

Wednesbury Pension Scheme

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law.

It confirms how the investment principles, objectives and policies of the Trustee's Statement of Investment Principles (SIP) dated June 2023, which reflected the Scheme's investment strategy in place as at the start of the Scheme year, have been implemented.

It also includes the Trustee's voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 6 April 2024 to 5 April 2025.

Investment objectives of the Scheme

The Trustee's objectives for setting the investment strategy of the Scheme have been set broadly with regard to the Scheme's Statutory Funding Objective set out in the Statement of Funding Principles.

The Trustee's primary objectives as at the start of the Scheme year are set out on page 4 of the June 2023 SIP and are as follows:

- To ensure that the assets are of a nature to enable the Trustee to meet the Scheme's benefits as they fall due.
- To invest the Scheme's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Scheme's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustee's funding plan have a reasonable chance of being achieved in practice.
- To target a level of hedging of 100% against the interest rate risk and inflation risk associated with the Scheme's funded liabilities on a solvency basis (or asset value where the Scheme is in surplus).

The Trustee appreciates that these objectives are not necessarily mutually exclusive.

The Trustee purchased a bulk annuity policy during the year with Just Retirement Limited ('Just') ('the insurer') and the SIP has not been updated following the Scheme year end on a pragmatic basis given the Scheme is expected to wind-up in the short to medium term.

As such, the Trustee's investment objectives following the purchase of the bulk annuity policy will differ from the Trustee's objectives as detailed in the June 2023 SIP.

Review of the SIP

The SIP was last reviewed in June 2023. The Trustee updated the SIP to reflect changes in the Scheme's investment strategy that were concluded during the previous Scheme year.

The Trustee has a policy on financially material considerations relating to Environmental, Social, and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustee has a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustee's latest SIP.

As mentioned above, the Trustee did not update the SIP following the purchase of a bulk annuity policy with the insurer on a pragmatic basis given the Scheme is expected to wind-up in the short to medium term.

Investment managers and funds in use

The Trustee's investment strategy for the Scheme as at the start of the year was as shown in the below table, which is reflected in the June 2023 SIP.

Asset Class	Fund	Target Asset Allocation
LDI Funds	L&G Self-Sufficiency (Credit) Fixed Short Fund	12.5%
	L&G Self-Sufficiency (Credit) Fixed Long Fund	40.2%
	L&G Self-Sufficiency (Credit) Real Short Fund	15.8%
	L&G Self-Sufficiency (Credit) Real Long Fund	31.4%
Cash Fund	L&G Sterling Liquidity Fund	0.1%
Total		100.0%

The June 2023 SIP does refer to Legal & General Investment Management (LGIM), which rebranded to Legal & General – Asset Management (L&G) towards the end of the Scheme year.

During the year, the Trustee revised the Scheme's investment strategy following purchase of the bulk annuity policy with Just.

The Trustee's investment strategy in place as at the end of the year for the Scheme's residual assets is as shown in the table below.

Asset Class	Fund	Target Asset Allocation
Cash Fund	L&G Sterling Liquidity Fund	100.0%
Total		100.0%

Investment governance

The Trustee is responsible for making investment decisions and seeks advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustee's investment consultant.

The Trustee does not actively obtain views of the membership of the Scheme to help form its policies set out in the SIP as the Scheme is comprised of a diverse membership, which the Trustee expects to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustee has put in place strategic objectives for Broadstone, as the Trustee's investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustee in February 2023.

These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance, and service standards.

Monitoring of investment arrangements

In addition to any reviews of the Investment Manager or approaches, and direct engagement with the Investment Manager (as detailed below), the Trustee receives performance reports on a quarterly basis from L&G to ensure the investment objectives set out in its SIP are being met.

The Trustee will review on a regular basis whether the insurer has provided payments to the Scheme to fund benefits payable, as due under the terms of the bulk annuity policy.

Trustee's policies

The table below sets out how, and the extent to which, the relevant policies in the Scheme's June 2023 SIP, in force at the start of the year, have been followed:

Requirement	Policy	Implementation of Policy
Selection of Investments	<p>The Trustee may select investments from a wide range of asset classes from time to time, including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property, and alternative asset classes, such as hedge funds, private equity, and infrastructure.</p> <p>The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.</p> <p>The Trustee may:</p> <ul style="list-style-type: none"> invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments. Hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part, or all, of the future liabilities due from it. Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme. 	<p>No deviation from this policy over the year to 5 April 2025.</p>
Target Asset Allocation	<p>The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting its investment objectives.</p> <p>The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustee's view of the Principal Employer's covenant, the nature of the Scheme's liabilities, or relevant regulations governing pension scheme investment.</p> <p>The Trustee have agreed the range of funds to be used in the investment strategy, considering the maturity of the Scheme's liabilities, and to ensure the range is sufficiently robust to allow easy adjustment between the funds as the Trustee's risk appetite changes and the Scheme matures.</p>	<p>No deviation from this policy over the year to 5 April 2025.</p> <p>The Trustee's target investment strategy allocation as at the year end are reflected above.</p>
Delegation to Investment Managers	<p>The Trustee will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments.</p>	<p>No deviation from this policy, whilst in force, over the year to 5 April 2025.</p>

Requirement	Policy	Implementation of Policy
Maintaining the Target Asset Allocation and Target Hedging Ratios	<p>The Trustee has responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation and Target Hedging Ratios.</p> <p>The Trustee monitors the asset allocation and hedging ratios on a regular basis with the assistance of its adviser, Broadstone, and will consider switching assets between funds should these move significantly away from target.</p>	<p>No deviation from this policy, whilst in force, over the year to 5 April 2025.</p> <p>Following the purchase of the bulk annuity policy, the Scheme has no formal target hedging levels as the liabilities have effectively been transferred to the insurer.</p>
Realisation and Rebalancing of Assets	<p>The assets are held in a combination of pooled funds and are fully and readily realisable.</p> <p>The Trustee makes disinvestments from the Investment Manager with the assistance of its administrators, as necessary, to meet the Scheme's cashflow requirements.</p>	<p>No deviation from this policy, whilst in force, over the year to 5 April 2025.</p> <p>Following purchase of the bulk annuity policy, the insurer is expected to provide regular payments to cover the pension scheme payroll.</p>
Investment Management Charges	<p>The annual investment management charges of the funds used during the Scheme year are set out in the Appendices to the June 2023 SIP and are as follows:</p> <ul style="list-style-type: none"> • L&G Self-Sufficiency (Credit) Fixed Short Fund: 0.200% • L&G Self-Sufficiency (Credit) Fixed Long Fund: 0.200% • L&G Self-Sufficiency (Credit) Real Short Fund: 0.200% • L&G Self-Sufficiency (Credit) Real Lond Fund: 0.200% • L&G Sterling Liquidity Fund: 0.125% <p>In addition, L&G charge a flat administration fee of £1,500 per annum.</p>	<p>There were no changes to the funds' investment management charges whilst in use over the year to 5 April 2025.</p>
Financially and Non-Financially Material Considerations	<p>The Trustee's policy on financially and non-financially material considerations is set out on page 8 of the June 2023 SIP, and in full below.</p>	<p>No deviation from this policy, whilst in force, over the year to 5 April 2025 (see below).</p>

Requirement	Policy	Implementation of Policy
Engagement and Voting Rights	<p>The Trustee's voting and engagement policy is to use its investments to improve the ESG behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee believes that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of its investments and is in the members' best interests.</p> <p>The Trustee will aim to monitor the actions taken by the Investment Manager on its behalf and if there are significant differences from the policy detailed above, it will escalate its concerns which could ultimately lead to disinvesting its assets from the Investment Manager.</p>	No deviation from this policy, whilst in force, over the year to 5 April 2025.

Financially and non-financially material considerations

The Trustee recognises that Environmental, Social, and Governance (ESG) issues can and will have a material impact on the companies, governments, and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustee delegates responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustee has an expectation that the Investment Manager will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustee's views on how ESG issues are taken account of in each asset class used during the Scheme year are set out below.

Asset Class	Active/Passive	Trustee's Views
Self-sufficiency credit	Active	The underlying assets of the self-sufficiency credit funds consist of corporate bonds, government bonds, and derivative contracts. Only the corporate bonds have underlying investee companies. The Trustee expects the Investment Manager to take financially material ESG factors into account in respect of the corporate bond holdings, given the active management style of the funds and the ability of the manager to use its discretion to generate higher risk-adjusted returns. The Trustee also expects the Investment Manager to engage with investee companies, where possible, although it appreciates that fixed income assets do not typically attract voting rights.
Cash	Active	The Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

The Trustee does not currently impose any specific restrictions on the Investment Manager with regard to ESG issues but will review this position from time to time. The Trustee receives information from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustee takes the view that this falls within its general approach to ESG issues. The Trustee regards the potential impact of climate change on the Scheme's assets as a longer-term risk and likely to be less material in the context of the short to medium term development of the Scheme's funding

position than other risks. The Trustee will continue to monitor market developments in this area with its investment adviser.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.

Voting rights

The Trustee invests in a pooled investment fund with L&G, and it acknowledges that this limits its ability to directly influence the Investment Manager.

The Trustee has employed Broadstone to assist it in monitoring the voting and engagement activities of its Investment Manager. To complement this monitoring, the Trustee receives stewardship and governance reports from L&G on a quarterly basis.

Within the current investment arrangements, the fund in use does not contain any publicly listed equity holdings, and therefore has no voting rights attached.

Engagement activities

The Trustee has also delegated engagement activities to the Investment Manager. A notable engagement activity of the Investment Manager is provided below:

- **L&G** engaged with Colgate-Palmolive, an American multinational consumer products company, focusing on the company's deforestation approach as well as challenges and opportunities in meeting their deforestation management commitments. L&G met with the company's Chief Sustainability Officer, and explored how the company is ensuring supplier compliance and increased traceability across commodities in their supply chain, as well as the suitability of the company's escalation procedures for non-compliance.

L&G also sought to encourage increased oversight from the Board of Directors, and prioritisation of the issue of deforestation within the company's risk management agenda. L&G noted that the company have demonstrated progress in appreciating responsible sourcing as a critical issue, whilst building relationships and furthering engagement with their suppliers and ending relationships with those found to be non-compliant. L&G note that, overall, the company meets their minimum expectations on deforestation management.

L&G note that Colgate-Palmolive have introduced satellite imaging for monitoring purposes, and are undertaking the complex process of mapping palm oil derivatives. L&G also note that the frequency of Board-level updates on deforestation has increased.

L&G will further engage with the company in 2025, with a focus on traceability progress across key commodities, along with collaborative efforts with their peers to eliminate net deforestation. L&G will also look to further discuss the company's work on mapping and addressing deforestation risks in their supply chain.

For the buy-in policy held by the Scheme, Just have put in place targets to reduce the carbon emission across its bulk annuity policies, as well as making a positive impact in line with the United Nations' Sustainable Development Goals. These targets and policies are set out in Just's Responsible Investment Framework and reported on each year. Some of the key highlights are summarised below:

- Just have raised debt via green bonds and sustainability bonds to target investment of £825 million in green and social assets by the end of 2025.
- Carbon emissions have reduced by 90% since 2019 across the investments held by Just.

- Just have partnered with EcoTree to plant 250,000 trees since 2021.
- Just have women in 33% of senior leader positions, aiming to meet its target to have women in 40% of senior leader positions by December 2026.

Just's ESG and sustainability insight and reports can be found at the following web address

<https://www.justgroupplc.co.uk/sustainability>

The Trustee also considers an investment manager's or insurer's policies on stewardship and engagement when selecting and reviewing investment managers or insurers.

Signed:

Date:

On behalf of the Trustee of the Wednesbury Pension Scheme