

# Castings Plc (Staff) Pension & Life Assurance Scheme – Annual Engagement Policy Implementation Statement

## Introduction:

This statement sets out how, and the extent to which, the Trustee's policy on Environmental, Social and Governance ("ESG"), Stewardship and Climate Change and the Investment Manager arrangements in the Statement of Investment Principles ("SIP") has been followed during the year to 5 April 2024. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

During the Scheme year under review, investment assets were governed by the SIP in force, dated September 2020 which reflects the Scheme's investment policy following the purchase of the bulk annuity contract ("buy-in") with Aviva. An updated SIP, also reflecting the Scheme's position post buy-in position has been agreed by the Trustee in March 2025.

## Investment Objectives of the Scheme:

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set.

The Trustees' primary objective is to endeavour to meet their obligations to the beneficiaries both in the short and long term. To guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed, the Trustees have considered and adopted the objective of minimising risk as far as possible. As a key step to achieving this, the Trustees, following consultation with the Company, have entered into a bulk annuity contract issued by Aviva. Aviva is authorised by the Bank of England Prudential Regulation Authority to write contracts of long-term life insurance of this nature in the UK.

The Trustees' key short term objective is to ensure an efficient progression towards an insurer buy-out of the Scheme's known liabilities, with the aim of achieving an appropriate discharge of liability in respect of known obligations in accordance with the Scheme's governing documentation and relevant legislation.

In due course, in order to complete buy-out, the known members' benefits will be secured by means of individual annuity policies directly with the members, in accordance with the terms of the bulk annuity policy. The Scheme will then be wound up. The aim is to complete the Scheme's buy-out and wind-up as soon as practicable.

## Policy on ESG, Stewardship and Climate Change

The Scheme's SIP includes the Trustee's policy on ESG factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change. However, since the Scheme's principal assets are a bulk annuity contract and a cash fund investing in short term debt and cash deposits, it is not possible in practice to take ESG factors into account in the retention and realisation of these investments. The Trustees obtained and carefully considered professional advice before entering into the bulk annuity contract, including as regards the selection of Aviva as insurer.

The Trustees expect to maintain the current investments until the Scheme is wound up. The Trustees would consider the extent to which they would take into account how ESG, climate change and stewardship is integrated within investment processes should they need to appoint a new investment manager in the future.

### **Review of the SIP**

The Trustees reviewed the SIP in September 2020 to reflect the decision to invest in a bulk annuity with Aviva, and to invest a portion of the balance in a pooled liquidity fund. There have been no strategy changes since the last review, and the Trustees are comfortable that the SIP remains appropriate for Scheme.

### **Assessment of how the policies in the SIP have been followed for the year to 5 April 2024**

The Trustees confirm that all policies in the SIP were followed in the year to 5 April 2024. The most updated version of the SIP is available at:

[https://castings.plc.uk/media/ocodfsqm/ots\\_sa\\_trustees\\_001\\_staff-sip-september-2020.pdf](https://castings.plc.uk/media/ocodfsqm/ots_sa_trustees_001_staff-sip-september-2020.pdf)

### **Engagement Activity**

The Scheme's principal assets comprise a bulk annuity policy with Aviva, and residual assets held in the L&G Sterling Liquidity Fund.

Given this, it is not possible in practice to take ESG factors into account in the retention and realisation of these investments.

However, for completeness, it should be noted that Legal and General confirmed that they are signatories to the current UK Stewardship Code and submitted the required reporting to the Financial Reporting Council by 31 March 2021 in order to be on the first list of signatories for the UK Stewardship Code 2020, as did Aviva.

### **Voting Activity**

The Trustee notes that voting opportunities primarily arise within equities, which the Scheme does not hold.