



ASD PLC Pension Scheme

August 2024

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP.

The Implementation Report details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 5 April 2024 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

Summary of key actions undertaken over the Scheme's reporting year

The Trustee monitors the Scheme's investments on an ongoing basis, including receiving regular reporting from Mobius.

Over the reporting period, the Scheme experienced regular disinvestments in order to cover payments, transfer settlements and further cashflow requirements from the Scheme.

No further actions were undertaken over the year.

Implementation Statement

This report demonstrates that the **ASD PLC Pension Scheme** has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed

Position

Date

Managing risks and policy actions

Risk	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme's assets and present value of liabilities from changes in interest rates and inflation expectations.	To target a hedge of c.90% of interest rate and inflation risks on a self-sufficiency basis.	
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets, so that there is a prudent buffer to pay members' benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	To invest in GBP denominated share classes where possible. to eliminate direct currency risk. Also, to invest with managers that hedge exposure to foreign currency risk in underlying holdings, except where active currency positions are held.	
Longevity	Members of the Scheme living longer than expected, leading to a larger than expected liability.	The Trustee considers the risks associated with longevity when implementing the investment policy.	
Credit	Default on payments due as part of a financial security contract.	The Trustee diversifies this risk by investing in a range of credit opportunities. The Trustee appoints investment managers who actively manage this risk and seek to avoid defaults on any individual credits.	
Counterparty risk	A counterparty fails to meet its financial transaction obligations.	Daily collateral is posted by the counterparties to account for market movements in the value of derivatives held. Additionally, where possible the relevant mandates seek to	

		have a wide array of counterparties to minimise risk.
Concentration risk	Excessive exposure to a single issue/stock/sector etc. which has a potentially disproportionate impact on the Scheme's investments.	The Trustee has previously set an investment strategy that uses multiple asset types, strategies, regions and sectors to ensure sufficient diversification.
Reinvestment risk	Proceeds from the payment of principal and interest which may be reinvested at a lower rate than the original investment.	The Trustee considers the current market condition, with any advice from its advisors when reinvesting.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	The Trustee considers environmental, social and corporate governance factors when selecting, monitoring and engaging in the investments.

Changes to the SIP

No updates were made to the Scheme's SIP over the period to 5 April 2024. The SIP was last updated 26 September 2019.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regards to ESG as a financially material risk. This page details the Scheme's approach to engagement on ESG factors.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights and engagement activity	<p>The Trustees' investment managers provide annual reports on how they have engaged with issues regarding social, environmental and corporate governance issues.</p> <p>The Trustees receive information from its investment advisers and/or platform provider on the investment managers' approaches to engagement.</p>	<p>The manager has not acted in accordance with their policies and frameworks.</p>

Engagement and Voting

Please see attached document from Mobius Life for details on engagement and voting actions including a summary of the activity, covering the 12-month period ending 5 April 2024. The platform provider also provided examples of any significant votes where possible.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.