

Futamura British Pension Scheme Implementation Statement Year Ending 31 December 2023

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Futamura British Pension Scheme
Scheme Year	1 January 2023 to 31 December 2023
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

This Implementation Statement reports on the extent to which, over the Scheme Year, the Trustees have followed their policy relating to the exercise of rights (including voting rights) attaching to the Scheme's investments.

In preparing this statement, the Trustees have considered guidance from the Department for Work & Pensions which was updated on 17 June 2022.

Relevant Investments

During the Scheme Year the Trustees disinvested from assets which included an allocation to equities in favour of investing in the following funds:

- LGIM Over 15 Years Gilt Index Fund
- LGIM Over 15 Years Index Linked Gilts Index Fund
- Schroder Buy & Maintain Credit 2032 – 2040 Fund; and
- Schroder Buy & Maintain Credit Over 2037 Fund.

The selected funds do not have attached voting rights as they don't invest in equities and there were therefore no voting records for the Trustee to analyse.

The Trustees retained an allocation to the LGIM Diversified Fund in the AVC section, however this accounted for less than 1% of the Scheme's assets and is considered immaterial and voting rights have therefore not been considered for this fund.

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP, and a summary is as follows:

The Trustees' policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme year to reflect changes made to the Scheme's investment strategy, but wording relating to the exercise of rights was not revised. A summary of this wording is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- None of the new pooled funds selected during the Scheme Year had equity investments. ESG considerations were taken into account when selecting these funds (but stewardship considerations were not required).
- During the Scheme Year, the Trustees considered the voting records of the investment managers over the period ending 31 December 2022.
- All the investment managers used by the Scheme is UNPRI signatories.
- The Scheme did not hold any relevant investments at the Scheme Year end.

Conclusion

At the end of the Scheme Year End the Trustees did not hold any assets with voting rights attached. The Trustees will continue to assess whether this continues to remain the case over the period and will be mindful of potential managers' voting records should the Scheme need to select additional funds.

Signed: *U. Brown* Date: *16/05/24*

Signed on behalf of the Trustees of the Futamura British Pension Scheme

