

John G Russell (Transport) Limited 1989 Retirement Benefits 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 Pension Schemes (Investment and Disclosure) (Amendment) 2019 Regulations. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated November 2020 have been implemented. The SIP provides further background details on investment arrangements.

This Statement covers the period 1 April 2021 to 31 March 2022.

Investment manager and asset classes in use

The Scheme's investment arrangements consist of discretionary portfolios held with Evelyn Partners (formerly two separate investment managers, Tilney and Smith & Williamson) who will invest in a range of asset classes.

In normal circumstances the Trustees would expect their asset allocation to fall within the following ranges:

Asset Class	Asset Ranges (%)
Liquid Assets	0 – 10
Secure Income	0 – 20
High Income	0 – 20
Core Equity	45 – 85
Alternative Investments	10 – 40

The Investment Manager will ensure that the asset allocation is rebalanced within these ranges.

Strategy Review

There have been no changes to the investment manager or target asset allocation over the year.

Scheme Governance

The Trustees are responsible for making investment decisions, and seeks advice from Broadstone Corporate Benefits Limited, who serve as the Trustees' investment consultant.

The Trustees do not actively obtain views of the membership of the Scheme to help form their policies set out in the SIP.

There were also no changes to the investment management agreements with the investment manager during the year.

Statement of Investment Principles

The Trustees last reviewed the Statement of Investment Principles (SIP) in November 2020, which was updated to comply with legislative requirements for Environmental, Social and Governance (ESG) issues.

Policy for taking into account financially material ESG considerations

The Trustees' reviewed their policies on financially material considerations, and the policies were updated in November 2020. The updated policy is outlined below:

Trustees' Policy: *The Trustees believe that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk adjustment investment returns. The Trustees expect its investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustees assess the ESG integration capability of its investment managers.*

The Trustees note that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustees are satisfied that the funds currently invested in by the Scheme are managed in accordance with their views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustees have access to updates on governance and engagement activities by the investment manager and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their investment manager given they are investing in pooled funds.

A summary of the Trustees' views for each asset class in which the Scheme invests is outlined below.

Asset Class	Actively or Passively Managed?	Comments
Risk-controlled multi-asset strategies	Active	The Trustees expect the investment manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the manager to use its discretion to generate higher risk adjusted returns. The Trustees also expect its investment manager to engage with its investee companies on ESG issues in order to promote sustainable long term investment returns This is done by exercising any voting rights attached to the equity investments and engaging directly with investee companies.

Policy for taking into account non-financial ESG considerations

The Trustees' reviewed their policies on non-financially material considerations, and the policies were updated in November 2020. The updated policy is outlined below:

Trustees' Policy: *The Trustees do not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of the Scheme's investments.*

Policy on the exercise of voting rights and engagement activities

The Trustees have updated their policy relating to voting rights and engagement activities, this was updated in the November 2020 SIP. The new policy is outlined below.

Trustees' Policy: *The Trustees believe that in order to protect and enhance the value of the investments, over the time horizon over which the benefits are paid, they must act as a responsible asset owner. The Trustees expect their investment managers to exercise their ownership rights, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an ongoing basis the Trustees (delegating to the Investment Consultant where appropriate) assess the stewardship and engagement activity of their investment managers.*

The Trustees currently invests in pooled investment funds with the investment manager, and they acknowledge that this limits their ability to directly influence the investment manager.

The Trustees have employed Broadstone to assist them in monitoring the voting and engagement activity of their investment manager. The Trustees, with the assistance of Broadstone, concluded that the voting and engagement activity of their investment manager is in line with their policy on voting and engagement.

The Scheme's mandates contain equity holdings, and therefore have voting rights attached to these underlying equities.

Evelyn Partners uses the services of a third party proxy voter when exercising voting rights and can engage with investee companies directly. The third proxy voters used is confirmed in the table below.

The Trustees have delegated engagement activities to their investment manager, and the investment manager reports to the Trustees on how they have voted on behalf of the Trustees for the underlying holdings.

A summary of the votes made by the investment manager is provided in the table below from 1 April 2021 to 31 March 2022, based on the latest information available.

Manager	Pooled or Segregated?	Third Party Proxy Voter	Manager uses own voting policy	Resolutions Voted On	Resolutions Voted:		
					For	Against	Other*
Evelyn Partners	Segregated	Glass Lewis	Yes	7,770	80%	3%	17%

*Consists of Took no action, Unvoted, N/A, and Mixed (for and against)

The votes above are at the company level, rather than being scheme or fund specific. The Trustees will work with the investment manager to obtain this information in future years if it is required.

A notable engagement activity of Evelyn Partners is provided below:

Evelyn Partners wrote to the Chairman of Airbus, Denis Ranque, to inform him of their intention to abstain from voting for the re-election of Lord Paul Drayson and vote against the ratification of the executive and nonexecutive director's acts. The Company had failed to bring its board into compliance with the Dutch law requirement on gender diversity, despite being given seven years to comply. Airbus did not disclose any convincing explanation or plan to address the gap in board gender diversity. It was noted that the chair of the nomination committee was not held for re-election. Concerns were also raised that ratifying the actions of executive and non-executive directors would not allow for proper oversight and accountability on previous allegations of illegal activities including bribery.

The Trustees are comfortable with the investment manager's approach for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall 'score' which represents how well ESG metrics are incorporated into managers' investment processes. Investment managers will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report. Scores are presented in performance bands ranging from 'A+' to 'E'. The latest UNPRI scores of the investment managers are outlined in the table below.

Manager	UNPRI Score
Evelyn Partners	A
Median Score	A

The Trustees also consider the investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Monitoring of Investment Arrangements

In addition to any reviews of investment managers or approaches, and direct engagement with the current investment manager (as detailed above), the Trustees receive performance reports to ensure the investment objectives set out in their SIP are being met.