

THE WIGGINS TEAPE PENSION SCHEME
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

IMPLEMENTATION STATEMENT

1. Introduction

This statement sets out how, and the extent to which, the trustees' policy on Environmental, Social and Governance ("ESG"), Stewardship and Climate Change and the Investment Manager arrangements in the Statement of Investment Principles ("SIP") have been followed during the year to 31 December 2023. 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 guidance published by the Pensions Regulator.

2. Statement of Investment Principles

Investment Objectives of the Scheme

The trustees believe it is important to consider the policies in place in the context of the investment objectives they have set.

The trustees' principal objective during the year to 31 December 2023 The Trustees' principal objective is to invest the Scheme's assets in the best interests of the members and beneficiaries. The Trustees consider that their broad objective is to invest the non-annuity assets such that:

- An expense reserve, held in cash and a liquidity fund, is maintained that takes account of the level of expenses expected to be paid out of the Scheme over the period to wind-up and is invested accordingly to ensure sufficient funds and liquidity are available to meet future expenses.
- The remaining balance is invested in gilts with a duration approximately in line with the section 73 liabilities, with the aim of providing uplifts to member benefits in due course.

As a key step towards achieving this the trustees, following consultation with the Principal Employer, entered into two bulk annuity contracts covering all of the Scheme's members. The first contract was completed in November 2015 and the second in December 2022. The trustees now aim to secure a buy-out of the Scheme's liabilities and wind-up the Scheme within the next few years.

Review of the SIP

There were no changes to the SIP over the year to 31 December 2023, however subsequent amendments were made in 2024. These changes included amendments to reflect the changes to the investment strategy and to simplify sections related to the investment objectives, risk management and measurement policies and day to day management of the assets due to the simplified nature of the assets following the second bulk annuity transaction.

Assessment of the policies in the SIP applicable to the Scheme from 1 January 2022 to 31 December 2023

The trustees consider that they have followed the policies in the SIP. The information below highlights the work undertaken in each policy area by the trustees during the year, and longer term where relevant.

	Requirement	Policy / section of the SIP where policy can be found	In the year to 31 December 2023
1	Securing compliance with the legal requirements about choosing investments	<i>Detailed in Section 1.2 of the SIP.</i>	The Scheme's investment advisers attended all four investment meetings during the year and provided updates on Scheme performance and, where required, appropriateness of the investments used.
2	Kinds of investments to be held	<i>Detailed in Section 5 and 6 of the SIP.</i>	The Scheme's strategy over the majority of the year was to invest Fixed Index Gilts portfolios.

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3	The balance between different kinds of investments	Detailed in Section 5 and 6 of the SIP.	The trustees are comfortable that the kinds of investments held within the Scheme remain consistent with the SIP.
4	Risks, including the ways in which risks are to be measured and managed	<i>Detailed in Section 4 of the SIP.</i>	There are various risks to which the Scheme was exposed over the year. The primary risk upon which the trustees focused was that arising through a mismatch between the Scheme's assets and the cost of uplifting members' insured benefits and expenses. The trustees monitored changes in risks and the resulting impact on the Scheme on a monthly basis, over the year as part of their regular investment monitoring. The monthly report monitored interest rate, inflation risk and liquidity risk. .
5	Expected return on investments	<i>Detailed in Section 7 and Appendix 1 of the SIP.</i>	To evaluate performance, the trustees received and discussed investment reports on a monthly basis. The report tracks the month end asset valuations and allocation of each fund.
6	Realisation of investments	<i>Detailed in Section 5 of the SIP.</i>	In May 2023 the Trustees sold the corporate bond allocation with the proceeds invested in fixed index gilts. In November 2023, the Trustees moved the residual assets into a pooled gilt fund comprised of BlackRock's 2068 Fixed Interest Gilt Fund and Sterling Liquidity Fund.
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	<i>Detailed in Section 10 and 11 of the SIP.</i>	Mercer's manager research ratings assist with due diligence and are used in decisions around selection, retention and realisation of the manager appointment. The ratings include Mercer's assessment of BlackRock's idea generation, portfolio construction, implementation and business management, and provides an overview of the level of ESG and active ownership, the team structure and investment philosophy.
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments		

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9	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustees' policies.	<i>Detailed in Section 11 of the SIP.</i>	<p>If the investment manager is not meeting performance objectives or targets, or the investment objectives for a mandate have changed, the trustees will review the fund appointment to ensure it remains appropriate and consistent with their wider investment objectives. No reviews were conducted.</p> <p>Mercer's manager research investment and ESG ratings are used by the trustees to monitor changes in the manager's investment process and philosophy, relative to the investment objectives of the Scheme.</p> <p>The trustees are comfortable that the investment with BlackRock remains fit for purpose and aligned with the Scheme's long-term investment objective.</p>
10	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.		
11	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the trustees' policies.	<i>Detailed in Appendix 1 of the SIP.</i>	<p>No changes were made to the method for evaluating BlackRock's performance nor the remuneration for their services over the year.</p>
12	How the trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<i>Detailed in Section 12 of the SIP.</i>	<p>The trustees monitor the cost of trades for the portfolio when any rebalancing occurs, via BlackRock's investment reports.</p> <p>No changes were made over the year as a result of turnover costs as the costs of trades were in line with expectations.</p>
13	The duration of the arrangement with the asset manager	<i>Detailed in Appendix 1 of the SIP.</i>	<p>There is no set duration for the appointment of BlackRock. The trustees will retain their appointment with BlackRock unless there is a strategic change to the overall strategy that no longer requires exposure to the funds held with BlackRock or following a review of BlackRock's appointment and a decision by the trustees to terminate.</p> <p>The trustees are comfortable that the investment with BlackRock remains fit for purpose, so no changes were made to duration of the arrangement with the BlackRock over the year.</p>

The following work was undertaken during the year to 31 December 2023 relating to the trustees' policy on ESG factors, stewardship and climate change, and sets out how the trustees' engagement and voting policies were followed and implemented during the year.

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Engagement Activity

- There were no changes to the Investment Consultant's ratings in respect of the assets managed by BlackRock over the year.
- BlackRock confirmed that they remained a signatory to the current UK Stewardship Code 2020 that took effect on 1 January 2020, they were published on the list of signatories released by the UK's Financial Reporting Council (FRC) in August 2023.
- Mercer confirmed that their investment advisory business is also a signatory to the UK Stewardship Code 2020.
- Mercer requested, on behalf of the trustees, details of relevant engagement activity for the period from the Scheme's investment manager over the year to 31 December 2023, BlackRock.
 - BlackRock's Investment Stewardship team "BIS", engaged on a firmwide level with management teams and/or board members on material business issues, including but not limited to environmental, social, and governance ("ESG") matters. Counterparty risk management focuses more around governance factors, however environmental and social factors are considered to the extent they could lead to a credit deterioration in the short to medium term. Governance has always been a key component of how BIS evaluates counterparties. This includes ongoing monitoring of new regulatory and/or negative news items, any criminal proceedings or regulatory infractions to name a few. BIS also participated in the public dialogue to help shape global norms and industry standards with the goal of supporting a policy framework consistent with their clients' interests as long-term shareholders. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (e.g. those linked to the Paris agreement).
 - Further information on BlackRock's approach to stewardship and instances where BlackRock engaged with companies is detailed in BlackRock's 2023 Investment Stewardship Voting Report:
 - <https://www.blackrock.com/corporate/literature/publication/2023-investment-stewardship-voting-spotlight.pdf>
 - These engagement initiatives are driven mainly through regular engagement meetings with the companies that the investment managers invest in or by voting on key climate-related resolutions at companies' Annual General Meetings.
- As previously noted, the trustees monitor BlackRock's integration of ESG considerations into the investment process on a regular basis and document the position at least annually, through consideration of Mercer's ESG ratings for BlackRock and through meetings with BlackRock.

Voting Activity

- The trustees have delegated their voting rights to their investment manager, BlackRock.
- Only in exceptional circumstances do bondholders have voting rights, and BlackRock do not currently produce voting summary reports for fixed income asset classes. The trustees note that voting opportunities primarily arise within equities, and the Scheme does not hold equities, convertible bonds or bonds with equity-like or equity conversion features. Therefore the trustees have not defined what they deem to be a significant vote.