

## **NIIB Group Limited (1975) Pension Scheme (“Scheme”)**

# **Annual Implementation Statement**

## **Scheme year ending 30 April 2024**

### **1 Introduction and purpose of this Statement**

1.1 This document is the Annual Implementation Statement (“the Statement”) prepared by the Trustees covering the Scheme year to 30 April 2024. The purpose of this Statement is to:

- detail any reviews of the Statement of Investment Principles (‘SIP’), required under section 35 of the Pensions Act 1995, that the Trustees have undertaken, and any changes made to the SIP over the year as a result of the review;
- set out the extent to which, in the opinion of the Trustees, the Scheme’s SIP has been followed during the year;
- describe the voting behaviour by, or on behalf of, the Trustees over the year; and
- set out the extent to which, in the opinion of the Trustees, the engagement policy within the SIP has been followed during the year.

### **2 Review of and changes to the SIP**

#### ***Review of the SIP and changes made during the Scheme year***

2.1 The investment strategy was reviewed in September 2020 and no changes were made to the Scheme’s asset allocation. A revised SIP was formally adopted on 29 September 2020.

2.2 As a result of the significant improvement in funding position of the Scheme over 2022/23 an investment strategy review was carried out. It was agreed in May 2024 that the portfolio would remove all exposure to equities with the funds to be switched into the LDI portfolio which would improve the interest rate and inflation hedge ratios. The SIP is being updated to reflect this new portfolio.

#### ***Subsequent review of and changes to SIP (post Scheme year-end)***

2.3 There have been no significant changes to the SIP since year end however a review of the SIP is being carried out

### **3 Adherence to the SIP**

3.1 The Trustees believe the policies set out in the SIP have been followed during the 2023/2024 Scheme year and the justification for this is set out in the remainder of this section.

#### ***Overall investment objective as set out in the SIP***

3.2 The Trustees’ investment objectives are described in the SIP.

3.3 The Trustees meet these objectives by regularly reviewing the investment strategy - the next review is expected to be carried out in conjunction with the 2025 actuarial valuation. The review

will consider some of the key risk management areas such as: the level of interest rate and inflation risk within the Scheme, Diversity, sustainability risks, liquidity risk, currency risk and a review of the expected return and overall risk (as measured by Value at Risk) of the current investment strategy and alternative investment strategies.

#### ***How do the Trustees meet their investment obligations?***

- 3.4 The Trustees meet regularly to conduct their business and monitor the Scheme's investment strategy and performance on a regular basis.
- 3.5 WTW update the Trustees in between these meetings, in their role as the appointed investment advisor, if any particular issue arises with any of the funds.

#### ***Professional advice***

- 3.6 The Trustees are aware of the requirement to take professional advice when setting and reviewing investment strategy. The Trustees have appointed WTW to provide such advice.
- 3.7 The Trustees have established Investment advisor objectives. The Trustees expect to monitor these on a regular basis.

#### ***Investment strategy***

- 3.8 The Trustees recognise that the Scheme's investment strategy is of primary importance in seeking to achieve their investment objectives. The Trustees review the performance versus the Scheme's investment objectives on a quarterly basis and a more thorough review, as described above, is carried out annually.

#### ***Risk management***

- 3.9 The Trustees have identified several risks involved in the management of the Scheme assets which are considered when reviewing the investment arrangements. These risks and the process through which they are managed are laid out in the Scheme's SIP. The Trustees continue to review and monitor these risks on a regular basis.

#### ***Investment manager arrangements***

- 3.10 There were no changes to the investment managers employed to manage the Scheme's assets during the year. The Scheme's assets are managed by Insight Investments, M&G Investments and State Street Global Advisors ("SSgA").
- 3.11 The Scheme's portfolio is comprised of a portfolio of world equities (UK and overseas developed markets), an allocation to multi-asset credit, an investment grade corporate bond mandate and an LDI portfolio. After the year end the equity portfolio was fully disinvested with funds switched into the LDI portfolio.
- 3.12 The asset allocation and the investment vehicles through which it is implemented ensures the portfolio has a suitable mix of return-seeking and matching assets, consistent with the Trustees' policy.

### **4 ESG considerations**

- 4.1 Considering the Scheme's investment funds are predominantly passively managed, the Trustees take a pragmatic approach to ESG considerations and have ensured that such non-financial factors do not have any material impact on the Scheme's returns. This is reflected in the SIP.

- 4.2 The Trustees have delegated responsibility for the selection, retention, and realisation of investments to the underlying investment managers. The Trustees recognise that long-term sustainability issues, including climate change, may have an impact on investment risk and outcomes. At the present time, the strategy is to invest predominantly in passive funds which do not take explicit account of social, environmental and governance considerations in the selection, retention, and realisation of investments. However, the Trustees do review the strategy regularly and may reflect these factors in any subsequent changes to the strategy or to underlying investment managers.
- 4.3 The Trustees are satisfied that the Scheme remains appropriately diversified to avoid idiosyncratic exposures to the risks associated with ESG factors. The Trustees continue to develop their approach to ESG monitoring.

## 5 Voting and engagement

- 5.1 Over the Scheme year, some of the Scheme's investments were held within equity pooled funds with SSgA, while the rest of the investments do not carry any voting rights.
- 5.2 The Trustees have delegated all voting and engagement activities to the underlying manager, but nevertheless expect effective activities in these areas to form part of their processes. The Trustees, with the help of their investment advisor, will continue to review the manager policies at their relevant websites.

### ***Voting***

- 5.3 The following table lays out the voting statistics for the Scheme's equity funds with SSgA for the year ending 31 March 2024 (the closest available period to the Scheme year):

Asset Class	Voting activity
North America (75% Hedged) ESG Screened Index Equity Sub-Fund	<ul style="list-style-type: none"> <li>Number of meetings at which the manager was eligible to vote: 643</li> <li>Number of resolutions on which manager was eligible to vote: 9,156</li> <li>Percentage of resolutions on which the manager voted (out of those resolutions where the manager was eligible to vote): 98.42%</li> <li>Percentage of votes with management: 86.88%</li> <li>Percentage of votes against management: 12.94%</li> <li>Percentage of votes abstained from: 00.38%</li> <li>Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 61.51%</li> <li>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 12.35%</li> </ul>

Europe ex UK (75% Hedged) ESG Screened Index Equity Sub-Fund	<ul style="list-style-type: none"> <li>• Number of meetings at which the manager was eligible to vote: 502</li> <li>• Number of resolutions on which manager was eligible to vote: 8,941</li> <li>• Percentage of resolutions on which the manager voted (out of those resolutions where the manager was eligible to vote): 97.60%</li> <li>• Percentage of votes with management: 87.88%</li> <li>• Percentage of votes against management: 11.76%</li> <li>• Percentage of votes abstained from: 0.97%</li> <li>• Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 63.32%</li> <li>• Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 7.53%</li> </ul>
Japan (75% Hedged) ESG Screened Index Equity Sub-Fund	<ul style="list-style-type: none"> <li>• Number of meetings at which the manager was eligible to vote: 509</li> <li>• Number of resolutions on which manager was eligible to vote: 6,096</li> <li>• Percentage of resolutions on which the manager voted (out of those resolutions where the manager was eligible to vote): 99.98%</li> <li>• Percentage of votes with management: 92.35%</li> <li>• Percentage of votes against management: 7.95%</li> <li>• Percentage of votes abstained from: 0.00%</li> <li>• Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 53.94%</li> <li>• Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 6.46%</li> </ul>
Asia Pacific ex Japan (75% Hedged) ESG Screened Index Equity Sub-Fund	<ul style="list-style-type: none"> <li>• Number of meetings at which the manager was eligible to vote: 433</li> <li>• Number of resolutions on which manager was eligible to vote: 3,349</li> <li>• Percentage of resolutions on which the manager voted (out of those resolutions where the manager was eligible to vote): 99.25%</li> <li>• Percentage of votes with management: 80.45%</li> <li>• Percentage of votes against management: 19.55%</li> <li>• Percentage of votes abstained from: 0.27%</li> <li>• Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 69.53%</li> <li>• Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 11.91%</li> </ul>

Middle East and Africa ESG Screened Index Equity Sub-Fund	<ul style="list-style-type: none"> <li>• Number of meetings at which the manager was eligible to vote: 69</li> <li>• Number of resolutions on which manager was eligible to vote: 550</li> <li>• Percentage of resolutions on which the manager voted (out of those resolutions where the manager was eligible to vote): 100.00%</li> <li>• Percentage of votes with management: 88.36%</li> <li>• Percentage of votes against management: 11.64%</li> <li>• Percentage of votes abstained from: 0.91%</li> <li>• Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 37.68%</li> <li>• Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 4.36%</li> </ul>
Emerging Markets ESG Screened Index Equity Sub-Fund	<ul style="list-style-type: none"> <li>• Number of meetings at which the manager was eligible to vote: 4,402</li> <li>• Number of resolutions on which manager was eligible to vote: 35,882</li> <li>• Percentage of resolutions on which the manager voted (out of those resolutions where the manager was eligible to vote): 97.00%</li> <li>• Percentage of votes with management: 81.91%</li> <li>• Percentage of votes against management: 18.09%</li> <li>• Percentage of votes abstained from: 1.84%</li> <li>• Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 52.54%</li> <li>• Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 5.17%</li> </ul>
UK World ESG Screened Index Equity Sub-Fund	<ul style="list-style-type: none"> <li>• Number of meetings at which the manager was eligible to vote: 117</li> <li>• Number of resolutions on which manager was eligible to vote: 2,853</li> <li>• Percentage of resolutions on which the manager voted (out of those resolutions where the manager was eligible to vote): 39.43%</li> <li>• Percentage of votes with management: 85.07%</li> <li>• Percentage of votes against management: 14.93%</li> <li>• Percentage of votes abstained from: 0.09%</li> <li>• Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 75.47%</li> <li>• Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 14.67%</li> </ul>

\*Voting statistics are out of total eligible votes and are sourced from the investment managers.

## Engagement

5.4 The following table outlines a number of significant votes cast by SSgA on the Trustees' behalf.

Significant votes cast
<p><b><u>Company: Deer &amp; Company</u></b></p> <p><b><u>Meeting date: 28 February 2024</u></b></p> <p>1. <b>Shareholder resolution:</b> Report on GHG Reduction Policies and Their Impact on Revenue Generation</p> <p><b>How the manager voted:</b> Against</p> <p><b>Outcome:</b> Fail</p> <p><b>More details on instruction rationale:</b> The company's disclosures pertaining to the item are reasonable.</p>
<p><b><u>Company: Shell PLC</u></b></p> <p><b><u>Meeting date: 23 March 2023</u></b></p> <p>1. <b>Shareholder resolution:</b> request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement</p> <p><b>How the manager voted:</b> Against</p> <p><b>Outcome:</b> Against</p> <p><b>More details on instruction rationale:</b> The company's disclosures pertaining to the item are reasonable.</p>
<p><b><u>Company: TotalEnergies SE</u></b></p> <p><b><u>Meeting date: 26 May 2023</u></b></p> <p>1. <b>Shareholder resolution:</b> Align Targets for Indirect Scope 3 Emissions with the Paris Climate Agreement (Advisory)</p> <p><b>How the manager voted:</b> Against</p> <p><b>Outcome:</b> Fail</p> <p><b>More details:</b> SSgA abstained on the proposal because the company's disclosures related to GHG emissions were mostly aligned with SSgA's guidance, but could be enhanced.</p>
<p><b><u>Company: Mitsui Mining &amp; smelting Co Ltd</u></b></p> <p><b><u>Meeting date: 29 June 2023</u></b></p> <p>1. <b>Shareholder resolution:</b> Amend Articles to Realize Zero Carbon Emissions</p> <p><b>How the manager voted:</b> Against</p> <p><b>Outcome:</b> Fail</p> <p><b>More details:</b> The company provides sufficient disclosure on the topic in line with our expectations and/or market practice</p>

Signed: *Zahir Fazal*

Name: Zahir Fazal

Date: 11 November 2024

Authorised for and on behalf of the Trustees of the Scheme