

HOTCHKISS GROUP PENSION SCHEME

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

This Implementation Statement identifies and explains how we the Trustees of the Hotchkiss Group Pension Scheme, have met our duties as disclosed within the Statement of Investment Principles.

The Statement of Investment Principles (SIPs) main purpose is to explain how the Trustees manage the scheme and its investments. A copy of the schemes SIPs can be requested or found online, but the relevant areas relating to the Implementation Statement are shown below;

- Investment decisions for Scheme assets (excluding AVCs) are delegated to qualified and authorised fund managers and reviewed annually
- The Trustees take advice from qualified investment consultants prior to the SIPs being revised or before any changes are made to the Schemes investments
- The performance of our investment managers will be reviewed annually by the Trustees
- The SIPs will be reviewed to ensure that the principles remain appropriate to the Scheme and will be an agenda item at each formal Trustees meeting

The below will explain for each Investment Principle identified above, how the Trustees have or intend to meet its objectives.

Investment decisions for Scheme assets (excluding AVCs)

The Trustees have appointed investment advisors; IEP Financial Ltd (“IEP”) and investment fund managers; Legal & General Investment Management, First State Investments (UK) Ltd, Lazard Global Active Funds Plc and JLT Benefit Solutions Ltd.

During the Trustees meeting held on 27 January 2020, IEP table the Scheme’s investment performance and commented on the performance of each investment held; Bonds, Equities, Property and Infrastructure. They will again be tabling their report on investment performance at the meeting on 16 October 2020.

Advice is taken from qualified investment consultants prior to SIPs or Scheme Investment changes

The Trustees determine their investment strategy for the Scheme after taking advice from a professional investment adviser. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio. The investment objectives of the Scheme are further detailed in the Statement of Investment Principles.

During the year, one of the scheme employers demerged part of their business which was then sold as part of a Management Buyout (MBO). Prior to the MBO taking place, a Trustees meeting was held on 27 January 2020 to discuss the proposal.

Information presented by IEP, Mazars LLP (the scheme auditors) and the employer explained the transaction to the Trustees. Under the proposed arrangement the Scheme would receive a significant cash investment which would significantly reduce the deficit. A revised recovery plan and contribution schedule was presented at the meeting.

The Trustees then voted on the proposal, the outcome being a vote in favour for the transaction. They also approved the revised recovery plan.

At the upcoming trustees meeting IEP will be presenting a paper on the future investment strategy.

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Performance of our Investment Managers

The performance of the investment fund managers is reviewed at each of the Trustees' meetings. The Trustees ensure that they meet with the investment advisors at each meeting and with the principal fund manager on a regular basis (usually annually). Consideration is given to whether to rebalance the assets at that time or to add or remove asset classes at least annually; this will be considered again at the meeting on 16 October 2020.

The trustees met with IEP at the meeting on 27 January 2020 and will do so again on 16 October 2020.

No investment allocation changes have occurred since the last Trustees meeting on the 27 January 2020.

Statement of Investment Principles review

The Trustees meet twice a year to review the Scheme performance and its SIPs.

The most recent meeting of the Trustees was held on the 16 October 2020 and a new Statement of Investment Principles was drafted and tabled for the meeting.

It was agreed at this meeting that the SIPs was appropriate and to be signed and made available online.

Exercise of voting rights

The scheme invests exclusively in pooled funds. It does not therefore exercise voting rights directly or provide specific voting instructions; such decisions are delegated to the investment managers.

An analysis of the voting by the principle fund manager is set out in the attached voting templates for the principle fund in which the scheme invests.

October 2020