

The National Deposit Friendly Society Staff Superannuation Fund Implementation Statement for the year ended 31 December 2022

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the National Deposit Friendly Society Staff Superannuation Fund (“the Fund”) has followed their policy in relation to the exercising of rights (including voting rights) attached to the Fund’s investments, and engagement activities during the year ended 31 December 2022 (“the reporting year”).

Background

The Trustee has updated their policy in relation to ESG and voting issues which, previously, 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 (SIP) dated September 2020 and forms part of their latest SIP dated September 2021.

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 Fund’s investment managers. The Trustee requires the Fund’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Fund’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

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, monitor 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 views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustee believes that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

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

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Fund does not currently have exposure to any holdings that have voting rights.

Signed: _____, Chair of Trustee

Date: _____