

Aurum Retirement Benefits Scheme

Statement of Investment Principles - Implementation Statement

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) 2019 Regulations. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statement of Investment Principles (SIP) dated September 2020 have been implemented. The SIP provides further background details on investment arrangements.

This Statement covers the period 6 April 2020 to 5 April 2021.

Investment managers and funds in use

Asset Class	Fund	Target Asset Allocation
Risk-controlled multi-asset	SSGA Strategic Diversified Sub-Fund	100%
Total		100%

Strategy Review

There have been no changes to the investment manager or target asset allocation over the year.

Scheme Governance

The Trustee board is responsible for making investment decisions, and seeks advice as appropriate from Broadstone Consultants & Actuaries Limited ('Broadstone'), as the Trustee's investment consultant.

The Trustee does not actively obtain views of the membership of the Scheme to help form their policies set out in the SIP.

There were no changes to the objectives put in place for Broadstone Consultants & Actuaries Limited which were last reviewed in October 2019. The Trustee is due to formally review these objectives by October 2022, or earlier.

There were no changes to the investment management agreements with State Street Global Advisors (SSGA) during the year.

Statement of Investment Principles

The Trustee last reviewed the Statement of Investment Principles (SIP) in September 2020. The Statement of Investment Principles was also updated in September 2019, for new investment regulations in relation to Environmental, Social & Governance (ESG) considerations.

The Trustee has a policy on financially material considerations relating to Environmental, Social and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustee has a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out below and are detailed in the SIP.

There were no departures from the policies set out in the SIP, including the Trustee's policies on financially and non-financially material considerations, during the year.

Policy for taking into account financially material ESG considerations

Trustee's Policy: *The Trustee believes that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making may lead to better risk adjusted investment returns. The Trustee expects their investment manager, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustee assesses the ESG integration capability of their investment manager.*

There have been no changes to the Trustee's policy, nor any departures from their policy, during the year.

The Trustee notes that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustee is satisfied that the fund currently invested in by the Scheme is managed in accordance with their views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

The Trustee has access to updates on governance and engagement activities by the investment manager, and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustee acknowledges that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their investment manager, given they are investing in a pooled fund.

A summary of the Trustee's views for each asset class in which the Scheme invests is outlined below.

Asset Class	Actively or Passively Managed?	Comments
Risk-controlled multi-asset	Active	The Trustee expects the investment manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the manager to use its discretion to generate higher risk adjusted returns. The Trustee also expects the investment manager to engage with the underlying investee companies, where possible, although it appreciates that fixed income assets within the portfolio do not typically attract voting rights.

Policy for taking into account non-financial ESG considerations

Trustee's Policy: *Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects their investment manager, when exercising discretion in investment decisions making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.*

There have been no changes to the Trustee's policy, nor any departures from their policy, during the year.

Policy on the exercise of voting rights and engagement activities

Trustee's Policy: *The Trustee believes that in order to protect and enhance the value of the investments, over the time horizon over which the benefits are paid, they must act as a responsible asset owner. The Trustee expects their investment manager to exercise their ownership rights, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an ongoing basis the Trustee (delegating to the investment consultant where appropriate) assesses the stewardship and engagement activity of their investment manager.*

There have been no changes to the Trustee's policy, nor any departures from their policy, during the year. In particular, all voting activities have been delegated to the investment manager, as the Trustee does not have the administrative mechanism to cast votes on the underlying holdings, given the pooled nature of the Scheme's investments.

The Trustee currently invests in a pooled investment fund with the investment manager, and they acknowledge that this limits their ability to directly influence the investment manager.

However, the Trustee meets with their investment manager at one or more Trustee's meetings each year, and periodically engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustee. As part of this, the Trustee will seek to challenge their investment manager on these matters where they think this is in the best interests of members.

To complement this monitoring, the Trustee has access to stewardship and governance reports from SSGA on an annual basis.

Within the current investment arrangements, the risk-controlled multi-asset fund contains equity holdings. Therefore this fund has voting rights attaching to these underlying equities.

The investment manager uses the services of a third party proxy voter when exercising voting rights and will often engage with investee companies directly. The third party proxy voter used is confirmed in the table below.

The Trustee has delegated engagement activities to their investment manager, and they have access to the investment manager's quarterly reports on how they have voted on behalf of the Trustee for the underlying holdings.

A summary of the votes made by the investment manager from 1 April 2020 to 31 March 2021 on behalf of the Trustee (where the investment owns equities) is provided in the table below. The analysis is based on the latest information available from the investment manager.

Manager	Pooled or Segregated?	Third Party Proxy Voter	Resolutions Voted On	Resolutions Voted:		
				For	Against	Abstained
SSGA	Pooled	ISS	185,222	85%	15%	0%

The voting activity set out above is presented at the company level, rather than being scheme or fund specific. The Trustee will work with their investment manager to obtain more detailed fund-specific voting information in future years.

The Trustee has requested details of the significant votes made on behalf of the Trustee (where voting rights are attached). Details of these significant votes are provided below, together with engagement activities where voting rights are not held by the investment manager. The notable engagement activities of the investment manager are provided below:

- **State Street** engaged with the CEO of Unilever Plc, who became the second company in the world to put its climate transition plan to a shareholder vote. In their engagement with the CEO,

he made it clear that the company is determined to be a world-wide leader in sustainability. State Street noted that, unusually, Unilever do not have a sustainability strategy that is separate from business strategy, but rather a business strategy with sustainability built in, with the CEO noting that with the demand for sustainable products growing, sustainability represents an opportunity rather than a challenge. The company also applies a sustainability lens to innovation, stating during the engagement that it is more efficient to innovate their own brands than to acquire others. Unilever has also set a target of net zero carbon emissions in both its operations and in the supply chain (up to point of sale) by 2039, with the first shareholder vote completed in May 2021 and subsequent votes every three years. State Street continue to engage with the company on both fronts.

The Trustee is comfortable with the investment manager's approach for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

The Trustee also considers an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Monitoring of Investment Arrangements

In addition to any reviews of investment managers or approaches, and direct engagement with investment managers (as detailed above), the Trustee receives performance reports on a quarterly basis from SSGA to ensure the investment objectives set out in their SIP are being met.

Signed: Caroline Browne

Date: 20/09/2021

For and on behalf of the Trustee of the Aurum Retirement Benefits Scheme