

BROCKHAMPTON PENSION SCHEME

AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS FOR THE YEAR ENDED 31 MARCH 2023

Implementation Statement

Overview

Brockhampton Pension Scheme is a Defined Benefit Pension Scheme and this Statement focuses on how the Trustees have actioned the engagement and voting policies as outlined in the Statement of Investment Principles dated February 2020 (SIP). The statement is required to detail how those principles have been implemented. Therefore, no AVC's within the Scheme.

The Trustees believe that effective engagement and voting policies, and the monitoring of those policies are vital for the ongoing governance of the Scheme and this report details the actions carried out over the previous year to achieve those high levels. Over the year the Trustees have completely changed their Investment Strategy and individual investments. The overruling policies remain the same but discussions with the individual fund manager needs to be scheduled.

Engagement and ESG Considerations

Responsible Investment and Environmental, Social and Governance (ESG) considerations have been specifically referenced by the Trustees within the SIP. A Responsible Investment Policy (RIP) has been drawn up to reflect the Trustees aims as detailed in the SIP and an ESG index devised by Sustainalytics has been chosen as the most appropriate benchmark to use. This rates each investment with an ESG rating – negligible, low, medium, high and severe. The Brockhampton RIP forbids investment managers from purchasing any investment which has a rating of high or severe. In addition, if current investments rise above a medium ranking, they are on 'watch' to make immediate changes to reduce that position or they will be sold.

The Trustees believe that ESG factors can have a material impact on the value of financial investments and on the long-term performance of investments. Well managed companies with strong governance are more likely to be successful long-term investments.

The Scheme does not take into account any non-financial considerations when considering the ESG approach. The Trustees will also only appoint active investment managers that consider ESG factors when considering investments.

During the year and as referenced in Appendix C of the SIP, the Trustees regularly reviewed the Scheme Investment Managers approach to ESG investment decision making to ensure minimum standards were met and noted that disposals have occurred in a number of companies due to them maintaining a 'High' ESG Risk Rating for a period of time. In total, since the start of 2020, £2,413,144 of funds have been moved due to the ESG considerations.

At the end of the year the Scheme did not hold any investments that breached the 'high' or 'severe' risk rating on the Sustainalytics Index.

During the year the Trustees made wholesale changes to the Investment Strategy. A meeting will shortly be held with the new Investment Manager to consider ongoing ESG assessment.

Voting Activity

The Trustees view voting rights as an asset and encourage their Investment Managers to ensure its rights are exercised carefully to promote and support good corporate governance. External managers are encouraged to vote in every market in which they invest and to vote in line with ESG considerations.

Up until all the active management investments were sold in the first half of the year, the Trustees received and reviewed a Report from the Investment Manager detailing how they voted and engaged over the year. In the most recent year, the Manager voted on over 10,000 proposals and voted against management on around 13% of proposals. 95% of climate change shareholder proposals were supported and non-management proposals on reduction of emissions and plastic packaging were also supported.

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**AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS
FOR THE YEAR ENDED 31 MARCH 2023**

For and on behalf of the Trustees:

Trustee



Trustee



DATE

31 October 2023