

The Alan Nuttall Partnership Limited

Implementation Statement for the Alan Nuttall Limited (Dudley) Employee Retirement Benefits Scheme

September 21

Introduction

In 2019, the government published the Occupational Pension Schemes (Investment & Disclosure) (Amendment) Regulations 2019.

These regulations introduced new requirements for pension schemes like the Alan Nuttall Limited (Dudley) Employee Retirement Benefit Scheme, setting out the policies they need to explicitly include in their Statement of Investment Principles (the document that governs the way the Scheme's assets are invested). In particular, by 1st October 2020 the Statement of Investment Principles (or "SIP") needs to include the Trustees policies in relation to its arrangements with the asset managers that invest Alan Nuttall's assets on behalf of the Trustees.

This expanded legislation which was introduced in 2018 required schemes SIP's to include (from 1 October 2019) the Trustees policies on how it takes account of Environmental, Social and Corporate Governance ("ESG") considerations when setting investment strategy, and how it exercise voting rights in, and undertakes engagement activities with, those they invest in.

In addition, in 2018 and 2019 regulations introduced a requirement for the Trustees of the Alan Nuttall Limited (Dudley) Employee Retirement Benefit Scheme to produce a statement setting out (amongst other things) how the Trustees have followed the SIP over the year, and in particular how it has implemented its policies on the exercise of voting rights attaching to its investment and engagement activities. This document is intended to meet those requirements and will be published on the company's website.

The Trustees maintain a SIP for the Defined Benefit Section ("the DB Section") of the Alan Nuttall Ltd (Dudley) Employee Retirement Benefits Scheme for benefits accrued before 6 June 1999, as well as the Defined Contribution Section ("the DC Section") up until the Scheme end date of 30 June 2009. The SIP is reviewed at least annually and following any significant changes in investment policy.

The Trustees review of the SIP over the year

The SIP for the Alan Nuttall Limited (Dudley) Scheme was put in place in September 2020 and there has been no statutory review this year.

However, in accordance with regulation 2(1) of the Investment Regulations the SIP has been reviewed and there have also been no changes made during the year.

The Trustees policies on Environmental, Social and Governance Issues (ESG) considerations

The Trustees will act wherever reasonably possible as a responsible asset owner and market participant across all its investments. The Trustees believe that responsible investment and by incorporating ESG factors reduces investment risk and has the potential to enhance returns.

The Trustees delegate responsibility for the selection, retention and realisation of the investments to the investment managers. The Trustees therefore require their fund managers in their stewardship of the investment assets to pay appropriate regard to relevant corporate governance, social, ethical and environmental considerations when considering the purchase, retention or sale of investments.

Whilst it is the Trustees preference that all companies should be run in a socially responsible way, it takes the view that its primary responsibility is to act in the best financial interest of the members of the Scheme. Therefore, the Trustees policy is that the extent to which social, environmental and ethical considerations issues may have a financial impact on the portfolio will be taken into account by the active investment managers in the exercise of their delegated duties.

The Royal London pension funds they are managed by Royal London Asset Management (RLAM). As part of their commitment to being a responsible investor, they ask their asset managers to ensure that ESG considerations are integrated into their investment choices, not just a select few.

They define 'ESG Integration' as the explicit inclusion of ESG in the decision-making process, which means they should understand how these factors could impact the future performance of their investments and be able to explain it.

Royal London's asset managers look at a wide range of information when deciding if it's a good choice to invest in a company, including ESG data.

ESG data contains information about a publicly traded company's environmental, social and governance practices, and uses this information to create an ESG score (sometimes called a rating).

This data can be compiled by a team of ESG analysts or through artificial intelligence (AI), or a mix of both. Using information from things such as annual reports, news sources, and stock exchange filings, a data provider will give a company an ESG score; the better the score, the stronger the investment opportunity from an ESG perspective.

Royal London ask all their asset managers to include ESG data when making investment decisions. What's more, their asset managers at RLAM are supported by a specialist Responsible Investment team who provide further insights and analysis to ESG scores.

With regards to the Avellemy investments, the Avellemy Investment Committee (AIC) takes appropriate steps to implement and monitor these policies and will take account of these matters in the manager selection and monitoring process. Where relevant it will formally include reference to its expectations on ESG in the legal documentation it puts in place with managers and service providers.

The Trustees are satisfied with the approach taken by both RLAM and the AIC and as a result no changes have been made.

The Trustees policies on the exercise of voting rights

The Trustees policy is to delegate responsibility of the exercising of rights (including voting rights) attaching to investments to the investment managers. The Trustees will therefore accept the investment managers policies in respect of the exercising of rights attaching to investments.

The Trustees require its investment managers to follow the PLSA's Corporate Governance Policy and Voting Guidelines, the G20/OECD Principles of Corporate Governance and the ICGN's Statement on Global Governance, unless it is the case that the investment manager's own Voting and Engagement Policies better reflect The Trustees of the Alan Nuttall Limited (Dudley) Employee Retirement Benefit Scheme Investment Beliefs.

In considering the appropriate investments, the Trustees have obtained and considered the written advice of Ascot Lloyd, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees opinion, consistent with the requirements of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005. The Trustees have consulted the employer about this Statement of Investment Principles.

The Trustees place an emphasis on implementing best practice governance to ensure that the investment strategy is designed and executed with only the interests of members in mind.

The Trustees consider that the governance structure that it employs is appropriate for the scheme, as it allows the Trustees to make important decisions on investment policy, with the advice from the investment consultant or other advisers as appropriate.

Review of the Statement

The Trustees review the Scheme's Investment Strategy on an ongoing basis. However, much of the content of this SIP is unlikely to change on a regular basis as it represents the fundamental principles underlying the Trustees approach to investments.

The Trustees will review this document at least annually, and/or immediately following a significant change in investment policy. Any such review will be based on written, expert investment advice.