Implementation Statement for the Year to 31 December 2020

Adams Foods Limited Pension & Assurance Scheme (‘the Scheme’)

Introduction

This statement describes the voting and engagement policies of Entrust Pension Limited as Trustee of the Scheme (‘the Trustee’) along with a summary of voting and engagement behaviour related to the Scheme’s investments over the 12-month period to 31 December 2020.

This Implementation Report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the Statement of Investment Principles (‘the SIP’). This report details:

* Actions the Trustee has taken to manage financially material risks and implement the key policies in its SIP;
* The current policy and approach with regards to Environmental, Social and Governance (ESG) factors and the actions taken with managers on managing ESG risks; and
* The extent to which the Trustee has followed policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in which they invest.

Implementation Statement

This report demonstrates that the Adams Foods Limited Pension & Assurance Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Managing risks

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| Risk / Policy | Definition | Policy | Actions |
| Interest rates and Inflation | The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations. | To invest in matching assets that move in line with the present value of the Scheme’s liabilities. | The Scheme invests in Corporate Bonds, Equity-Linked LDI, Gilt and Index-Linked Gilt funds which aim to hedge part of the Scheme’s inflation and interest rate risk. |
| Liquidity | Difficulties in raising sufficient cash when needed without adversely impacting the fair market value of the investment. | To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager. | The Scheme’s assets are traded on a daily frequency, providing sufficient liquidity, |
| Market | Experiencing losses due to factors that affect the overall performance of the financial markets. | To remain appropriately diversified and hedge away from any unrewarded risks, where practicable. |  |
| Credit | Default on payments due as part of a financial security contract. | To diversify this risk by investing in a range of credit markets across different geographies and sectors where possible | The Scheme invests in pooled credit funds which invest across a variety of geographies and sectors, diversifying the underlying credit risk. |
| Environmental, Social and Governance | Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme’s investments. | To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:   1. Has a Responsible Investment (‘RI’) Policy/Framework 2. Implemented via the investment process 3. A track record of using engagement and any voting rights to manage ESG factors 4. UN PRI Signatory | As part of the investment management of the Scheme’s assets, the Trustee expects the investment managers to make decisions on:   * The selection, retention and realisation of investments taking into account all financially material considerations. * The exercise of rights (including voting rights) attached to these investments * Undertaking engagement activities with investee companies and other stakeholders where appropriate.   This is reflected in the SIP which was updated in September 2020. |
| Currency | The potential for adverse currency movements to have an impact on the Scheme’s investments. | To invest in GBP denominated share classes where possible. | The Scheme invests in GBP denominated share classes where possible. |
| Non-financial | Any factor that is not expected to have a financial impact on the Scheme’s investments. | Non-financial matters are not taken into account in the selection, retention or realisation of investments. |  |

Changes to the SIP

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| Policies added to the SIP |  |
| Risks, Financially Material Considerations | The Trustee has explicitly included additional risks as part of the financially material considerations that the Trustee has considered and sought to manage. These risks are considered as being relevant over the lifetime of the Scheme’s existing investment strategy in the context of the Trustee’s current objectives.  Additional risks in the 2020 SIP include:   * Covenant risk * Credit * Currency * Environmental, Social and Governance * Non-financial risk. |
| Investment Manager Monitoring and Engagement | An additional section was added demonstrating how the Trustee will work with their investment advisors and/or managers to improve their alignment with the below policies:   * Performance Strategy and Risk * Environmental, Social, Corporate Governance factors and the exercising of rights   Where sufficient improvement is not observed, the Trustee will review the relevant investment manager’s appointment and will consider terminating the arrangement. |
| Additional Investment Manager Arrangements | The Trustee has included additional arrangements relating to:   * How investment managers are aligned to their investment strategy and decisions with the Trustee’s policies * How investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance and engagement * How the method and time horizon of the investment managers performance and renumeration is in line with the Trustee’s policies * The method for monitoring portfolio turnover costs incurred by investment managers and how these are defined and monitored   The duration of the Scheme’s arrangement with the investment managers. |
| Employer-related investments | This section outlines the policy regarding total exposure to employer-related investment and the monitoring to ensure compliance. |
| Direct investments | This section outlines how the Trustee will approach Direct investments. |
| Governance | This section outlines how the Trustee will approach major strategic decisions for the Scheme. |
| Members’ views and non-financial factors | This section outlines how the Trustee will approach Members’ views and non-financial factors. |

Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme’s policy with regards to ESG as a material risk. The next page details how the Scheme’s ESG policy is implemented. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

The following table outlines the areas by which the Scheme’s investment managers are assessed on when evaluating their ESG policies. The Trustee will review the Scheme’s ESG policies and engagements periodically to ensure they remain fit for purpose.

Implementing the Current ESG Policy

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| Areas for monitoring and engagement | Method for monitoring and engagement | Circumstances for  additional monitoring and engagement |
| Environmental, Social, Corporate Governance factor and the exercising of rights. | * The Trustee receives information from its investment advisers and/or platform provider on the investment managers’ approaches to engagement. | * The manager has not acted in accordance with their policies and frameworks. * The manager’s policies are not in line with the Trustee’s policies in this area. |

Engagement and Voting

Please see below for details on the engagement and voting actions including a summary of the activity for the 12 months to 31 December 2020.

Engagement

The Scheme’s investments have provided details on their engagement actions. including a summary by category, for the 12 months to 31 December 2020.

M&G have not provided engagement information related to their Gilts-based funds.

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| Fund name | Engagement summary | Commentary |
| M&G Long Dated Corporate Bond Fund | Total engagements: 10  ESG-related: 10  Other: 0 | M&G aims to engage with senior individuals across various environment teams and seek to identify key risks from an environmental perspective. Across different industries, they monitor and engage companies on a broad range of issues such as climate change strategies, supply chain transparency, director renumeration, environmental, social issues, transparency and disclosure.  An example of a specific engagement:  AB InBev – M&G met with the IR and sustainability teams to urge AB InBex to set medium-term scope 1-3 emissions reduction targets, as well as a net zero target for 2050 or sooner.  As a result of the engagement, M&G are confident the company is aware of its challenges and is working on the solutions, which could include the increased use of returnable glass bottles and recycling plastic. M&G are awaiting the companies next ESG report to decide if further near-term engagement is necessary |
| M&G PP Episode Income Fund | Total engagements: 7  ESG-related: 7  Other: 0 | An example of a specific engagement:  GlaxoSmithKline – M&G held a dedicated engagement with senior individuals across the environment, anti-microbial and supply chain teams. In particular, M&G raised the issue of board responsibility of meeting climate targets and technical expertise relating to climate change.  The board now aims to focus increasingly on environmental issues, the company does not yet have any climate-related targets linked to incentivisation but this has flagged this to the remuneration committee. |
| BMO Equity-linked Real DLDI | Total engagements: 13  ESG-related: 13  Other: 0 | BMO engage through the LDI portfolio by focussing on trading counterparties and clearing members.  BMO structures their engagement work in terms of prioritisation, (i.e. in terms of companies to whom BMO have the greatest exposure and to companies whom they consider to have the greatest ESG deficiencies) and in terms of progress monitoring against predefined milestones. |
| L&G Dynamic Diversified Fund | Total engagements: N/A | L&G were unable to provide engagement data at fund level. |

Voting

The Scheme has provided details on its investments voting actions including a summary of the activity covering the reporting year up to 31 December 2020. The manager also provided examples of any significant votes.

As voting is not applicable to Gilts-based funds or LDI funds, M&G and BMO have not provided voting information in respect of those funds.

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| Fund name | Voting summary | Examples of significant votes | Commentary |
| M&G Long Dated Corporate Bond Fund | Votes cast: 9  Votes in favour of proposed action: 9  Votes not in favour of proposed action: 0  Votes ‘abstained’: 0 | Manchester Airport Group Funding PLC – M&G consented to a vote relating to a waiver request due to the impact of COVID-19. | M&G did not provide any additional commentary. |
| M&G PP Episode Income Fund | Votes cast: 1,278  Votes in favour of proposed action: 1,180  Votes not in favour of proposed action: 86  Votes ‘abstained’: 12 | HSBC – M&G voted against the approval of a remuneration report after concerns of excessive remuneration after a dividend cut and the difficult market conditions. |
| L&G Dynamic Diversified Fund | Votes cast: 80,979  Votes in favour of proposed action: 68,282  Votes not in favour of proposed action: 12,147  Votes ‘abstained’: 551 | An example of a significant vote includes the following:  Whitehaven Coal – L&G voted for the resolution to approve capital protection after shareholders asked the company for a report on the potential wind-down of their coal operations, with the potential to return increasing amounts of capital to shareholders. As the role of coal in the future energy mix is uncertain due to the competitiveness of renewable energy and increasing regulation, L&G have advocated for managed decline for fossil fuel companies, with capital returned to shareholders instead of being spent on diversification and growth assets, hence L&G voted for the resolution. | L&G’s voting activated are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for their clients. |