

# **INTELEK PENSION SCHEME**

## **ENGAGEMENT POLICY IMPLEMENTATION STATEMENT**

**1 January 2020 to 31 December 2020**

### **Introduction**

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles (“SIP”) produced by the Trustees of the Intelek Pension Scheme (“Scheme”), has been followed during the year to 31 December 2020. 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 Scheme**

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The primary objective of the Trustees is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

### **Investment Strategy**

During the course of the financial year, the Trustees, with advice from the Scheme’s investment consultant, de-risked the Scheme’s investment strategy by reducing the allocation to growth assets in favour of an increased allocation to credit and liability driven investment instruments.

The Trustees received confirmation from the Scheme Actuary during the process of revising the investment strategy that their investment objectives and the resultant investment strategy remained consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

### **Review of the SIP**

The Scheme’s SIP was updated over the course of the year. The changes made to the SIP reflect the revised investment strategy and include new legislative wording requiring the Trustees to state their policies regarding ‘financially material’ and ‘financially non-material’ considerations.

### **Scheme's Investment Structure**

The Scheme's only investment is a Trustee Investment Policy with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers.

JLT Investment Management (JLT IM), now a part of Mercer, has fiduciary responsibility for the selection of pooled funds on the Mobius Platform.

As such, the Trustees have no direct relationship with the Scheme's underlying investments managers.

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

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance ("ESG") factors.

The Scheme's SIP includes the Trustee's policies on ESG factors, stewardship and climate change. The policies were last reviewed in September 2020. The Trustees keep their policies under regular review with the SIP subject to review at least triennially.

### **Engagement**

In the relevant year the Trustees have not engaged with either Mobius, JLT IM, or the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change. However, the Trustees review the stewardship and ESG policies of the Fund managers periodically with help from their investment advisers.

### **Voting Activity**

The Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustees have therefore effectively delegated its voting rights to the managers of the funds the Scheme's investments are ultimately invested in.

The Trustees have not been asked to vote on any specific matters over the Scheme year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Scheme's assets are ultimately invested.

The Trustees note that best practice in developing a statement on voting and engagement activity is evolving and they will take on board industry activity in this area before the production of next year's statement.

The table on the following page sets out a summary of the key voting activity over the financial year.

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	abstentions		
<b>Columbia Threadneedle Multi Asset Fund</b>	ISS – for voting execution and recommendations; IVIS - recommendations only; Glass Lewis – recommendations only.	6,789	5.88%	3.62%	Columbia Threadneedle considers a significant vote to be any dissenting vote i.e. where a vote is cast against (or where we abstain/withhold from voting) a management-tabled proposal, or where we support a shareholder-tabled proposal not endorsed by management.	Amazon.com, Inc. – Columbia Threadneedle voted ‘for’ the election of Director Thomas O. Ryder, as he is an affiliate serving on a key committee. Facebook, Inc - a vote ‘for’ was cast for Report on Median Gender/Racial Pay Gap. Fund considered there was Material social risk for business; in shareholders' interests.
<b>Nordea Diversified Return Fund</b>	ISS – for the technical expertise and voting platform, as well as their global reach, and second opinion NIS – small niche player which provides input and third opinion	1,381	9.63%	1.01%	Nordea Funds have an aggregated voting strategy, meaning that they strive to vote for as large part of their total holdings in any given company as possible. When deciding which companies to vote in, Nordea Funds use a methodology based primarily on the value of the holding and the ownership level in the specific company. Other factors include the presence of any specific ESG reason, the company’s need for support or if they have an ongoing engagement.	Fedex – Nordea voted against a resolution summarized as “Report on Lobbying Payments and Policy”, due to the spending of large sums direct and through memberships in different organizations on lobbying with very limited transparency for shareholders. Starbucks – Nordea voted against the re-election of Director Jorgen Vig Knudstorp, since Starbuck’s new sustainability goals do not include any human rights related issues and Mr. Knudstorp is the current Chair for the Nominating and Corporate Governance Committee, responsible for sustainability.
<b>Pictet Multi Asset Fund</b>	ISS – for monitoring meetings data and voting schedules	341	5.87%	None	Pictet considers a vote to be significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or we hold an important stake in the company.	Tuftons - Pictet supported ISS recommendation on the resolution to vote against re-electing Robert King due to the lack of diversity in the board and for holding more than five mandates. SQN Asset Finance – Pictet voted against the “continuation of company as Closed-Ended Investment company”, due to the small size and unlikeliness to grow over a twelve-month period, so preference was for a wind down of the company.