

# The British Museum Publications Ltd Supplementary 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 17 September 2020 have been implemented. The SIP provides further background details on investment arrangements and should be read in conjunction with the Trustee's Chair's Statement for the period ending 31 March 2022.

This Statement covers the period 1 April 2021 to 31 March 2022.

### Investment manager and funds in use

The investment funds used for the Scheme are set out in the table below:

Asset Class	Manager	Fund
Multi asset	Aegon	High Equity With-Profits Fund
	Aegon	Mixed Fund
Cash	Aegon	Cash Fund

### Default Investment Strategy

The Scheme is not a qualifying Scheme for auto enrolment purposes and as such is not required to have a default arrangement and is not subject to the additional governance requirements placed on default arrangements.

### Strategy Review

There have been no changes to the investment manager, default investment strategy for members, and self-select options available to members in the Scheme.

### Scheme Governance

Governance arrangements, in terms of the constitution of the trustee board, service level agreements with providers, processing of core financial transactions, costs and charges and investment arrangements, are detailed in the Trustee's Chair's Statement.

The Trustee board is responsible for making investment decisions surrounding the range and suitability of investment funds made available to members, and seeks advice from Broadstone Corporate Benefits Limited, 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 also no changes to the investment management agreements with the investment manager during the year.

### Trustee Knowledge and Understanding

The Trustee's board of Directors has the appropriate knowledge and understanding to ensure its policies on financially and non-financially material considerations, as well as engagement and voting

activities, are and remain appropriate for the Scheme. The Trustee Directors have developed their knowledge and understanding over the year, and further details are set out in the Chair's Statement.

In particular:

- Trustee Directors have completed the online Trustee Toolkit. The Trustee Directors complete new modules or amended modules as they are added or changed. In addition the Trustee Directors will revisit modules to refresh their knowledge periodically as necessary.
- The Trustee Directors receive regular training on a range of relevant topics including investment updates and legislative changes, and are encouraged to identify gaps in their knowledge
- The Trustee maintains a training register to keep a log of all training undertaken. The log is assessed from time to time to identify knowledge gaps
- The Trustee Directors are conversant with the Trust Deed and Rules and the powers granted to them
- The Trustee Directors are conversant with the Statement of Investment Principles for the time being maintained under Section 35 of the Pensions Act 1995
- The Trustee Directors keep up to date with developments in the DC landscape and new guidance issued by the Pensions Regulator.

### Statement of Investment Principles

The Trustee last reviewed the Statement of Investment Principles (SIP) in September 2020, when it was updated to comply with the 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 material 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 on financially material 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 can lead to better risk adjusted investment returns. The Trustee expects the investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustee (delegating to the Investment Consultant where appropriate) assesses the ESG integration capability of the investment managers.*

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 has sought Broadstone's advice in assessing the managers' activity against the Trustee's policies. Broadstone are satisfied that the funds currently invested in by the Scheme are managed in accordance with the Trustee's 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.

This position is monitored periodically. As part of the monitoring process, the Trustee and Broadstone have access to updates on governance and engagement activities by the investment manager and the Trustee receives input from Broadstone on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustee acknowledges that it is delegating the consideration of financially material factors in relation to determining the underlying holdings to the investment manager given they are investing in pooled funds.

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
Multi asset	Active	The Trustee expects the investment managers to take financially material ESG factors into account, given the active management style of the funds and the ability of the managers to use their 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 funds do not typically attract voting rights.
Cash	Active	The Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

### Policy for taking into account non-financially material 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 the investment managers, when exercising discretion in investment decision 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 material reduction in the efficiency of the investment. Members' views are not sought on nonfinancial matters (including ESG, quality of life considerations and ethical views) in relation to the selection, retention and realisation of investments.*

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 expects the investment managers to exercise voting rights on all resolutions at annual and extraordinary general meetings of companies. The Trustee (delegating to an investment consultant where appropriate) has seen the policy objectives of each of the investment managers regarding voting and engagement and believe that they are compatible with their own policy. The Trustee expects each investment manager to report to them on the implementation of, and any changes to, their policies on voting and engagement.*

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 any legal right to vote on the underlying holdings, given the pooled nature of the Scheme's investments.

The Trustee currently invests in pooled investment funds with the investment manager, and the Trustee acknowledges that this limits its ability to directly influence each investment manager.

The Trustee has employed Broadstone to assist in monitoring the voting and engagement activity of the investment managers, and a summary of this activity is provided to Broadstone, and available to the Trustee each quarter. The Trustee, with the assistance of Broadstone, concluded that the voting and engagement activity of the investment manager is in line with the Trustee’s policy on voting and engagement.

Within the current investment arrangements, the High Equity With-Profits Fund and Mixed Fund contain equity holdings, and therefore have voting rights attached 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 voters used are confirmed in the table below.

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

A summary of the votes made by the investment manager on behalf of the Trustee is provided in the table below from 1 January 2021 to 31 December 2021, based on the latest information available from Aegon.

Manager	Pooled or Segregated?	Third Party Proxy Voter	Meetings Voted On	Meetings Voted:	
				Number of meetings with at least one vote against management	Number of meetings with at least one vote abstention
<b>Aegon</b>	Pooled	ISS	2,963	1,101	210

In previous years, Aegon have provided the percentage splits between votes which are cast either with or against management during the calendar year. For this year’s statement, this information was not available upon request, and so is presented in a different format provided by Aegon.

The votes above are at the company level, rather than being scheme or fund specific. The Trustee will work with the investment manager to obtain this information in future years as appropriate.

The Trustee is required to provide information on the “significant votes” cast by the investment managers. What constitutes a significant vote is not entirely clear, however, the Trustee has been advised by Broadstone and are satisfied that this notable engagement activity section as set out fulfils this requirement. This disclosure reflects engagement at the company level, and does not imply that it reflects engagement on investments made by the Scheme.

The notable engagement activity of the investment manager is provided below:

- **Aegon** is working with a multinational bank and financial services company to understand how it would implement its transition strategy in the face of scrutiny from ShareAction. After initial direct engagement with the company, Aegon concluded a clear measurable strategy was lacking to reduce the amount of environmentally damaging activities that were being funded, and encouraged the firm to set out clear climate ambitions. ShareAction’s resolution put forward in 2021 requested that the company reduce its exposure to fossil fuel assets (i.e. coal) on a timeline aligned with the goals of the Paris agreement. Whilst the company was responsive to the resolution, it was light on details about the targets. As a result of Aegon’s engagement efforts, the company increased the level of detail, to the extent that ShareAction withdrew its resolution prior to the AGM (i.e. signalling that a clear mandate for a climate transition had been produced by the company). The company also outlined a coal phase-out

policy in December 2021, and Aegon, along with other investors, will continue to engage with the company as they seek to implement this.

On behalf of the Trustee, Broadstone have reviewed and are comfortable with the investment managers' approach for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor. The Trustee notes that Broadstone are satisfied that the underlying investment managers' engagement activities and voting activity has been managed in line with their policies.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall 'score' which represents how well ESG metrics are incorporated into managers' investment processes. Investment managers will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report. Scores are presented in performance bands ranging from 'A+' to 'E' (A+ being the highest grade). The latest UNPRI score for the investment manager is outlined in the table below.

Manager	UNPRI Score
<b>Aegon</b>	A+
<i>Median Manager Score</i>	A

Broadstone, on behalf of the Trustee, also considers the investment managers' policies on stewardship and engagement when assisting the Trustee in selecting and reviewing investment managers.

### Monitoring of Investment Arrangements

In addition to any review of investment manager, investment approach, and investment manager engagement the Trustee, for the funds under investment, reports on the individual fund performances annually. This information is set out in the annual chair statement.

**Signed:** Jane Whittaker

**Date:** 1 September 2022

**On behalf of the Trustee of The British Museum Publications Ltd Supplementary Retirement Benefits Scheme**

**September 2022**