

# Old British Steel Pension Scheme

## Implementation Statement for the year to 31 March 2021

### Purpose

This Implementation Statement has been prepared by Open Trustees Limited acting as sole independent trustee of the Old British Steel Pension Scheme (the "Trustee" and the "Scheme" respectively) and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on its behalf, over the year.

### How voting and engagement policies have been followed

In summary, during the year to 31 March 2021, the Scheme's investments moved from a segregated account with Legal & General Investment Management Ltd ("LGIM") to a pooled arrangement with LGIM.

In particular, the investment strategy comprised:

- Direct holdings in fixed-interest and index-linked government bonds (together "gilts"), an allocation to LGIM's Sterling Liquidity Fund (a pooled fund structured as a life insurance policy), direct holdings in corporate bonds, physical cash, and derivatives. These were held in varying proportions through the year in the segregated account, until it was closed on 19 March 2021.
- Investments in gilts through pooled funds structured as life insurance policies, an allocation to LGIM's Sterling Liquidity Fund, and physical cash. These were held in varying proportions following the inception of the pooled arrangement on 19 March 2021.

In summary, the Trustee's policy during the year to 31 March 2021, as set out within the Scheme's statement of investment principles ("SIP"), was to delegate responsibility for (where possible) the exercising of rights attaching to and engagement on behalf of the Scheme's investments, to the fund managers (namely LGIM), then monitor their activity and report upon it within the Scheme's Implementation Statement.

The Scheme's investments during the year did not provide voting rights. The Trustee therefore understands that LGIM did not carry out any voting activities in relation to Scheme's investments during the year.

The Scheme's investments during the year also provided limited scope for engagement activities, with the exception of the direct corporate bonds held prior to 19 March 2021. While LGIM were not able to share details of their engagement activities in respect of those corporate bonds, a summary of LGIM's engagement activities at a firm level is set out below.

The Trustee undertook an initial review of the stewardship and engagement activities of LGIM as part of the process of agreeing policies for inclusion in the SIP. The Trustee was satisfied that LGIM's policies were reasonable for the asset classes held and no remedial action was required at that time. In particular, the Trustee was comfortable that LGIM attempts to maximise value on behalf of the Scheme as a long-term investor.

Having reviewed the above in accordance with the policies contained within the SIP, the Trustee is comfortable the actions of LGIM are in full alignment with the Scheme's stewardship policies.

For completeness, the Trustee also entered into a bulk annuity contract with Pension Insurance Corporation ("PIC") during the period. This insurance policy is an asset of the Scheme. However, it is not considered relevant to stewardship given the Trustee has limited influence over PIC's stewardship activities and, in the event any concerns were identified, it is unlikely to result in the Trustee surrendering the policy since doing so could incur significant penalties.

## Engagement activities by LGIM

Manager	LGIM
<b>Fund name</b>	All LGIM Funds
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	n/a
<b>Number of engagements undertaken at a firm level in the year</b>	974
<b>Examples of engagements undertaken by LGIM at a firm level</b>	<p>LGIM were involved in a plethora of different engagement topics, with the most common including:</p> <ul style="list-style-type: none"> <li>• Remuneration;</li> <li>• Climate change;</li> <li>• Diversity; and</li> <li>• COVID-19.</li> </ul> <p>An example is LGIM's engagement regarding Barclays' AGM, in which there has been significant client interest. LGIM endorsed Barclay's ESG target, to shrink its carbon footprint to net zero by 2050, and are focusing on helping Barclays develop plans to achieve their target.</p> <p>Another example is LGIM's engagement with ExxonMobil. The company refused to disclose and set targets for its total carbon emissions, which put it at odds with peers and caused concerns as uncertainty over the long-term prospects of the fossil fuel industry increases. LGIM announced that they would vote against the Chair of the Board at the May 2020 AGM (after excluding the company from its Future World funds in 2019). LGIM's voting intentions were the subject of over 40 articles in major news outlets across the world. LGIM believe this sends an important signal, and will continue to engage, both individually and in collaboration with other investors, to push for change at the company.</p>

**Prepared by the Trustee of the Old British Steel Pension Scheme  
September 2021**