

Implementation Statement as at 5 April 2024

Findel Group Pension Fund

Purpose of this statement

This implementation statement has been produced by the Trustee of the **Findel Group Pension Fund ("the Fund")** 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 Fund's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes; and

How voting and engagement policies have been followed

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

- The Fund invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Fund's fund managers.
- The Fund's assets are held as a bulk annuity policy and cash. Given the nature of the current holdings in the Fund, the Trustee will review and monitor the ESG policy as deemed appropriate, considering the risks that present themselves.
- The Trustee is comfortable that their stewardship policies have been met over the period.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at April 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in March 2024 and has been made available online here: <https://schemedocs.com/download/findel-group-pension-fund-statement-investment-principles.pdf>

The Trustee decided not to set stewardship priorities for the Fund following the completion of a bulk annuity insurance transaction with Phoenix Life Limited for the Fund's uninsured liabilities. The Fund's assets are held as bulk annuity policies and cash, and so the Trustee has limited ability to influence the voting and engagement activities undertaken.

Voting and Engagement

The **cash funds and annuity policy** held by the Fund with **Insight Investments and Phoenix Life Limited** respectively have no voting rights attached and limited ability to engage with key stakeholders given the nature of the mandate.

Engagement activities are limited for the Fund's cash funds due to the nature of the underlying holdings. However, we note that Insight engaged with 571 entities over the year to 31 March 2024 and this gives the Trustees comfort that, as an institution, Insight engages with the entities in which they invest.

For cash funds most of the engagement occurs at an issuer level and is driven by Insight's credit analysts in conjunction with their responsible investment team.

We have provided an illustrative example of Insight's engagement activity with an issuer for their cash fund range is shown below for context.

Illustrative engagement example

The Bank of Nova Scotia (BNS) – Counterparty engagement

Insight continued to engage with BNS over the latter stages of 2022 and into 2023.

BNS' impact lending target is below many other peers Insight surveyed. Its climate financing target of \$350 billion by 2030 is much smaller than many other banks. For example, BMO is a similar size bank to BNS and has a target to mobilise \$400 billion towards sustainable finance by 2025.

BNS links ESG performance to executive remuneration but has used mainly qualitative metrics to date.

Insight challenged the bank on the areas of underperformance in the questionnaire relative to its peers. BNS was receptive to their comments.

BNS now have set targets using 2019 as a baseline across 4 sectors: Oil & Gas, Power & Utilities, Residential Mortgages and Agriculture. The decarbonisation strategies for the latter two are in an earlier stage due to challenges with data availability.

BNS argued its target is specifically climate-focused whereas other banks have more of a general sustainable finance target.

It is also starting to transition from qualitative towards quantitative metrics with regards to executive remuneration to make the approach more robust and transparent.

**Prepared by the Trustee of the Findel Group Pension Fund
28 June 2024**