

BALLYVESEY GROUP PENSION SCHEME

IMPLEMENTATION STATEMENT



Ballyvesey Group Pension Scheme Implementation Statement for the year ended 5 April 2024

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Ballyvesey Group Pension Scheme ("the Scheme") have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 5 April 2024 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year (where applicable).

Background

In both Q1 and Q2 2019, the Trustees received training on Environmental, Social and Governance ("ESG") issues from their Investment Adviser, XPS Investment ("XPS") and discussed their beliefs around those issues. This enabled the Trustees to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers' own equivalent policies. The Trustees' new policy was documented in the updated Statement of Investment Principles dated June 2019 and further updated in the version dated September 2019, to reflect additional detail on non-financial matters, and the version dated September 2020, to reflect additional detail on stewardship.

During the reporting year the Trustees of the Scheme made the decision to target an insurer buy-in transaction and in early March 2024 the Scheme completed a bulk purchase annuity buy-in insurance policy underwritten by the chosen insurer, Aviva.

The Statement of Investment Principles is due to be updated after year end to reflect the new investment strategy of holding a bulk purchase insurance policy.

The Trustees' updated policy

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers/insurer. The Trustees require the Scheme's investment managers/insurer to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers/insurer and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

In order to ensure sufficient oversight of the engagement and voting practices of their managers/insurer, the Trustees may periodically meet with their investment managers/insurer to discuss engagement that has taken place. The Trustees will also expect their investment adviser to engage with the managers/insurer from time to time as needed and report back to the Trustees on the stewardship credentials of their managers. The Trustees will then discuss the findings with the investment adviser, in the context of their own preferences, where relevant. This will include considering whether the manager/insurer is a signatory to the UK Stewardship Code. The Trustees recognise the Code as an indication of a manager's/insurer's compliance with best practice stewardship standards.

BALLYVESEY GROUP PENSION SCHEME

IMPLEMENTATION STATEMENT (continued)



Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there has been one manager selection exercise. The Trustees, with advice from Mercer (the Company advisor) and XPS (the Trustees' advisor), decided to fully disinvest the Scheme's entire investments with LGIM and Allianz, and purchase a bulk annuity policy by Aviva. Aviva was deemed suitable as an insurance provider for the Scheme by Mercer, using various criteria. One of the criteria - in acknowledgment of the Trustees' policy - was that the insurer had been found to have credible ESG capability, with decisions linked to that capability applied to the investment to an acceptable degree. The insurance provider, Aviva, is also green rated for ESG by XPS.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers and insurance provider from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in the Statement of Investment Principles. Further, the Trustees have set XPS the objective of ensuring that any selected managers or insurers reflect the Trustees' views on ESG (including climate change) and stewardship.

During the reporting year, the Trustees received an S36 investment advice report covering the credentials and capabilities of various insurers (including the chosen insurer, Aviva) which will have included the extent to which ESG considerations are incorporated into the investment processes of the insurer organisation appointed to the Scheme. The Trustees recognise that the level of ESG integration within the investment processes is dependent on the asset classes in which the insurer invests in.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where investment managers/insurers will have voting rights is equities. Investments in equities previously formed part of the strategy for the multi-asset holding, the LGIM Retirement Income Multi-Asset Fund, that the Scheme was invested in throughout the accounting year until the end of February 2024. This Fund along with the Scheme's other investments with LGIM and Allianz was fully disinvested as part of completing a buy-in transaction with Aviva in early March 2024. As at the 5 April 2024 year end, the Scheme was invested solely in the bulk purchase annuity policy with Aviva, and therefore the Scheme had no investments in equities at the year end.

Signature

I confirm that this Implementation Statement is accurate, and representative of the Trustees' investment policies followed during the year.

BALLYVESEY GROUP PENSION SCHEME

IMPLEMENTATION STATEMENT (continued)



Signed: *C. Thompson*

Trustees of the Ballyvesey Group Pension Scheme

Date: *20 September 2024*

