



Ian Williams Pension Fund Implementation Statement

September 2021

Background and Implementation Statement

Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance ('ESG') factors as financially material and pension funds need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that funds detail their policies in their Statement of Investment Principles (SIP) and demonstrate adherence to these policies in an implementation statement.

Statement of Investment Principles

The Fund has updated its SIP in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments

The SIP can be found online at the web address <https://www.ianwilliams.co.uk/wp-content/uploads/Ian-Williams-Pension-Fund-Statement-of-Investment-Principles-Sept-2020.pdf>. Changes to the SIP are detailed on the following pages.

Implementation Statement

This Implementation Statement is to provide evidence that the Ian Williams Pension Fund (the 'Fund') continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Trustees have taken to manage financially material risks and implement the key policies in the SIP
- the current policy and approach with regard to ESG and the actions taken with fund managers on managing ESG risks
- the extent to which the Trustees have followed policies on engagement, covering engagement actions with their fund managers and in turn the engagement activity of the fund managers with the companies in which they invest
- voting behaviour covering the 12 months to 31 March 2021 for and on behalf of the Fund including the most significant votes cast by the Fund or on its behalf

Summary of key actions undertaken over the Fund reporting year

- The Fund invested in Diversified Credit via the M&G Total Return Credit Investment Fund. These assets were sourced from full disinvestments of the Threadneedle Property Fund, L&G Managed Property Fund and Schroders UK Real Estate Fund holdings. These trades occurred in Q4 2020.

Implementation Statement

This report demonstrates that the Ian Williams Pension Fund has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Signed

Position

Date

Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions
Interest rates and inflation	The risk of mismatch between the value of the Fund's assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge a proportion of these risks through the bond portfolio.	The Trustees received advice on the level of hedging.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members' benefits as they fall due (including transfer values).	No action over the period.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away unrewarded risks, where practicable.	The Trustees received advice on the investment strategy for the Fund.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.	The Trustees received advice on the investment strategy for the Fund.
Environmental, Social and Governance ("ESG")	Exposure to ESG factors, including but not limited to climate change, which can impact the performance of the Fund's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion: <ol style="list-style-type: none"> 1. Responsible Investment ('RI') Policy / Framework 2. Consideration of ESG factors integrated into investment process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 	Details on how the Fund's current investment managers have implemented ESG factors on the Fund's behalf can be found in the engagement and voting sections of this report.

		<p>5. Signatory to the United Nations Principles of Responsible Investing.</p> <p>The Trustees monitor the managers on an ongoing basis.</p>	
<p>Currency</p>	<p>The potential for adverse currency movements to have an impact on the Fund's investments.</p>	<p>To remain appropriately diversified by investing in a range of currencies.</p>	<p>No action over the period.</p>

Changes to the SIP in relation to the 2020 requirements

Policies added to the SIP

Date updated: September 2020

How the investment managers are incentivised to align their investment strategy and decisions with the Trustees' policies.	<ul style="list-style-type: none">As the Fund is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustees' policies. However, the Trustees invest in a portfolio of pooled funds that are aligned to the strategic objective.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	<ul style="list-style-type: none">The Trustees review the investment managers' performance relative to medium and long-term objectives of the funds.The Trustees do not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustees' policies.	<ul style="list-style-type: none">The Trustees review the performance of all of the Fund's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives.The Trustees evaluate performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	<ul style="list-style-type: none">The Trustees do not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Fund's arrangements with the investment managers.	<ul style="list-style-type: none">The duration of the arrangements is flexible and, from time-to-time, the Trustees will consider the appropriateness of the investments and whether they should continue to be held.

Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP describes the Fund's policy in relation to ESG as a financially material risk. This page details how the Fund's ESG policy is implemented, while the following page outlines the assessment criteria set by the Trustees' investment advisor, Isio, as well as the ESG beliefs used in evaluating the Fund's managers' ESG policies and procedures. The rest of this statement details the Trustees' view of the managers, actions for engagement and an evaluation of the stewardship activity.

The below table outlines the areas which the Fund's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustees intend to review the Fund's ESG policies and engagements periodically to ensure they remain fit for purpose.

Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights and engagement activity	<ul style="list-style-type: none">• Through the manager selection process ESG considerations will form part of the evaluation criteria.• The Trustees' investment advisor, Isio, will monitor managers' ESG policies on an ongoing basis.	<ul style="list-style-type: none">• The manager has not acted in accordance with their policies and frameworks.

Areas of assessment and ESG beliefs

Risk Management	<ol style="list-style-type: none"> 1. ESG factors are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustees. 2. The Trustees believe that ESG integration leads to better risk adjusted outcomes and want a positive ESG tilt to the investment strategy.
Approach / Framework	<ol style="list-style-type: none"> 3. The Trustees want to understand how asset managers integrate ESG within their investment process and in their stewardship activities. 4. The Trustees will consider the ESG values and priority areas of the stakeholders and sponsor and use these to set ESG targets.
Voting & Engagement	<ol style="list-style-type: none"> 5. ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG factors. 6. The Trustees believe that engaging with managers is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers in the first instance. 7. The Trustees want to understand the impact of voting & engagement activity within their investment mandates.
Reporting & Monitoring	<ol style="list-style-type: none"> 8. ESG factors are dynamic and continually evolving, therefore the Trustees will receive training as required to develop their knowledge. 9. The Trustees will seek to monitor the managers' engagement activities to understand the impact of their investments.
Collaboration	<ol style="list-style-type: none"> 10. Asset managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices as well as sign up and comply with common codes such as UNPRI and TCFD. 11. The Trustees should seek to sign up to a recognised ESG framework to collaborate with other investors on key issues.

ESG summary and engagement with the investment managers

The Fund has not yet carried out an Impact Assessment.

Engagement

As the Fund invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 31 March 2021.

Fund name	Engagement summary	Commentary
Insight UK Corporate All Maturities Bond Fund	Total Engagements: 97	<p>Insight engage on ESG issues, identified by the credit analysts, with a variety of issuers mainly through private and group meetings. Insight primarily engage with the company's executive level team, investor relations and the treasury.</p> <p>Example of significant engagement includes:</p> <p>ENEL – Insight engaged with the company to discuss their ESG strategy and carbon emissions reduction plans. Insight continue to encourage ENEL to establish measures to mitigate climate risk and adapt the business to a low carbon economy. ENEL has been responsive and a follow up call has been scheduled in order for the company to present solutions and future plans to improve areas previously addressed.</p>
Invesco Global Targeted Returns Fund	<p>Total engagements: 17</p> <p>Environmental: 13</p> <p>Social: 8</p> <p>Governance: 4</p>	<p>Invesco continually engage with portfolio companies on a variety of ESG topics, from climate change to labour relations, through discussions with management. As equity holders with board and committee representation on each project, Invesco have the authority to drive discussions and make a positive impact in relation to ESG.</p> <p>Examples of significant engagements include:</p> <p>Covestro – Invesco discussed material ESG issues with the company, such as board diversity, sustainability and climate change. Covestro are increasing considering ESG metrics into executive compensation, as well as considering CO2 reduction metrics into its 2021 compensation. Invesco will continue to engage with the company and see this as an opportunity to have a positive ESG impact on the transformational business model.</p> <p>Intesa Sanpaolo – Invesco engaged with the company regarding issues around ESG data that the company had released that was not being picked up by data</p>

		providers. Invesco suggested publishing the data via the company website or compiling all their ESG data in an external report to resolve this issue.
LGIM Corporate Bond Index Funds	LGIM currently do not provide details of their engagement activities at Fund level; however, the firm is considering how such information can be provided going forward. Isio will work with LGIM on the development of the firm's engagement reporting.	LGIM leverage the wider capabilities of the global firm to engage with companies. The team also regularly engage with regulators, governments, and other industry participants to address long-term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.
LGIM Equity Index Funds	LGIM currently do not provide details of their engagement activities at Fund level; however, this is something they are looking to implement going forwards, and Isio remains in contact with LGIM surrounding the firm's engagement reporting.	LGIM's Investment Stewardship team are responsible for engagement activities across all funds. LGIM share their finalised ESG scorecards with portfolio companies and the metrics on which they are based.
LGIM Gilts Index Funds	LGIM currently do not provide details of their engagement activities at Fund level; however, this is something they are looking to implement going forwards. Isio remains in contact with LGIM surrounding the firm's engagement reporting.	LGIM leverage the wider capabilities of the global firm to engage with companies. The team also regularly engage with regulators, governments, and other industry participants to address long-term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.
LGIM Index-Linked Gilt Funds	LGIM currently do not provide details of their engagement activities at Fund level; however, this is something they are looking to implement going forwards. Isio remains in contact with LGIM surrounding the firm's engagement reporting.	LGIM leverage the wider capabilities of the global firm to engage with companies. The team also regularly engage with regulators, governments, and other industry participants to address long-term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.
LGIM Sterling Liquidity Fund	LGIM currently do not provide details of their engagement activities at Fund level; however, this is something they are looking to implement going forwards, and Isio remains in contact with LGIM surrounding the firm's engagement reporting.	LGIM leverage the wider capabilities of the global firm to engage with companies. The team also regularly engage with regulators, governments, and other industry participants to address long-term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.

<p>Ninety One Diversified Growth Fund</p>	<p>Total engagements: 20</p>	<p>Ninety One's global engagement policy is driven by a clear purpose to preserve and grow the real value of client's assets over the long term, seeking to ensure company boards focus on creating and preserving sustainable value. The team engages with managers through strategic engagement, ESG communications and theme-based engagements.</p> <p>Examples of engagement include:</p> <p>Brambles – Ninety One has been continuing to engage with Brambles regarding decarbonisation in order to understand its progress on emissions management. Ninety One were encouraged to learn that Brambles intends to report on the remaining areas of Scope 3 in its next sustainability report, something which was unable to be addressed previously.</p> <p>Tokio Marine – Ninety one carried out a sustainability review of the insurance companies it invests in to better assess the sustainability characteristics across these companies held within the portfolio. From the review, Ninety One found that the company's research institute was not fully integrated with the rest of the business, appearing detached. Other insurance firms have more thoroughly embedded scenario analysis into their underwriting process. Overall, Ninety One was unable to gain sufficient confidence from the review and had a lower conviction of the company from a financial perspective. As a result, Ninety One made the decision to sell its holdings in Tokio Marine.</p>
<p>Veritas Global Focus Fund</p>	<p>Total engagements: 7</p> <p>Environmental: 1</p> <p>Social: 1</p> <p>Governance: 5</p>	<p>Veritas has a track record of engaging with companies to encourage disclosure of ESG factors, including carbon usage and gender pay gap reports. As equity holders in public companies, Veritas have strong engagement rights compared to other managers, and the relatively small number of stocks in the portfolio (c.30) allows the team to engage frequently and in more detail with individual companies.</p> <p>Examples of engagements include:</p> <p>Vinci – In February 2021 Veritas engaged with the management team at Vinci to gain a better understanding of their approach to reducing GHG emissions. The company has implemented emissions reduction targets and based on initial engagement; Veritas are comfortable with the company's framework to reduce their emissions. A second meeting with management will be scheduled to discuss specific details on how the company intends to reduce their GHG emissions.</p> <p>BAE Systems - Veritas engaged with BAE Systems during the first half of 2021 regarding the proposed increase to the CEO's total compensation as a result of the CEO receiving a job offer from another blue-chip company. Following discussions around finer details, Veritas agreed with the rationale of compensation increase. The current CEO has played a fundamental</p>

		<p>role at the company and has done an excellent job at managing the business in a forward-thinking manner.</p>
<p>M&G – Total Return Credit Investment Fund</p>	<p>Total engagements: 10</p> <p>Environmental: 2</p> <p>Governance: 6</p> <p>Social: 2</p>	<p>M&G’s activities are consistent with their ESG policies and they have a systematic approach around engagements in which specific objectives are outlined in advance and measured based on the outcomes from the engagements.</p> <p>Examples of significant engagements include:</p> <p>Heathrow Airport – M&G engaged with Heathrow Airport to discuss the impact from COVID-19 to the business/industry. As part of discussions, M&G proposed covenant waivers, amendments to agreement and requested for shareholders to provide fresh equity to cover the temporary short-term liquidity constraints. Although, not successful in their request for shareholders to inject fresh liquidity, M&G were able to ensure bondholders were fairly treated throughout the process and when capital injections were needed.</p>

Voting (for equity/multi asset funds only)

As the Fund invests via fund managers, the managers provided details on their voting actions including a summary of the activity covering the last 12 months up to 31 March 2021. The managers also provided examples of any significant votes.

Fund name	Voting summary	Examples of significant votes	Commentary
Invesco Global Targeted Returns Pension Fund	<p>Meetings eligible to vote for: 365</p> <p>Resolutions eligible to vote for: 5,332</p> <p>Resolutions voted for: 98.4%</p> <p>Resolutions voted with management: 94.0%</p> <p>Resolutions voted against management: 5.5%</p> <p>Resolutions abstained from: 0.5%</p>	<p>easyJet Plc – Invesco voted against proposals to remove Johan Lundgren, Andrew Findlay, John Barton, and Dr Andreas Bierwirth as Directors. Invesco decided that the proposal would destabilise the company and is not in the best interest of the shareholders.</p>	<p>Proxy voting decisions for the underlying equity sleeves the fund invests in are delegated to the respective fund managers.</p>
LGIM UK Equity Index Fund	<p>Meetings eligible to vote for: 943</p> <p>Resolutions eligible to vote for: 12,574</p> <p>Resolutions voted for: 100.0%</p> <p>Resolutions voted with management: 92.9%</p> <p>Resolutions voted against management: 7.1%</p> <p>Resolutions abstained from: 0.0%</p>	<p>Imperial Brands PLC – LGIM voted against a proposal to approve the company's remuneration report and remuneration policy after appointing a new CEO during 2020. The new CEO was granted a higher base salary than their predecessor which has a consequential ripple effect on short- and long-term incentives, as well as pension contributions. LGIM feel an incoming CEO with no previous experience in the specific sector, or CEO experience at a FTSE 100 company, should have to prove themselves beforehand to be set a base salary higher than that of an outgoing CEO with multiple years' experience.</p>	<p>LGIM's Investment Stewardship team are responsible for managing voting activities across all funds.</p>

<p>LGIM North America Equity Index Fund</p>	<p>Meetings eligible to vote for: 794</p> <p>Resolutions eligible to vote for: 9,495</p> <p>Resolutions voted for: 100.0%</p> <p>Resolutions voted with management: 71.8%</p> <p>Resolutions voted against management: 28.2%</p> <p>Resolutions abstained from: 0.0%</p>	<p>Medtronic PLC – LGIM voted against a proposal to ratify named executive officers' compensation. Executive directors were granted a special, one-off award of stock options to compensate for no bonus being paid out during the financial year. LGIM voted against the one-off payment and are not supportive of one-off awards in general and in particular when these are awarded to compensate for a payment for which the performance criterion/criteria were not met.</p>	<p>LGIM's Investment Stewardship team are responsible for managing voting activities across all funds.</p>
<p>LGIM Europe (ex UK) Equity Index Fund</p>	<p>Meetings eligible to vote for: 686</p> <p>Resolutions eligible to vote for: 11,412</p> <p>Resolutions voted for: 99.9%</p> <p>Resolutions voted with management: 84.2%</p> <p>Resolutions voted against management: 15.3%</p> <p>Resolutions abstained from: 0.5%</p>	<p>Lagardère – LGIM voted in favour of approving five new directors while also voting off five incumbent directors. The proposal was raised due to significant concerns around the company strategy not creating value for shareholders and that the board members were not sufficiently challenging management on strategic decisions.</p>	<p>LGIM's Investment Stewardship team are responsible for managing voting activities across all funds.</p>
<p>LGIM Japan Equity Index Fund</p>	<p>Meetings eligible to vote for: 551</p> <p>Resolutions eligible to vote for: 6,518</p> <p>Resolutions voted for: 100.0%</p> <p>Resolutions voted with management: 86.1%</p> <p>Resolutions voted against management: 13.9%</p> <p>Resolutions abstained from: 0.0%</p>	<p>Olympus Corporation – LGIM voted against a proposal to elect a male director to the board after voicing their concerns about the significant underrepresentation of women at board level. LGIM were concerned that there are currently no women appointed at board level at the company and have announced they would be voting against the most senior board member until this issue has been addressed.</p>	<p>LGIM's Investment Stewardship team are responsible for managing voting activities across all funds.</p>

LGIM Asia Pacific (ex. Japan) Developed Equity Index Fund	<p>Meetings eligible to vote for: 534</p> <p>Resolutions eligible to vote for: 3,774</p> <p>Resolutions voted for: 100.0%</p> <p>Resolutions voted with management: 74.2%</p> <p>Resolutions voted against management: 25.8%</p> <p>Resolutions abstained from: 0.0%</p>	<p>Whitehaven Coal – LGIM voted for a proposal for the company to produce a report on the potential wind-down of coal operations, with the capital being returned to shareholders. LGIM feel the role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation. LGIM advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets.</p>	<p>LGIM's Investment Stewardship team are responsible for managing voting activities across all funds.</p>
LGIM World Emerging Markets Equity Index Fund	<p>Meetings eligible to vote for: 3,998</p> <p>Resolutions eligible to vote for: 36,036</p> <p>Resolutions voted for: 99.9%</p> <p>Resolutions voted with management: 85.2%</p> <p>Resolutions voted against management: 13.4%</p> <p>Resolutions abstained from: 1.4%</p>	<p>LGIM were unable to provide any examples of significant votes.</p>	<p>LGIM's Investment Stewardship team are responsible for managing voting activities across all funds.</p>
Ninety One Diversified Growth Fund	<p>Meetings voted: 147</p> <p>Resolutions voted on: 1,716</p> <p>Resolutions voted for: 93.1%</p> <p>Resolutions voted against: 4.0%</p> <p>Resolutions abstained from: 2.2%</p>	<p>Unilever PLC – Ninety One voted for a proposal to merge Unilever PLC and Unilever N.V., as unifying the company's structure would simplify its current dual-headed nature and provide additional optionality in terms of business transactions. Both listings would remain separate and the company stated no changes would be made to operations, locations or staffing levels as a result of the unification.</p> <p>Johnson & Johnson – Ninety One voted for a proposal to report on governance measures implemented related to Opioids. They felt Shareholders would benefit from more specific information about proactive</p>	<p>Ninety One regards the shareholder vote as a fundamental part of preserving and growing the real purchasing power of their clients' assets. Ninety One's firm-wide voting activity can be found in their annual Stewardship report via their website.</p>

Veritas Global Focus Fund		<p>steps to mitigate risks related to the manufacture and marketing of opioid-related products, and that incentives are aligned with the health of communities.</p>	
	<p>Meetings voted: 30</p> <p>Votes cast: 469</p> <p>Votes 'for' management: 90.8%</p> <p>Votes 'against' management: 8.1%</p> <p>Votes abstained: 1.1%</p>	<p>Alphabet Inc. – Veritas voted for a proposal to establish a Human Rights Risk Oversight Committee as a result of risks the company's technologies present to human rights, which creates further risks in terms of retaining high-level employees and retaining a good reputation in the eyes of users and advertisers.</p> <p>Facebook, Inc. – Veritas voted for a proposal to require the appointment of an Independent Board Chair. The team believed this was warranted given concerns with the board's governance and the appointment of a non-independent director to serve as lead director.</p>	<p>As equity investors Veritas have relatively strong voting rights, employing a customised policy which is applied by Institutional Shareholder Services ('ISS'). This policy incorporates the ESG Red Lines, developed by the Association of Member Nominated Trustees ('AMNT'). ISS provide company research and vote recommendations based on Veritas' policy, and provide the vote execution service. The investment team may have a view that differs to that of the policy vote recommendation, and in this scenario the team provide a rationale to justify their voting decision.</p>

