

# IMPLEMENTATION STATEMENT

## NICEIC Pension Scheme

The Trustee of the NICEIC Pension Scheme has prepared this Implementation Statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Trustee has followed the policy on voting, stewardship and engagement as set out in the Scheme's Statement of Investment Principles (SIP), dated July 2024. This statement covers the period 31 March 2024 to 31 March 2025.

In October 2023, the Trustee secured an annuity policy with Just Retirement Ltd ("Just"). Hence, most of the Scheme's assets are invested in Just as an annuity policy. The remaining holdings are invested with WTW's Secured Income Fund but redemption notices have been submitted to WTW in order to fully redeem the Scheme's unit holdings. The Trustee have been using the proceeds of these redemptions to settle further agreed premiums to Just to finalise securing all member's benefits via annuity policies.

### Voting and Engagement Policy

A summary of the Trustee's policy as set out in the SIP in respect of voting, stewardship and engagement is:

- 1) The Trustee believes that environmental, social and corporate governance (ESG) factors, including climate change, may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole.
- 2) It is the Trustee's expectation that investment managers will take into account financially material considerations, including ESG factors, in managing the Scheme's assets. This includes consideration of all financially material factors, and other relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG-related issues where relevant.
- 3) The Trustee will consider ESG factors as part of the selection of any new investment managers. The relative importance of these factors compared to other factors will depend on the asset class being considered.
- 4) The Trustee's policy is that day-to-day decisions relating to the investment of the Scheme's assets and responsibility for exercising ownership rights (including voting rights) attaching to investments are, in effect, delegated to its investment managers. The Trustee recognises the UK Stewardship Code as best practice and encourages its investment managers to comply with it or explain why they do not adhere to this policy. Responsibility for engagement in respect of investments held by the Scheme is, in effect, delegated to the investment managers. The Trustee's expectation is that engagement will take place, either directly or as part of a collective multi-investor initiative as appropriate, with the aim of protecting or enhancing the value of the Scheme's investments.
- 5) The Trustee is satisfied that, where appropriate, the investment managers have an explicit strategy elucidating the circumstances in which they will intervene in a company, the approach they will use in doing so and how they will measure the effectiveness of this strategy. The Trustee will monitor how the investment managers fulfil their responsibilities with regard to voting and engagement through the regular reporting provided by the managers to its advisers.

- 6) The investment managers' performance and investment processes are reviewed from time to time and it is expected that a review meeting will be held with each manager around once a year. Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and the managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

The Trustee is of the opinion that this policy has been followed during the year. In particular:

- The Trustee has submitted redemption notices to WTW in order to fully redeem the Scheme's unit holdings in the WTW's Secured Income Fund. Therefore, the Trustee has not considered a review meeting with WTW necessary this year as they expect to be fully divested by early 2026.
- The WTW fund is a long-term investor in illiquid assets and as such there is a focus on responsible investments and appropriate governance when they are undertaking the due diligence on companies and projects that they are planning to invest in.
- The Trustee receives quarterly reports from WTW which set out the funds' performance and further details on the managers' stewardship of the funds.

The Trustee has considered its policy in regard to voting and stewardship and concluded that:

- WTW stewardship policies and implementation on behalf of the Trustee remain aligned with the Trustee's views on these matters but it is noted that the Trustee will have fully divested from the WTW fund in early 2026
- The current policy is appropriate, and no further action is required.

## **Voting Record**

Due to the nature of the Scheme's investments there are no longer any equity or other asset holdings that include voting rights for the Trustee to monitor and comment on as part of the review of the stewardship of the Scheme's assets.

## **WTW Stewardship**

The WTW Secure Income Fund is a long-term investor in a diversified range of illiquid assets which can be categorised under the following headings - social housing, long-lease, ground rents, healthcare long-lease, social infrastructure and renewable energy.

## **Just Annuity Stewardship**

The responsibility for managing arrangements with underlying investment managers lies with Just (the "Insurer"). This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the long term objectives of the Insurer; as well as having appropriate performance, costs (including turnover costs), and remuneration monitoring with respect to the appointed asset managers. In addition, we (the Trustee) expect that the Insurer uses its influence and purchasing power (where possible) to ensure that Environmental, Social, and corporate Governance ("ESG") factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties.

We have limited ability to incentivise the Insurer to align its investment strategy and decisions with our policies in relation to stewardship, corporate governance, and responsible investment. However, given the nature of the buy-in policies, such as the annuity purchased by the Scheme, we believe that the Insurer is appropriately incentivised to make decisions relating to the medium and long term financial and non-financial factors which may influence performance.

We recognise our responsibilities as a steward of investment capital; however, in endeavouring to invest in the best financial interests of the beneficiaries, we elected to purchase the annuity and recognise that we cannot, therefore, directly influence the ESG integration nor stewardship policies and practices of the Insurer.