

Ballylumford Power Pension Scheme

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Trustees' annual report and financial statements for the year ended 31 March 2024

Appendix 2 – Implementation Statement (forming part of the Trustees' Report)

Ballylumford Power Pension Scheme Implementation Statement

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Ballylumford Power Pension Scheme ("the Scheme") have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 31 March 2024 ("the reporting year").

Background

In the second half of 2019, the Trustees of the Scheme reviewed and updated their policy in relation to Environmental, Social and Governance (ESG) and voting issues and this new policy was documented in the updated Statement of Investment Principles. During the second half of 2023, the Trustees reviewed the Statement of Investment Principles and amended it to reflect an updated allocation of the invested assets. Following this, the Trustees also agreed at their trustee meeting dated 18th April 2024, on receipt of advice from the Scheme's investment adviser, to fully disinvest the remaining invested assets. The latest version of the Statement of Investment Principles is dated February 2024. A copy of the Statement of Investment Principles can be found online at [EPUKi - Statement of Investment Principles](#).

The Trustees' updated policy

The Trustees have considered the approach to ESG factors when considering their investments. The majority of the Scheme assets are held in a buy-in policy with the Rothesay Life plc following a part VII transfer from the Prudential approved in December 2021. This means that these assets are held in the form of an insurance policy in the names of the Trustees which broadly matches the benefit payments we are required to pay out of the Scheme in respect of members' benefits. The Trustees have no visibility to the assets underlying this policy and there are no assets which are specifically earmarked as funding the Scheme's insurance contract.

The remaining assets as at 31 March 2024 were held in UK index-linked government bonds and cash via pooled investment vehicles.

Where relevant, the Trustees require the Scheme's Investment Managers to take ESG and climate change risks into consideration within their decision-making, in relation to the selection, retention or realisation of investments, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have therefore delegated responsibility for the exercise of rights (including any voting rights) attached to the Scheme's investments to the Investment Managers. The Trustees consider its policy to be consistent with members' best interests. Members' ethical views regarding investment are considered to be non-financial matters and as such are not taken into account in determining the Trustees' investment principles.

Given both the nature of the investments and the time horizon of the Scheme, which is expected to be short, ESG issues are not expected to have a material impact over the time horizon of the Scheme. However, details of how Rothesay approach Responsible Investing can be found at <https://www.rothesay.com/media/5liblhvj/responsible-investment-stewardship-policy-2024.pdf>. Details of their approach to Climate Change and Sustainability can be found in their latest Climate and Sustainability reports at <https://www.rothesay.com/media/1dhp0uzf/rothesay-climate-report-2023.pdf> and <https://www.rothesay.com/media/fp4iy5fh/rothesay-sustainability-report-2023.pdf>

Adherence to the Statement of Investment Principles

During the reporting year, the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

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Appendix 2 – Implementation Statement (forming part of the Trustees' Report) continued

Voting activity

The assets that the Scheme held throughout the year (ending 31 March 2024) had no equity exposure and therefore no voting information was disclosed.

Engagement activity

Due to the nature of the investments held, we are unable to obtain details of any engagement Rothesay has had with the companies in which it invests.