

# Wadworth & Company Limited Pension Scheme Implementation Statement for the year ended 31 December 2024

## Purpose

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This Implementation Statement provides information on how, and the extent to which, the Trustees of the Wadworth & Company Limited Pension Scheme (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 31 December 2024 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## Background

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No changes were made to the Trustees' ESG, voting or engagement policies during the reporting year. The Trustees’ policy in relation to ESG and voting issues is documented in the Statement of Investment Principles (SIP) dated June 2023.

## The Trustees’ ESG and stewardship policy

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The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s investment managers. The Trustees require the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments. The investment strategy mainly involves investing in gilt and corporate bond pooled funds, so the Trustees note that there will be no, or limited voting rights attached to the underlying holdings.

In order to ensure sufficient oversight of the engagement and voting practices of their Investment Managers, the Trustees may periodically meet with them to discuss engagement which has taken place. The Trustees will also expect the Investment Consultant to engage with the Investment Managers from time to time as needed and report back to the Trustees on the stewardship credentials of the managers, including in relation to the Trustees’ own preferences, where relevant. This will include considering whether the Investment Manager is a signatory to the UK Stewardship Code. The Trustees recognises the Code as an indication of an Investment Manager’s compliance with best practice stewardship standards.

## Manager selection exercises

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One of the main ways in which the policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

## Ongoing governance

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The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Over the reporting year the Trustees received assurance from their investment managers that the managers were effectively undertaking stewardship activities on their behalf.

During the reporting year the Trustees met with the investment manager to discuss the performance of their Buy & Maintain Credit funds, and ESG was a material topic at these discussions. Of particular importance to the Trustees is understanding the investment manager's engagement with the underlying bond issuers on ESG matters. This is particularly relevant given that the debt investments do not carry voting rights, therefore issuer engagement is critical for furthering ESG and sustainability aims. The investment manager reiterated their approach towards engagement and provided evidence of engagement taking place within the relevant funds that was deemed by the Trustees to be at a satisfactory level.

Following the reporting year, the Trustees agreed to commission a report from XPS on the extent to which ESG considerations are incorporated into the investment processes of the investment manager organisations appointed to the Scheme. The Trustees recognise that the level of ESG integration within the investment processes is dependent on the asset class in question.

The report is set to be discussed at a Trustees' meeting in 2025. One of the areas to be considered by the report is stewardship, which relates to influencing a company in which the Scheme is ultimately invested via the funds held within the Scheme's portfolio. Companies can be influenced through meaningful engagement and using voting rights to drive long term positive change in their policies and practices. The report will rate each investment manager organisation in this area and on ESG matters overall.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

## Adherence to the Statement of Investment Principles

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During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

## Voting activity

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The main asset class where the investment managers will have voting rights is equities. The Scheme did not have any exposure to equities directly or equities through multi asset funds during the reporting year.

Signed: \_\_\_\_\_, Chair of Trustees

Date: \_\_\_\_\_