Implementation statement

Howden Group Pension Plan – Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 31 December 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan

The Trustees' primary aim is to make sure that they meet their obligations to the beneficiaries of the Plan.

The Trustees consider that their broad objective is to invest the Plan's assets in such a manner that members' entitlements can be paid when they fall due. As a key step to achieving this, the Trustees, following consultation with the Employer, have entered into an irrevocable bulk annuity contract with Legal & General Assurance Society Limited ("LGAS"). LGAS is authorised by the Bank of England Prudential Regulation Authority to write contracts of long term life insurance of this nature in the UK.

The Trustees' key short term objective is to ensure an efficient progression towards an insurer buy-out of the Plan's known liabilities, with the aim of achieving an appropriate discharge of liability in respect of known obligations in accordance with the Plan's governing documentation and relevant legislation.

In due course, in order to complete buy-out, the known members' benefits will be secured by means of individual annuity policies issued by LGAS directly to the members, in accordance with the terms of the bulk annuity policy. The Plan will then be wound up.

As noted above, the Plan's principal asset is the bulk annuity policy with LGAS. As a result, all of the Plan's assets are represented by this policy, with the exception of the remaining assets held in Legal & General Investment Management's ("LGIM's") Sterling Liquidity Fund and residual cash held in the Trustees' bank account.

Review of the SIP

During the year, the Trustees reviewed the Plan's SIP in September 2020 in order to set out in more detail the Trustees' policies in relation to the arrangements with the Plan's investment manager, LGIM.

Policy on ESG, Stewardship and Climate Change

The Plan's SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. However, since the majority of the Plan's assets are invested through the purchase of the bulk annuity policy with LGAS, with a small balance of assets invested in LGIM's Sterling Liquidity Fund, the Trustees accept that it is not possible to have a policy on ESG issues. Furthermore, as the underlying assets held have no voting rights attached, Corporate Governance voting issues are not relevant to the Plan.

Voting Activity

There was no voting activity required by the Trustees in relation to the bulk annuity policy held with LGAS or in relation to LGIM's Sterling Liquidity Fund during the year under review.

For and on behalf of the Trustees of the Howden Group Pension Plan

March 2021