically invited to vote on a matter relating to corporate policy, the Trustees will exercise their right in accordance with what it believes to be the best interests of the majority of the Plan’s membership.