

Burbidge & Son Limited Pension Scheme

This document contains the following scheme documentation for the Burbidge & Son Limited Pension Scheme:

- Statement of Investment Principles; and
- Implementation Statement to 5 April 2024.

Burbidge & Son Limited Pension Scheme

Statement of Investment Principles

September 2020

Contents

1.	Introduction	3
2.	Choosing investments	3
3.	Investment objectives	3
4.	Kinds of investments to be held	4
5.	The balance between different kinds of investments.....	4
6.	Risks.....	5
7.	Expected return on investments	6
8.	Realisation of investments	6
9.	Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities	6
10.	Policy on arrangements with asset managers.....	7
11.	Agreement	8
Appendix 2 Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities		9

Provided as separate documents:

Appendix 1 Note on investment policy of the Scheme as at September 2020 in relation to the current Statement of Investment Principles (restricted)

1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees of the Burbidge & Son Limited Pension Scheme (the Scheme). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:
- the Pensions Act 1995, as amended by the Pensions Act 2004; and
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
 - The Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustees have consulted Burbidge & Son Limited, the Principal Employer, and obtained advice from Barnett Waddingham Actuaries and Consultants Limited, the Trustees' investment consultant. Barnett Waddingham is regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustees are set out in the Scheme's Definitive Trust Deed. The powers granted by the deed are wide and this statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.
- 2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in Appendix 1 to this statement. The investment managers are authorised and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.3. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustees have discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustees face in achieving these objectives. As a result, the Trustees' main investment objectives are:

- to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to achieve a long-term positive real return;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the participating employer, the cost of current benefits which the Scheme provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to maximise the overall return on the Scheme assets and maintain a prudent and balanced investment exposure whilst having regard to the above objectives;
- to minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives;
- to take account of the long-term risks, including those relating to non-financial factors, when making investment decisions.

3.2. The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities. The Trustees have obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

4. Kinds of investments to be held

- 4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property, alternatives, and annuity policies.
- 4.2. Any investment in derivative instruments is only made to contribute to a reduction in the overall level of risks in the portfolio or for the purposes of efficient portfolio management.
- 4.3. The Trustees monitor from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically this check is carried out annually by the Scheme's auditors.

5. The balance between different kinds of investments

- 5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.
- 5.2. The Trustees consider the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this Statement.
- 5.3. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.

- 5.4. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and therefore the Scheme's asset allocation will be expected to change as the Scheme's liability profile matures.

6. Risks

- 6.1. The Trustees have considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities, and considered ways of managing / monitoring these risks:

Risk versus the liabilities	The Trustees will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
Covenant risk	The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Asset allocation risk	The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustees.
Investment manager risk	The Trustees monitor the performance of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with the investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustees have considered the long-term financial risks to the Scheme and Environmental Social and Governance ("ESG") factors as well as climate risk are potentially financially material. The Trustees will continue to develop its policy to consider these risks, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.

Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by the investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7. Expected return on investments

- 7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment manager.
- 7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.
- 7.3. In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.
- 7.4. Having established the investment strategy, the Trustees monitor the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position.

8. Realisation of investments

- 8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment manager. The Trustees have considered the risk of liquidity as referred to above.
- 8.2. Ultimately, the investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

- 9.1. The Trustees have set policies in relation to these matters. These policies are set out in Appendix 2 to this statement.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

- 10.1. Prior to appointing an investment manager, the Trustees discuss the investment manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustees' own investment beliefs.
- 10.2. When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how the investment manager takes into account ESG and climate risks. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.
- 10.3. The Trustees consider the Scheme's investment strategy at least every three years where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.
- 10.4. In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be reviewed. The investment managers have been informed of this by the Trustees.
- 10.5. Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

- 10.6. The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their investment management arrangements.
- 10.7. When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.
- 10.8. The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

- 10.9. The Trustees monitor the performance of their investment managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.

- 10.10. The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.
- 10.11. The Trustees believe that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.
- 10.12. The Trustees ask the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered from time to time.

Portfolio turnover costs

- 10.13. The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the investment monitoring process.
- 10.14. During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

Duration of arrangement with asset manager

- 10.15. For the open-ended pooled funds in which the Scheme invests, there are no predetermined duration of terms of agreement with the investment managers.
- 10.16. The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is considered every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is considered.

11. Agreement

- 11.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment managers, the actuary and the Scheme auditor upon request. This statement will also be published on a publicly accessible website.

Signed:.....

Date:.....

On behalf of the Burbidge & Son Limited Pension Scheme

Appendix 2 Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

Financially material considerations

The Trustees have considered long-term financial risks to the Scheme and believes that environmental, social and governance (ESG) factors (including, but not limited to, climate change) are potentially financially material and have a policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments.

Given the maturity profile of the Scheme and the objective to fund future member benefits from the Scheme's assets as they fall due, the Trustees have a long-term time horizon over which it takes into account the financial materiality of ESG factors (including, but not limited to, climate change).

The Trustees have elected to invest the Scheme's assets through pooled funds. The choice of underlying funds is made by the Trustees after taking advice from their investment consultant. The Trustees, and the managers of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Scheme's managers are signatories to the UN Principles of Responsible Investment.

The Trustees take the above factors into account in the selection, retention and realisation of investments as follows:

- **Selection of investments:** assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels. When selecting new investments, an investment manager's excellence in relation to ESG considerations will not take precedence over other factors, including (but not limited to) historical performance or fees.
- **Retention of investments:** The Trustees will monitor ESG considerations on an ongoing basis by seeking information on the responsible investing policies and practices of the investment managers as and when necessary.
- **Realisation of investments:** The Trustees will request information from investment managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustees will also take the above factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustees will obtain training on ESG considerations from time to time in order to understand how ESG factors including climate change could impact the Scheme and its investments. From time to time, the Trustees may ask the Scheme's investment managers to attend meetings and provide updates on the funds, which the Trustees may request to include an update on ESG considerations.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees will use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and

- Through their investment consultant the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

Non-financial matters

The Trustees do not take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

The exercise of voting rights

The Trustees believe that good stewardship and positive engagement can lead to improved governance and potentially better risk-adjusted investor returns.

As an investor in pooled funds, the Trustees currently adopt the policy of delegating the exercise of the rights (including voting rights) attaching to the Scheme's investments to the investment managers, who are signatories to the UK Stewardship Code or equivalent. In delegating these rights, the Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustees will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

The Trustees also delegate undertaking engagement activities, which include entering into discussions with company management in an attempt to influence behaviour, to the investment managers. Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their investment consultant, monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustees will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

Engagement activities

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

In selecting and reviewing their investment manager, where appropriate and applicable, the Trustees will consider the investment manager's policies on engagement and ESG and how those policies have been implemented.

Implementation Statement

Burbidge & Son Limited Pension Scheme ("the Scheme")

Purpose of this statement

This implementation statement has been produced by the Trustee of the Burbidge & Son Limited Pension Scheme ("the Scheme") to set out the following information over the year to 5 April 2024:

- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

The voting behaviour is not given over the Scheme year end to 5 April because investment managers only report on this data quarterly. We have therefore given the information over the year to 31 March 2024.

Investment manager and funds in use

The Scheme's funds are all invested with and managed by Schroder Investment Management (UK) Limited ("Schroders"). The funds in which the Scheme was invested as at 5 April 2024 are set out in the table below:

Manager	Fund	Asset class
Schroder Investment Management (UK) Limited	Schroder Life Long Dated Corporate Bond Fund	Corporate Bonds
	Schroder UK Real Estate Fund	Property
	Schroder Life Matching Index Linked Gilt Funds	Government Bonds

Stewardship Priorities

The Trustee has not set stewardship priorities for the Scheme at the time of reporting, for the following reasons:

- The Scheme potentially has a relatively short time horizon, due to improvements in funding.
- The Scheme has implemented an investment strategy that is more in-line with the portfolio held by a typical insurance company, which consists of pooled funds with underlying investments that are predominantly gilts and corporate bonds with no voting rights attached.
- In addition, the Scheme invests solely through pooled investment vehicles where the Scheme's assets only represent a small proportion of the capital invested in the funds. As a result, the Trustee understands that it is constrained by the policies of its investment managers.

However, the Trustee has a policy to take managers' stewardship and ESG policies into account at manager selection. The Trustee also requests and reviews the stewardship and engagement policies and activities of the investment managers annually.

The Trustee intends to revisit the possibility of setting stewardship priorities in due course.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment manager, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund manager.
- The Scheme's investment consultant, Barnett Waddingham, conducts regular research into the funds used by the Scheme, including reviewing the manager's ESG and stewardship policies and engagement activities.
- In producing this Statement, the Trustee, through the Scheme's investment consultant, received and considered information about the manager's ESG and stewardship policies as well as information on the manager's engagement activities over the year.
- The Trustee regularly meets with the investment manager to discuss the managers' performance which may include their consideration of ESG factors, stewardship, and engagement activities.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the investment manager is in alignment with the Scheme's stewardship policies.

**Prepared by the Trustee of the Burbidge & Son Limited Pension Scheme
September 2024**

Voting Data

The Scheme fully disinvested from the Schroder Life Diversified Growth Fund and Schroder Life Global Equity Fund shortly after the start of the accounting period (on 12 April 2023), investing the proceeds in Schroder Life gilt funds. Therefore, for the vast majority of the year to 31 March 2024, the Scheme was invested only in the Schroder UK Real Estate Fund, Schroder Life Long Dated Corporate Bond Fund and a range of Schroder Life Matching Index Linked Gilt Funds. These funds have no voting rights attached given the nature of the holdings. Therefore, there is no voting data or significant voting information to report. This also means there was no use of proxy voting services over the period.

Engagement data

Engagement summary

Schroders engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by Schroders during the year to 31 March 2024 for each fund.

Engagement activities are limited for the Scheme's index-linked gilt and cash holdings due to the nature of the underlying investments. As such, these funds have been excluded from this section.

Manager		Schroder Investment Management Limited	
Fund name	Schroder Life Long Dated Corporate Bond Fund		Schroder UK Real Estate Fund
Number of entities engaged in relation to the holdings in this fund in the year	35**		n/a*
Number of engagements undertaken at a firm level in the year	6,530		
Examples of engagement activity undertaken over the year to 31 March 2024	<div><div><p>Intesa – Intesa is an Italian bank. Schroders’ credit analyst met with the bank in November 2023 to discuss their financing emissions and how they are aligning their prioritisation with Partnership for Carbon Accounting Financials (PCAF) transition plan.</p><p>The agenda included asking about the bank’s carbon emissions ambitions and encouraging them to aim to reduce financing to major emitters and increase financing to renewables.</p><p>In October 2021, the bank committed to a net zero emissions target by 2050 for their own emissions and their loan and investment portfolios. They also joined the Net-Zero Banking Alliance (NZBA), a global alliance of banks covered by the United Nations, committed to achieving the Net Zero goal by 2050. During the meeting with Schroders’ Investor Relations team, they specified their transition plan and finance emissions.</p><p>Next steps for Intesa is their transition plan which includes aligning their methodology with the PCAF</p></div><div><p>All occupiers – Schroders Capital Real Estate’s emissions reduction ambition relates to whole building consumption covering both landlord and tenant-controlled consumption. Carrying out Net Zero Carbon (“NZC”) audits across the portfolio provides mutual benefit for both landlord and tenant. Schroders believe that engaging with tenants to enhance operational efficiency with regards to emissions improves the reputational drivers of occupiers from an environmental perspective, whilst ameliorating the assets within the Fund portfolio. Reducing operational emissions through collaborative efforts with tenants will determine the success of this initiative.</p><p>Schroders’ inaugural sustainability newsletter was distributed to all tenants towards the end of 2023. Schroders believe that achieving NZC for both landlord and tenant is underpinned by collaboration and that it is important that they understand whole building – both landlord and tenant occupied space – operational consumption, so that they can work together to optimise environmental performance,</p></div></div>		

Manager	Schroder Investment Management Limited
<p>transition plan and expanding their financed emissions reporting in new sectors that line up with the TCFD framework. Core of the transition plan is through sustainability loans and green structuring. Steps taken by Intesa include:</p> <ul style="list-style-type: none"> • Sustainability loans - linked to 2 KPIs specific to the company. If they hit a target the company gets a discount rate. • Sustainability risk is now incorporated into the credit framework feeding into the decision. • For financed emissions, first they are targeting the 4 largest emitting sectors, aiming to reduce financing to major emitters and increase financing to renewables. They also hope to be SBTi 1.5 degrees aligned in March 2024 with the announcement of new SBTi financials methodology. <p>Schroders have maintained their position as they continue to monitor and engage with the company going forward.</p>	<p>enhance occupier comfort, and reduce operational costs through a reduction in energy bills.</p> <p>Further progress has been made through the first phase of NZC audits having been carried out across the Fund. Achieving NZC requires minimising energy demand, improving the energy efficiency of operations, sourcing energy from renewable sources, and lastly offsetting residual emissions through credible schemes such as reforestation. This approach is crucial in combating climate change and creating a sustainable future, whilst also delivering energy security and minimising operational costs. Schroders believe taking an active approach to understanding and addressing ESG risks and opportunities is fundamental to delivering resilient investment returns, with success underpinned by engaging with occupiers.</p> <p>One of Schroders Capital's key real estate objectives is to improve the environmental performance of buildings and achieve NZC no later than 2050. Continuity of clear communication and collaboration will improve the effectiveness of SCREF NZC strategy. Assisting occupiers with recommendations to increase operational efficiency with regards to emissions and maximizing progress through landlord works, will enhance the surroundings of the site for both the landlord and tenant.</p>

Source: Schroders.

* The Schroder UK Real Estate Fund invests in direct real estate which is under active management, and engagement forms an integral and continuous process with a range of stakeholders including occupiers, communities, service providers, environment, and investors. As part of Schroders' active management approach, they have engaged with 100% of the occupiers of the Fund's assets over the last 12 months.

** Engagement activities for the Scheme's holdings in the Schroder Life Long Dated Corporate Bond Fund are for the twelve months to 31 December 2023 (the latest date available).