

Mowlem (1993) Pension Scheme (“the Scheme”) – Annual Engagement Policy Implementation Statement (the “Statement”)

Introduction

This Statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles (‘SIP’) produced by the Trustee has been followed during the 12-month period to 31 December 2023. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 (as amended) and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

Following the commencement of the Pension Protection Fund (‘PPF’) assessment period on 2 February 2018, the Trustee reviewed their investment objectives in consultation with the PPF, and took advice from their Investment Consultant. As the Scheme no longer has the financial support of the Sponsoring Employer, the Trustee decided to reorganise the assets to be consistent with the PPF’s guidelines (in terms of expected risk and return on the Scheme’s investments) for schemes in an assessment period. The transition of assets took place in stages over 2018 and 2019. The Trustee also decided to reduce risk further in H1 2020, following advice from their Investment Consultant, ahead of investing in a buy-in policy at PPF levels of compensation in October 2020.

Policy on ESG, Stewardship and Climate Change

The Scheme’s SIP no longer includes the Trustee’s policy on Environmental, Social and Governance (‘ESG’) factors, stewardship and climate change. This is because, in October 2020, the Scheme invested in a buy-in policy at PPF levels of compensation with an insurer, covering all Scheme members and the Trustee accepts that considerations around ESG factors, stewardship and climate change have been transferred to the insurer. The SIP was last updated in November 2023, as part of the triennial review.

Voting and Engagement Activity

The Trustee has delegated their voting rights to the investment manager.

Investment managers are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investment in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. Managers are expected to report on their adherence to these Codes on an annual basis.

Investment managers are expected to provide voting summary reports on a regular basis, at least annually. The Scheme’s investment manager will also be expected to report on their own ESG policies as and when requested by the Trustee.

Currently, the Scheme invests fully in a buy-in policy at PPF levels of compensation with a small holding in a cash portfolio in order to meet cashflow requirements, hence voting and engagement is not applicable in the underlying investments.

Following the DWP’s consultation response and outcome regarding Implementation Statements on 17 June 2022 (“Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance”) one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a “significant vote”. The Trustee has decided that a policy is not required in this area given the nature of the assets and position of the Scheme.