

## **The Pension and Life Assurance Plan for the Non-Teaching Staff of Haberdashers' Aske's Schools**

### **Implementation Statement for the year to 31 August 2024**

This statement sets out how, and the extent to which, the stewardship (voting and engagement) policies set out in the Statement(s) of Investment Principles ('SIP') produced by the Trustee have been followed during the year to 31 August 2024.

This statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as amended and the guidance published by the Pensions Regulator.

### **Overview**

The Trustee of the Plan has taken a wholly insured approach to investing the Plan's assets, which means that the Trustee holds a qualifying group insurance policy in which member and the Plan's Employer's contributions are invested.

The Trustee is responsible for the selection and retention of the insurance provider (Clerical Medical, part of Lloyds Banking Group) and also decides on the fund provided by the insurer. The Trustee has no other discretion or influence as to how monies are invested by the insurance provider using various Fund Managers. In particular, the day-to-day management of the investments (including the responsibility for voting and engaging with companies) is delegated to the Fund Managers that the insurance provider has selected.

In December 2009, Clerical Medical became part of Lloyds Banking Group.

### **Trustee's approach to monitoring the investment manager's performance and ESG policies**

The Trustee believes that ESG factors (including climate change risks) can potentially have a material positive or negative financial impact on the Plan. However, due to the Trustee's use of the with-profit policy, the application of ESG factors and the stewardship of the assets (including the exercising of voting and other rights attached to investments) are, ultimately, delegated to the provider of the policy and each Fund Manager's own policies in this regard.

In its capacity as professional Trustee, Independent Governance Group has undertaken wider training on ESG matters and responsible investment.

### **Reporting and oversight**

The Trustee has reviewed the performance of the With-Profits fund over the year and performance information is set out elsewhere in appendix A. The Trustee is satisfied that the Clerical Medical Policy meets its objective.

## Voting and engagement

We are aware of the requirement on the Trustee to report on voting and engagement activities. These activities are delegated to the insurance provider (who is responsible for selecting the Fund Managers) and the Trustee has requested information on these topics from Clerical Medical to better understand the activities that they have been undertaking for the specific fund to which the Plan has an allocation.

Clerical Medical have provided the Trustee with some details on voting and engagement for the Fund Managers. The data has been provided as at 30 June 2024, the latest available data from Lloyds Banking Group.

We have also obtained and reviewed information from the insurers' website about the firm's general policies on Responsible Investment, Stewardship, Voting, Engagement and embedding ESG into their investment process.

### Clerical Medical With-Profit Fund

Scottish Widows, also part of Lloyds Banking Group, are responsible for the Clerical Medical With-Profit Fund. Scottish Widows have signed up to the UN Principles for Responsible Investment (UN PRI) which works to incorporate ESG factors into investment and ownership decisions. They are also a member of the Institutional Investors Group on Climate Change.

Scottish Widows state in their Responsible Investment and Stewardship Framework<sup>1</sup>:

*As environmental, social and governance (ESG) risks and opportunities become better researched and understood, it is clear that these factors can have a financial impact on investment portfolios. Our customers look to us to exercise our judgement on the most appropriate way of investing over the long term, for example in our pension default funds. So where we believe ESG factors pose downside risks to their investments, or offer potential upside opportunities, we will incorporate them into our decision-making.*

#### Our six principles of responsible investment

1. *We will be a responsible investor. We will strive to protect our investments from material ESG-related risks and seek to capitalise on ESG-related opportunities.*
2. *To help us manage downside risk, we will take a position on the companies we will not support and will implement exclusions throughout funds managed or mandated by us.*
3. *We will aim to reduce the carbon intensity of our whole portfolio to 50% by 2030 and achieve net zero by 2050.*
4. *We will aim to offer an industry-leading fund range to our customers to help support causes that are close to their hearts while growing their savings for the future.*
5. *We will seek to extend our responsible investment principles into all asset classes over time.*
6. *We will work with policymakers and industry participants to promote private market investment opportunities required to successfully transition to a lower carbon economy.*

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<sup>1</sup> Source: <https://adviser.scottishwidows.co.uk/assets/literature/docs/60161.pdf>

Scottish Widow's Stewardship commitments are summarised below<sup>2</sup>:

1. *To be responsible stewards of the assets we oversee;*
2. *To influence companies we invest in to drive positive change;*
3. *To exercise strong governance over the asset managers we partner with.*

The Trustee has reviewed these policies for Clerical Medical and is satisfied that they are appropriate for the Plan.

The Clerical Medical With-Profit Fund has exposure to a wide range of funds managed by Abrdn, BNY Mellon, Insight Investments, Nordea, BlackRock and Schroders.

Clerical Medical have provided voting and engagement information in relation to some of the funds which hold equities for which the Fund Managers have voting rights. Investments in bond and property assets do not confer voting rights, so there was no voting carried out in relation to the funds that hold these assets.

Clerical Medical provided the following examples from the Fund Managers in response to our request to provide details of their most significant votes. These have been selected from a wider list of examples provided:

### 1. Shell Plc

#### **(BNY Mellon Real Return Fund)**

Date: 21/05/2024

Resolution: Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement

Vote: Against

Rationale: *"We did not support a shareholder proposal for a report on GHG (greenhouse gas) emission-reduction targets aligned with the Paris Agreement as we believed the company has disclosed enough information for shareholders to assess the related risks. Moreover, the company has disclosed a partial Scope 3 target which is considered an appropriate response to the proponent's asks."*

Outcome of the Vote: Against

Implications / lessons learnt: *"While we do find some merits to the proponent's asks and legitimate concerns, aligning Scope 3 targets at Shell to a 1.5 degree scenario would mean a significant loss of customers to competitors. Such a decision is best in the hands of management, and the disclosure of a partial Scope 3 target shows some responsiveness from the company to our concerns, tackling mainly the emissions it directly has control of. Shareholders have signaled a significant buy-in to management's strategy."*

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<sup>2</sup> Source: <https://adviser.scottishwidows.co.uk/assets/literature/docs/60209.pdf>

## 2. MetLife, Inc.

### (Abrdn Diversified Growth and Income Fund)

Date: 18/06/2024

Resolution: Conduct and Report a Third-Party Racial Equity Audit

Vote: Against

Rationale: *"MetLife appears well-placed to manage its racial impacts with diversity, equity and inclusion initiatives and commitments. The board further states that it monitors progress towards its Diversity, Equity and Inclusion objectives using benchmarking surveys executed by third parties. We have concerns that the requested report may be overly prescriptive considering existing efforts and disclosures. A vote against is therefore warranted."*

## 3. Toyota Motor Corp.

### (Abrdn Diversified Growth and Income Fund)

Date: 18/06/2024

Resolution: Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement

Vote: Against

Rationale: *"Abrdn are supportive of disclosure on climate lobbying. The company has taken significant steps year on year to bolster its approach, including engagement with the proponent, increasing the number of reviews carried out and receiving a third-party evaluation. It should also be noted that the company has clear commitments to support the climate transition including to achieve net zero by 2050 and is the only Japanese company that issues a report on climate lobbying activities. In light of the steps already taken by the company the resolution is onerous and a vote against is warranted."*

**Signed on behalf of the Trustee by:**

*Signed by Mr Gilmour on 27 March 2025*

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**Dan Gilmour**

**Trustee Director - Independent Governance Group**

**Date: 27 March 2025**



## Group pensions

### Group Pension Contract – rates of interest 2024

Group Pension Contracts are invested in the Clerical Medical With-Profits Fund. Interest under Group Pension Contracts is currently paid in the form of basic yield and claim addition. Interest is earned during a plan year and is capitalised at the end of each plan year.

#### Basic yield

Basic yield is declared in April each year, but the changes are backdated to 1 January.

For the calendar year 2024, the basic yield is 0%.

#### Minimum interest rate

The terms of the Group Pension Contracts specify a minimum rate of interest that applies for a particular calendar year, which is based on the yield on the Clerical Medical With-Profits Fund for the previous year.

#### Claim addition

Claim addition is added when there are withdrawals from a plan's fund to meet members' plan benefits, such as on retirement or death, or to provide transfer values to members. Claim addition tops up the fund to allow for a fair value of the amounts taken out in a plan year.

For all ongoing plans there is one rate of claim addition regardless of plan size or duration. The rate is normally reviewed in April and October each year, but we reserve the right to change it at any time.

Claim addition applies to all plans except where the total withdrawals from a plan's fund over a plan year exceed 50% of the fund value at the start of the year, in which case a different calculation applies.

The rate that will apply will be that in force at the effective date of payment. The rates applicable for 2024 are:

1 January 2024 to 31 March 2024	3 %
1 April 2024 to 30 September 2024	5 %
1 October 2024 to 31 December 2024	8 %

#### Notes

All interest under Group Pension Contracts is added after allowance has been made for our costs associated with running the plans.

A Group Pension Contract is considered to be in full force except during a period of notice to surrender the contract, or during a period where contributions have not been fully maintained without our prior agreement. During a period of notice to surrender only basic yield applies.

The information is based on our understanding of current legislation and HM Revenue & Customs practices. Legislation and Revenue practice may alter.

Details of the terms of the Group Pension Contract are available on request from – Clerical Medical, Post Handling Team, Maclaren House, Talbot Road, Stretford, Manchester M32 0FP.

#### [www.clericalmedical.co.uk](http://www.clericalmedical.co.uk)

Clerical Medical is a trading name of Scottish Widows Limited. Scottish Widows Limited is registered in England and Wales No. 3196171. Registered office in the United Kingdom at 25 Gresham Street, London EC2V 7HN. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 181655.

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## Appendix B



# Group pensions

## Group Pension Contract – rates of interest 2023

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### Basic yield

Basic yield is declared in April each year, but the changes are backdated to 1 January.

For the calendar year 2023, the basic yield is 0%.

### Minimum interest rate

The terms of the Group Pension Contracts specify a minimum rate of interest that applies for a particular calendar year, which is based on the yield on the Clerical Medical With-Profits Fund for the previous year.

### Claim addition

Claim addition is added when there are withdrawals from a plan's fund to meet members' plan benefits, such as on retirement or death, or to provide transfer values to members. Claim addition tops up the fund to allow for a fair value of the amounts taken out in a plan year.

For all ongoing plans there is one rate of claim addition regardless of plan size or duration. The rate is normally reviewed in April and October each year, but we reserve the right to change it at any time.

Claim addition applies to all plans except where the total withdrawals from a plan's fund over a plan year exceed 50% of the fund value at the start of the year, in which case a different calculation applies.

The rate that will apply will be that in force at the effective date of payment. The rates applicable for 2023 are:

1 January 2023 to 31 March 2023	2%
1 April 2023 to 30 September 2023	3%
1 October 2023 to 31 December 2023	3%

### Notes

All interest under Group Pension Contracts is added after allowance has been made for our costs associated with running the plans.

A Group Pension Contract is considered to be in full force except during a period of notice to surrender the contract, or during a period where contributions have not been fully maintained without our prior agreement. During a period of notice to surrender only basic yield applies.

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