

Agfa UK Group Pension Plan - Implementation Statement for 2019 DB Regulations

Statement of Compliance with the Agfa UK Group Pension Plan's Stewardship Policy for the year ending 31 March 2023

Introduction

This is the Trustee's statement prepared in accordance 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 Plan's Stewardship Policy during the period from 1 April 2022 to 31 March 2023.

Stewardship policy

The Trustee Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Plan's assets which includes the Trustee's approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Plan's Stewardship Policy is reviewed on an annual basis in line with the Plan's Statement of Investment Principles (SIP) review which was last completed on 10 March 2022 (the SIP has been updated as part of the annual review following the end of the Scheme year in July 2023).

You can review the Plan Stewardship Policy which can be found within the Plan's Statement of Investment Principles, available at <https://www.psgovernance.com/communications/agfa-uk-group-pension-plan.html>.

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Plan's investment managers. The Trustee believes it is important that its investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustee's own engagement activity is focused on its dialogue with its investment managers which is undertaken in conjunction with their investment advisers. The Trustee will aim to meet with its managers on an annual basis and the Trustee considers managers' exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustee also monitors its compliance with its Stewardship Policy on a regular basis and is satisfied that they have complied with the Plan's Stewardship Policy over the last year.

Voting activity

During the period 1 April 2022 to 31 March 2023 the Plan was not invested in equity and therefore there is no voting activity to report on.

Engagement activity

The Trustee was invested in the following mandates between 1 April 2022 and 31 March 2023:

Table 1: Manager investment periods

Manager	Fund	Investment Period
BNP	Corporate Bonds	1 April 2022 to 13 September 2022
	Insticash	1 April 2022 to 13 September 2022
Insight	LDI Solution	1 April 2022 to 23 September 2022
	Liquidity Plus Fund	1 April 2022 to 31 March 2023
	Secured Finance II	1 April 2022 to 30 September 2022

The Trustee holds meetings with their investment managers on a regular basis where stewardship issues are discussed in further detail. Over the last 12 months, the Trustee met with Insight, their sole continuing manager. Insight attended the Investment Sub-Committee meeting on 9 March 2023, to discuss the proposed investment into the Insight Liquidity Fund and Fully Funded gilt funds. Insight covered the following topics:

- 2022 Gilts crisis and Insight's response (including a response to media commentary regarding the fair value adjustment applied to Insight LDI pooled funds during the gilts crisis)
- Performance update on ILF+
- Fund overview and risk/return profiles for the Insight Liquidity Plus fund and Fully Funded Gilt Funds
- Modelling and implementation timeline for the proposed investment
- Responsible investment in LDI

Summary of manager engagement activity

The following table summarises the key engagement activity over the period ending 31 March 2023. Timescales for the engagement data reported are provided in the footnotes.

Table 2: Manager engagement activity

Manager: Fund	Number of engagements	Topics engaged on
BNP ¹	BNP engaged with 373 companies through 634 interactions	Corporate governance and Voting, ESG performance of green bonds, sovereigns, and corporates, Thematic 3Es (Energy Transition, Environmental Sustainability, and Equality and Inclusive Growth)
Insight Secured Finance II Fund ²	50	Insight do not currently track this data for Secured finance instruments. Most engagements are direct and substantive in nature and involve discussions, as many relate to the improvement of data provided by originators and the inclusion of ESG into their loan underwriting process.
Insight Liquidity Plus Fund ²	25	Climate Change, Diversity and Inclusion, Remuneration, Reporting, Shareholder rights
Insight LDI	37	Climate change, Lobbying, Diversity and Inclusion, Reporting, Shareholder rights, Risk Management

¹BNP data is taken from the 2022 Sustainability Report and covers all BNP engagement over the period 1 January 2022 to 31 December 2022.

²Insight data covers the period 1 April 2022 to 31 March 2023.

Review of policies

The Trustee and its advisors remain satisfied that the responsible investment policies of the managers and, where appropriate, the voting policies remain suitable for the Plan.

Bert Heylen - 31 July 2023