

Molins UK Pension Fund Implementation Statement – June 2024

Why have we produced this Statement?

The Trustee of the Molins UK Pension Fund have prepared this statement to comply with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustee has complied with the voting and engagement policies detailed in the Fund's Statement of Investment Principles (SIP).

What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustee's investment objectives and investment strategy.

It also explains how and why the Trustee delegates certain responsibilities to third parties, the risks the Fund faces and the mitigated responses.

The Trustee last reviewed the SIP in June 2023.

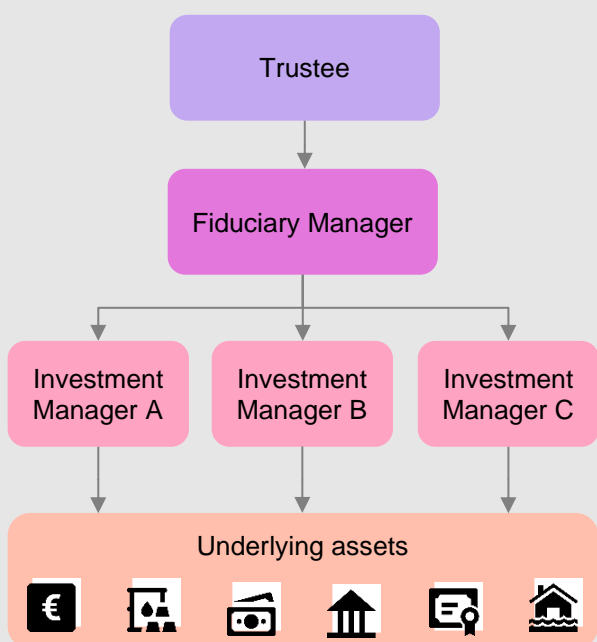
What is the purpose of this Statement?

1. To explain how the Trustee's engagement policy has been applied over the year.
2. To describe the voting rights attached the Fund's assets have been exercised over the year.

What changes have we made to the SIP?

No changes were made to the SIP over the year.

How are the Fund's investments managed?



Trustee - The Trustee's key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustee retain overall responsibility for the Fund's investment strategy but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

Fiduciary Manager (WTW) – The Trustee employs a Fiduciary Manager to implement the Trustee's investment strategy. The Fiduciary Manager allocates the Fund's assets between asset class and investment managers.

Investment managers – The Fiduciary Manager appoints underlying investment managers either using a pooled vehicle or a segregated mandate where these assets are held directly in the Fund's name. The Fiduciary Manager will look for best in class specialist managers for each asset class.

Underlying assets – The investment managers pick the underlying investments for their specialist mandate eg shares in a company or government bonds.

Why does the Trustee believe voting and engagement is important?

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustee further believes that voting and engagement are important tools to influence these issues.

The Trustee has appointed a Fiduciary Manager who shares this view and has embedded the consideration of ESG factors, voting and engagement in its processes.

The Trustee incorporates an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

What is the Trustee's voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations. The Trustee assesses that ESG risks, including climate change, pose a financial risk to the Fund and that focussing on these issues is ultimately consistent with the Trustee's fiduciary duties and the financial security of its members

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors are considered to be particularly influential to outcomes, the Trustee expect the Fiduciary Manager to engage with investment managers to improve their processes.

What are the Fiduciary Manager's policies?

Climate change and net zero pledge

The Trustee believes Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has committed to targeting net zero greenhouse gas emissions by 2050 at the latest, with a 50% reduction by 2030, in the portfolios that it manages including the Fund's.

Public policy and corporate engagement

The Fiduciary Manager partners with EOS at Federated Hermes, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2023 include:

- Engagements with 1,041 companies on a total of 4,272 issues and objectives.
- 31 responses to consultations or proactive equivalents and 90 discussions with relevant regulators and stakeholders.
- Voting recommendations on 128,101 resolutions, with 22,716 against management.
- Active participation in a range of global stewardship initiatives.

Industry collaboration initiatives

The Fiduciary Manager engages in several industry initiatives including:

- Signatory of the UK Stewardship Code
- Co-founder of the Net Zero Investment Consultants Initiative
- Member of Net Zero Asset Managers Initiative
- Signatory of the Principles for Responsible Investment (PRI)
- Member of the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC)
- Co-founder of the Investment Consultants Sustainability Working Group
- Founding member of The Diversity Project
- Supporter of the Transition Pathway Initiative

How does the Fiduciary Manager assess the investment managers?

Investment manager appointment - The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2023 the Fiduciary manager conducted engagements with over 150 managers on sustainability and stewardship. In 2022 it also introduced engagement priorities on climate, modern slavery and engagement reporting for all our asset managers.

Investment manager monitoring - The Fiduciary Manager produces detailed reports on the investment managers' ESG integration and stewardship capabilities on an annual basis.

Investment manager termination - The Fiduciary Manager engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Fiduciary Manager may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. No investment managers were terminated on these grounds during the year.

What are the voting statistics we provide?

The Fund is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Fund's equity investment managers.

Responses received are provided in the following pages. The Trustee used the following criteria to determine the most significant votes:

- Climate change
- Financial outcome for members, including size of holding
- High profile vote, including votes not supporting company management

The Fund's equity holdings were held within the State Street Global Advisors (SSgA) Multi-Asset Diversified Growth Sub-Fund as at year end 2024. A diversified return seeking fund that invests across equities, credit, real assets and downside protection. The Multi-Asset Diversified Growth Sub-Fund was added to the portfolio on 18 April 2024.

WTW views SSgA's approach to sustainable investment as acceptable. Management have been clear on their support for the value of stewardship. In addition, SSgA has undertaken a successful multi-year campaign on diversity with clear tracking of progress/action with voting and engagement linked to real world impact. SSgA highlighted an increased focus on the climate transition, beginning with a small universe of companies for engagements. There has also been a commitment to placing someone senior at the helm of ESG thought leadership, with a focus on ESG integration.

In conclusion...

...The Trustee is satisfied that over the year, all SIP policies and principles were adhered and in particular, those relating to voting and engagement.

Multi-Asset – Diversified Growth Sub-Fund

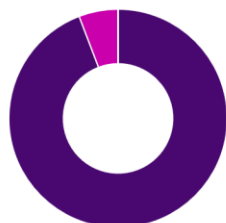
Voting activity over the year



Fiduciary Manager's assessment

Voting activity over the year

Number of votes eligible to cast: 1,371
Percentage of eligible to cast: 98%



■ For: (94.2%) ■ Against: (5.8%)

Significant vote

Company: Amazon.com, Inc

% Fund: 0.61%

Vote topic: Commission a third-party audit on working conditions

Issue: This proposal merits support as the company's disclosures related to facility safety are not reasonable.

Voting instruction: For management resolution

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Worker protection and size of holding

Next steps: Where appropriate, the company will be contacted to explain the voting rationale and conduct further engagement.

Significant vote

Company: Old Dominion Freight Line, Inc.

% Fund: 0.03%

Vote topic: Adopt greenhouse gas emissions reduction targets aligned with the Paris agreement goal

Issue: This proposal merits support as the company's climate-related disclosures not in line with the manager's policy.

Voting instruction: For management resolution

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Environmental-related shareholder proposals

Next steps: Where appropriate, the company will be contacted to explain the voting rationale and conduct further engagement.

Voting policy: The manager holds discretionary proxy voting authority over most client accounts and carefully votes these proxies in a manner that protects and promotes the long-term economic value of client investments. The Stewardship team's activities are overseen by the ESG Committee, which is responsible for reviewing the stewardship strategy, engagement priorities, and proxy voting guidelines, while also monitoring the achievement of voting objectives. Additionally, the ESG Committee oversees the Stewardship team, reviews any departures from proxy voting guidelines, and manages conflicts of interest related to proxy voting.