

## **Murray Johnstone Limited Retirement Benefits 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 Trustee has been followed during the year to 30 June 2022. 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 Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives over the lifetime of the Plan adopted and included in the SIP are as follows:

- To ensure that we can meet our obligations to the beneficiaries of the Plan.
- To pay due regard to the interests of the Principal Employer on the size and incidence of contribution payments.

#### **Policy on ESG, Stewardship and Climate Change**

The Plan's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.

In order to establish these beliefs and produce this policy, the Trustee undertook training provided by their investment consultant on responsible investment, which covered ESG factors, stewardship, climate change and ethical investing. Following this training, the Trustee undertook a beliefs survey designed by their investment consultant to assist the Trustee with establishing their policy in this area. The results of the survey were presented at the Trustee meeting in August 2019 and the agreed policy was incorporated in the SIP following this exercise. The Trustee keeps their policies under regular review (with the SIP subject to review on an annual basis).

The Plan's SIP was reviewed over the year to 30 June 2022, and was updated in July 2021 to reflect a revised de-risking framework.

The following work was undertaken during the year relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

#### **Engagement**

- The Trustee has reviewed the investment manager's compliance with the principles of the UK Stewardship Code as part of this statement and will continue to do so annually. The investment manager confirmed that it is a signatory of the current UK

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Stewardship Code. The Trustee will continue to engage with their manager on the UK Stewardship Code and its relevance.

- The Plan's investment performance report is reviewed by the Trustee on a quarterly basis. Where the manager may not be highly rated from an ESG perspective, the Trustee continues to monitor the manager and take into consideration the type of mandate as it can be more difficult to integrate ESG in some asset classes (e.g. LDI). The investment performance report includes how the investment manager is delivering against their specific mandates.
- The Trustee also meets with the investment managers Responsible Investment team on an annual basis and request details of relevant engagement activity for the year from the Plan's investment manager.
  - The Plan's manager provided examples of instances in which they had engaged with companies they were invested in/about to invest in which resulted in a positive outcome. These engagement initiatives were driven mainly through regular engagement meetings with the companies that the manager invests in or by voting on key climate-related resolutions at companies' Annual General Meetings.
  - The Plan's investment manager engaged with companies over the year on a wide range of different issues including board matters, ESG strategy, labour and human capital, environmental issues, reporting and disclosure and climate change.

### **Voting Activity**

The Trustee has delegated its voting rights to the investment manager. Investment managers are expected to provide voting summary reporting (where applicable) on a regular basis, at least annually.

Over the prior 12 months, due to the nature of the securities held, there was no key voting activity to report. This is due to the significant de-risking of the Plan's assets over the year, resulting in no growth assets with attaching voting rights held as at 30 June 2022. The Trustee has not actively engaged with the Plan's investment manager on their voting activity due to the nature of the mandates in place.

**Approved by Aberdeen Pension Trustees Limited, Trustee of Murray Johnstone Limited Retirement Benefits Plan, for the annual Trustee Report & Accounts for the year ending 30 June 2022**

**9 December 2022**