

IHS (Global) Ltd Pension and Life Assurance Scheme

Implementation statement

May 2021

Section 1: Introduction

This document is the Annual Implementation Statement (“the Statement”) prepared by the Trustees of the IHS (Global) Ltd Pension and Life Assurance Scheme (“the Scheme”) covering the scheme year to 31 December 2020 (“the year”).

The purpose of this statement is to:

- Detail any reviews of the Statement of Investment Principles (“SIP”) the Trustees have undertaken, and any changes made to the SIP over the year as a result of the review
- Set out the extent to which, in the opinion of the Trustees, the Scheme’s SIP, required under section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it), has been followed during the year
- Describe the voting behaviour by, or on behalf of, the Trustees over the year (including most significant votes) and state any use of services of a proxy voter during that year.

A copy of this implementation statement will be made available on the following website alongside the Scheme’s SIP:

<https://capitalcranfield.com/our-services/ihsglobal-limited-pension-and-life-assurance-scheme/>

In summary, we consider that all SIP policies and principles were adhered to over the year.

Section 2: SIP reviews/changes over the year

The SIP was reviewed and updated during the year, with the relevant versions over the year:

1. July 2005 – This was the version in place as at the start of the year.
2. May 2020 – this is the most recent version of the document which was formally adopted by the Trustees on 8 June 2020.

The update to the Scheme's SIP was to reflect the Trustees' purchase of a bulk annuity contract (buy-in). Please note that the only assets held as at the end of the year was the buy-in and cash in Trustee bank accounts.

It is noted that the terms of the bulk annuity contract with Legal and General Assurance Society Limited ("L&G, "the Insurer") mean that L&G is solely responsible for the day-to-day method of operation used to fund the insurer's contracted payments. As such the updated SIP makes no explicit reference to any social, environmental or ethical considerations, with the Trustees indicating that any regulatory requirements concerning alignment of the Trustees' policies with those of L&G do not need to be covered.

For the purpose of assessing how the Scheme's SIP has been followed, the remainder of this statement specifically focusses on the SIP agreed in May 2020 unless otherwise mentioned.

Section 3: Adherence to the SIP

The Trustees believe the policies outlined in the SIP have been adhered to during the year. In this section we set out how this has been achieved.

Scheme's Objectives and long-term policy

The Trustees have identified two primary objectives in the most recent SIP:

- Following the investment in the bulk annuity contract, to fully buyout the Scheme with a UK regulated insurer, subject to affordability.
- By investing in a bulk annuity contract which matches the liabilities of the Scheme, the Trustees aim to meet their objective of maintaining a suitable investment strategy which will meet the cost of current and future benefits which the Scheme provides until the buyout is completed.

The investment policy is structured to support these objectives.

Investment manager arrangements

The terms of the bulk annuity contract mean that the day-to-day method of operation, type of investments and the investment vehicles used to fund the insurers contracted payments is solely decided by L&G.

Risk management and compliance

Although a number of risks have been transferred to L&G upon inception of the bulk annuity contract, some residual risks remain, as outlined in the SIP. These risks include liquidity risk, sponsor risk and counterparty risk. The Trustees continue to monitor and manage these risks, as outlined in the SIP.

Section 4: Engagement and voting

The Trustees do not set out an engagement policy in the SIP, nor is explicit reference made to any such policy. In the previous version of the SIP, the Trustees stated that they do not currently have a specific policy in relation to the exercise of the rights attaching to investments. However, the Trustees did note in this previous version that they are aware of the policies towards corporate governance adopted by their investment managers and receive regular reports on their activity.

At the beginning of the year, prior to the adoption of the buy-in policy, the Scheme held investments in two pooled investment vehicles, one of which held securities that afforded the asset managers voting rights (BNY Mellon Multi-Asset Global Balanced Fund). The table below summarises voting activity (for the whole of 2020), including votes cast on investors behalf, and votes cast that the manager deems to be significant (and that occurred before disinvestment on 20th March 2020).

Please note that only the funds with holdings that have voting rights attached are included in the table below.

Manager and fund	Voting activity	Most significant votes cast
<p>Manager: Newton Investment Management Limited</p> <p>Fund: BNY Mellon Multi-Asset Global Balanced Fund</p>	<p>Number of votes cast: 1,019 (out of 1032 eligible; 98.7%)</p> <p>Percentage of votes with management: 86.5%</p> <p>Percentage of votes against management: 13.5%</p> <p>Percentage of votes abstained from: 0.0%</p>	<p>Company: Apple Inc. (26-02-20)</p> <p>Resolutions: Ratification of executive compensation arrangements and members of the compensation committee, removal of limits on number of director nominees that shareholders can propose for election to the board and shareholder request, for the company to report on feasibility of integrating sustainability measures into the company's compensation arrangements and for details on company's policies on freedom of expression and access to information.</p> <p>Decision: AGAINST management proposals and FOR the shareholder proposals</p> <p>Rationale: Newton voted against the executive compensation arrangements and members of the compensation committee. Newton's concerns centred on the excessive portion of executives' long-term incentive awards that vest subject only to time served. Newton supported a shareholder-proposed resolution that management recommended voting against. The proposal sought for the removal of a provision that limits the number of director nominees that shareholders can propose for election to the board. At present, under the current provision, shareholders are only able to propose one nominee. Newton also supported a further shareholder resolution that the company report on the feasibility of integrating sustainability measures into the company's compensation arrangements. While Apple has a well-developed sustainability programme, Newton would like to see executives held accountable for this and believe it would help enhance the company's approach. Finally, Newton supported a shareholder resolution asking the company to provide more information on its policies regarding freedom of expression and access to information. The company has businesses in countries where incumbent governments do not allow full freedom of speech or free access to information. In the past, Apple has been required to censor or restrict content in certain countries. As such, Newton believe shareholders would benefit from more information about the oversight mechanisms for formulating policies on this topic and a description of action the business has taken in response to third-party requests.</p>

		<p>Company: Novartis AG (28-02-20)</p> <p>Resolution: Proposal to transact other business</p> <p>Decision: AGAINST</p> <p>Rationale: Newton voted against the resolution to 'transact other business', given that they could not make an informed voting decision as any subjects to be raised and approved under this resolution would only be disclosed at the physical meeting.</p>
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Use of proxy voting: Newton utilises ISS for the purpose of administering proxy voting (notification and lodgement of votes), as well as its research reports on individual company meetings. Only in the event where they recognise a potential material conflict of interest do Newton follow the voting recommendations of ISS.