

Western Provident Association Pension Scheme

Purpose

This statement provides information on how, and the extent to which, the Trustee's policies in relation to the exercising of rights (including voting rights), attached to the Scheme's investments and engagement activities have been followed during the year ended 31 December 2020 ("the reporting year").

Background

Following an email dated 12 November 2019 from the Trustee's Investment Adviser, XPS Investment ("XPS"), the Trustee discussed its beliefs on Environmental, Social and Governance ("ESG"). This enabled the Trustee to consider how to update its policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers' own equivalent policies. The Trustee's new policy was documented in the updated Statement of Investment Principles dated May 2020.

The Trustee's updated policy

The Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. Given the Trustee has elected to invest in pooled fixed interest and index linked gilt funds, the Trustee considers ESG issues to be minimal.

As noted above, since the Scheme invests wholly in fixed interest and index linked gilt funds there are no voting rights to be exercised in relation to the Scheme's current investments. The Trustee therefore has no explicit policy on the delegation of voting rights.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustee seeks advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

Ongoing governance

The Trustee, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in this statement. Further, the Trustee has set XPS the objective of ensuring that any selected managers reflect the Trustee's view on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustee believes that its approach to, and policy on, ESG matters will evolve over time based on developments within the industry. Given the Trustee has elected to invest in pooled fixed interest and index linked gilt funds ESG issues are likely to be minimal.

Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that it followed its policy on the exercise of rights and engagement activities to an acceptable degree.

Voting activity

Since the Scheme invests wholly in fixed interest and index linked gilt funds there are no voting rights to be exercised in relation to the Scheme's investments.