

**IMPLEMENTATION STATEMENT FOR
THE BOND ESTATES HOLDINGS LIMITED PENSION FUND
October 2021**

1. Introduction

This is the Implementation Statement for The Bond Estates Holdings Limited Pension Fund ('the Scheme') and reflects the position on 30th September 2021. This Implementation Statement should be read in conjunction with the Statement of Investment Principles (SIP) and is an integral part of the SIP.

The SIP was last reviewed and updated in September 2019 and reflects the Trustees policies relating to responsible investment, including both financial and non-financial matters that the Trustees considered. This included Environmental, Social and Governance (ESG) considerations. Stewardship was also considered, i.e. voting and engagement, together with the ability of the Trustees to influence the actions of their investment managers.

The selection of investment managers is considered, including their objectives, fees and their basis of charging and how that aligns with the interests of the Scheme, ensuring there are no conflicts of interest. The duration of each manager appointment is also considered, together with the ability to terminate their appointment, and any conditions of that termination, should this prove necessary.

As a part of the investment review the sponsoring Employer was consulted on the content of the 2021 SIP and the strategy.

2. Investment Objective

This is effectively outlined in the SIP and remains as stated with specifically the achievement of a rate of return as required in the most recent actuarial valuation.

3. Investment Strategy

The Trustees continue to implement the strategy as outlined in the SIP and as updated from time to time.

4. Setting the Investment Arrangements

In managing the assets of the Scheme, the Trustees own policies of assurance. As the Grantee of the policy the Trustees have the benefit of the protection offered under the Financial Services Compensation Scheme (FSCS) and the terms of the specific policy of assurance.

Mobius Life

The Trustees hold a long term insurance policy with Mobius Life as a part of the Mobius Life long term business fund. As Grantee under the policy the Trustees may pay a premium to Mobius Life who will allocate units to the policy. The allocation of units is notional and references to both units and funds are solely for the purpose of calculating benefits under the policy. Neither the Grantee (which are the Trustees) nor any other person has any right or interest in the units, the funds or any other specific assets or income of Mobius Life by virtue of the policy.

Scottish Widows

The Trustees hold a broadly similar Scottish Widows policy to that covered under the heading Mobius Life, accessing appropriate pooled pension funds.

The wide range of asset classes available to the Trustees are considered as is the ease of access to institutional style investment management funds at an acceptable annual management charge. During the past 12 months the Trustees have received information and advice on how to achieve their objectives and how to access appropriate investment funds in a secure way.

5. Implementation of the Investment Arrangements

The arrangements are assessed on an ongoing basis at Trustee meetings and by the Trustee's Investment Adviser. This may in part be by face to face meetings where it is practical to do so.

The Trustees are aware of the need to consider the impact of costs and value for money on the long-term performance of the investments in the pooled funds. In an effort to reduce cost and the risks associated with 'active' fund management, the Trustees have invested some of the Scheme's assets in passive or index funds.

The funds are accessed via the Mobius Life investment platform using a Trustee Investment Plan which is technically a policy of assurance. This route of access avoids de-minimis fees and can benefit from aggregation discounts on annual management charges. Reporting is coordinated and this represents a significant benefit to the Scheme.

6. Realisation of Investments

Investments are reviewed on a regular basis in the light of net cash flow requirements. The pooled funds may be accessed on a daily basis and the Trustee believes that this supplies adequate liquidity for the Scheme.

7. Investment Governance and Financially Material Considerations

The matter of investment and investment governance in a widest sense is taken seriously by those who manage the Scheme (The Trustees). To this end the Scheme has a Statement of Investment Principles (SIP), which is considered and reviewed periodically as appropriate.

The current SIP was agreed in 2021 and that followed in-depth consideration of the environmental, social and governance requirements, considering both financial and non-financial aspects, in respect to the asset types as required in the long term for the Scheme as it matures. The Scheme is investing appropriately against this background and there has not been a need to make further amendments although the Trustees have kept this position under review.

Those that manage the Scheme collectively have the necessary qualifications and experience appropriate to a Scheme of this size. They meet regularly as required by the business of the Scheme, including investment business. Investment matters are on the agenda for all Trustee regular meetings. The Scheme has access to professional advisers including, but not limited, to an Investment Adviser, Actuary, and Lawyer.

8. Approach to Non-Financial Matters

The Scheme invests in pooled pension funds. This is appropriate to a Scheme of this size and brings added security in that the assets are covered by the Financial Services Compensation Scheme (FSCS).

The Scheme will always prefer an investment that is beneficial to society and the environment over one that is not. In making such a statement the managers of the Scheme are noting that by using pooled investment vehicles they are not the direct owners of the underlying assets. They do however have access (sometimes limited by availability of information) to a copy of the content of the underlying portfolios of the pooled investment managers.

9. Strategic Asset Allocation

During the past 12 months the Scheme has followed the allocation as outlined in the SIP and where there has been any variation this has been intentional. Those that manage the Scheme continue to consider that the asset allocation is appropriate and have considered this at their meetings in the year.

10. Mandate Parameters

The Scheme has selected pooled pension funds with specific objectives. Each of the pooled funds that the Scheme is invested in has its own specific objective and in selecting these funds the manager of the Scheme received investment advice from a financial adviser of appropriate standing and experience and working for an organisation registered with the Financial Conduct Authority.

When reviewing the investments during the year, it was noted that the pooled funds were being managed to their objectives and that the results were as the Scheme expected. The financial standing of the managers of the pooled funds has been considered and noted that it continues to be appropriate. The managers of the pooled funds that the Scheme participates in are required to report to the Prudential Regulatory Authority (PRA) who in turn supervise the solvency of these managers on behalf of the Bank of England.

The Scheme has considered this position during the year and remains comfortable with the approach in place, including the capital structure and financial standing of the investment managers that the Scheme invests with. Specifically, the Trustees take considerable comfort at investing via a policy of assurance and the protections that brings.

11. Voting Rights and Description of Voting Behaviour During the Year

Participants in pooled investment funds do not generally acquire rights over the underlying holdings of the pool. There is no direct relationship between the Scheme and the companies whose shares are held within the pooled investment funds that the Trustees are using. In effect this means that the manager of the pool exercises voting rights on the Trustee's behalf (as a participant in the pool) but without any obligation to consult with the Trustees. The Scheme does not use a proxy voting service, in practice it does not have the right to exercise votes at the general meetings of companies held within the pooled investment funds. Generally, other than for matters of financial reconstruction, holders of gilts, bonds, physical property and other alternative investments may not have voting rights.

Where the Scheme holds units of investment in pooled equity funds the Scheme is able to see how the manager has voted in the summary stewardship reports that the manager may produce for information. These matters are currently only reported at overall manager level and not in a specific way in respect to the funds that we invest in. This may change in the future and the Scheme is aware that there are many initiatives in the investment markets generally to improve access information and reporting in this area.

Other than via our investment consultant, it is challenging for the Scheme to influence the manager of a pooled fund on matters of voting for individual companies. The Scheme does however take its responsibilities seriously in this area and notes that it always has the option to divest from the manager if, in the view of the Scheme, expressed by those who manage it, this is deemed appropriate. Set against this is, an overall fiduciary responsibility of the Trustees is the management of the Scheme assets.

In future years the Trustees expect managers to provide further summary stewardship reports that highlight key voting issues, particularly around matters of diversity and the environment as regards the underlying holdings in the relevant pooled fund portfolio. Such reports are available for example from Legal and General at a high level by accessing https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-uk-corporate-governance-and-responsible-investment-policy.pdf

Other managers that the Trustees may access have similar information published on the world wide web. The Trustees consider such information in making their decisions under the policy of assurance that they own.

12. The Trustees

At each of their annual meetings where their Investment Adviser is present, the Trustees have received an investment presentation on the strategy that they are pursuing and the pooled funds that they participate in. This has included some comment on ESG and where available the wider voting record of their investment manager.

The Trustee group includes experienced individuals with relevant qualifications and practical working experience of investment matters and governance. This method of operation facilitates an excellent understanding at Scheme level of the requirements when exercising 'good governance'.

13. Trustees Knowledge and Understanding

The Trustees meet regularly and in their individual capacity also undertake specialist knowledge and understanding training. In addition the Trustees have the benefit of access to Winterbourne Trustee Services who is a specialist professional Independent Trustee and pensions consultancy. As such Winterbourne Trustee Services brings its long experience and specialist pensions knowledge to what is now a very complex and increasingly legislated area.

14. Processes around Managing Scheme Investments

Having set a strategic asset allocation this process has revolved mainly around managing cash flow during the year. In this respect, where funds have been required for additional cashflow, retirements or member transfers, the Trustees have taken appropriate advice and sold investments to provide the necessary liquidity.

15. Holding Advisers and Managers to Account

The Scheme is managed by the Trustees and in turn take advice where required. Those that act as advisers to the Scheme have objectives to deliver a service, as required, and the Trustee group consider the success of this on an ongoing basis. The Investment Adviser has objectives in place that was reviewed in 2021. The next review will take place in 2023.

No action has been necessary during this year in respect of shortcomings of advisers or service providers to the Scheme. The Trustees note that the management of a Scheme such as this can be a challenging matter, and that in particular budgets must be appropriate. These matters are regularly considered with assistance from the principal employer and the Trustees consider that overall the Scheme functions well, achieving good value from its service providers.

16. Manager Selection, Review and Monitoring

The Scheme has made no change in its holding of pooled funds during the year. This is intentional. Change can be relatively expensive due to implicit dealing costs in the underlying assets and although not fully transparent such costs are apparent in wholesale rearrangement of assets. The Trustees seek to avoid such costs.

17. Transparency

The assets held by the Scheme are transparent and it is anticipated that in future years all transaction costs on the underlying assets of the pooled funds that the Scheme owns assets in will be available for general publication. For monetary instruments such as gilts and fixed interest holdings such costs are implicit in the purchase price of the underlying asset and so are unlikely to be available. We are aware that the investment industry is considering how to report on such matters and are therefore waiting for more information in this area.

18. Conclusion

The Scheme has managed its assets successfully throughout the period under review. This Implementation Statement should be read in conjunction with the SIP and is supported by ESG and voting information as supplied to the Investment Adviser for the Scheme by the managers of the pooled funds that the Scheme participates in.

19. Examples of Investment Manager Key Decisions and Further Information

Some examples of key investment manager decisions taken are attached as an appendix to this document. If further information is required on any of the matters covered in the Implementation Statement please contact the Trustees administrator, Winterbourne Trustee Services, the Chair of the Trustees or the Principal Employer.

LGIM Examples of significant votes

Set out below are some example governance stances taken by this fund manager

	VOTE 1	VOTE 2	VOTE 3
Company name	Qantas Airways Limited	Hollywood Bowl Group	Toshiba Corp.
Date of vote	23-Oct-20	27-Jan-21	18-Mar-21
Summary of the resolution	Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.	Resolution 2: approve remuneration report Resolution 3: re-elect Nick Backhouse as director Resolution 7: re-elect Ivan Schofield as director Resolution 8: re-elect Claire Tiney as director	Resolution 1: Appoint Three Individuals to Investigate Status of Operations and Property of the Company Resolution 2: Amend Articles to Mandate Shareholder Approval for Strategic Investment Policies including Capital Strategies
How you voted	LGIM voted against resolution 3 and supported resolution 4.	We voted against the remuneration report and escalated our concerns by a vote against all the members of the remuneration committee.	LGIM voted for the resolutions.
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Given our engagement, LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance.	The bowling alley operator has been financially impacted by the COVID-19 pandemic. This resulted in staff being furloughed and the company not paying dividends to shareholders. Despite this, the remuneration committee decided to exercise its discretion to allow for the performance period of the 2017 Long-Term Incentive	Toshiba Corp's extraordinary general meeting (EGM) was precipitated by a significant decline in trust between its shareholders and management team following recent controversies, including allegations of abnormal practices and behaviour by the company surrounding its July 2020 AGM. As a result, the company faced two independent shareholder resolutions at the EGM calling

