

# **Fischer & Porter Limited Pension and Life Assurance Fund**

## **Annual Engagement Policy Implementation Statement**

### **Introduction**

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 31 December 2025. This statement has been produced in accordance with The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

### **Investment Objectives of the Fund**

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Fund included in the SIP are as follows:

- To ensure that the Fund can meet its obligations to the beneficiaries;
- To provide protection for members' accrued benefits.

### **Policy on ESG, Stewardship and Climate Change**

The Fund's SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship (including engagement activities) and climate change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship.

As set out in the Fund's SIP, the Trustees have implicitly delegated consideration of ESG issues, engagement and stewardship obligations to Aviva Life & Pensions UK Limited ('Aviva') in relation to the majority of Fund's assets via a bulk annuity contract, and to Legal and General Investment Management ('L&G') in relation to remaining invested assets. The annuity contract makes contractual payment to the Fund dependent only on the benefits payable under the contract. As a result, the Trustees have minimal direct exposure to risks arising from long-term sustainability issues, including climate change. They are however satisfied that Aviva apply due consideration to ESG issues in the investment of assets underlying the contract.

The following section outlines the work that was undertaken during the year to 31 December 2025 relating to the Trustees' policy on ESG factors, stewardship and climate change, and sets out how the Trustees' engagement and voting policies were followed and implemented during the year. The policy objectives previously set out were therefore successfully achieved.

The Trustees last reviewed their policy on ESG factors, stewardship and climate change in March 2024, as part of the formal review of the SIP, although no changes were made to the policy.

## **Engagement**

- Through their investment consultant, Mercer Limited, the Trustees review the mandates of L&G in relation to ESG factors, including climate change, on an ongoing basis. This is carried out primarily through the investment consultant's ESG assessment, regarding which the Trustees receive notification of any changes.
- Passive gilt investments are not considered relevant for ESG integration by the investment consultant due to the limited scope for ESG within this asset class.
- The Trustees have requested, via their investment consultant, that the Investment Manager confirm compliance with the principles of the UK Stewardship Code. The Financial Reporting Council's website confirms that they are signatories of the UK Stewardship Code.
- The Trustees also received details of engagement activity for the year from the Fund's Investment Manager. The engagement activity is not directly relevant to the Fund's underlying assets but provides broader examples of the work undertaken by the investment manager to engage with companies on ESG issues.
  - L&G engaged with companies over the year on a wide range of different issues including ESG factors. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (i.e. those linked to the Paris Agreement). The manager also engaged with companies on social and governmental topics. These examples included engagements on healthcare, income inequality, climate change, deforestation and gender and ethnic diversity.
  - L&G provided the Active Ownership Report over 2024 (latest report available at the time of writing), with examples of instances where they had engaged with companies which they were invested in (or were about to invest in) which resulted in a positive outcome. These engagement initiatives are driven mainly through regular engagement meetings with the companies in which L&G invest. L&G have been engaging with ExxonMobil since 2016. L&G engagements have focused on setting time-bound emissions targets, a capital allocation framework and business resilience against various energy transition outlooks. Their escalation steps included voting, divestment and co-filing a shareholder resolution. L&G acknowledge and support the progress made in key areas of ExxonMobil's transition strategy, particularly in disclosure and commitments and note that there has been an improvement in reporting on lobbying activities and the company has made a commitment to allocate \$17 billion to its low carbon business. L&G remain concerned

about insufficient transparency around the ExxonMobil's full magnitude of asset retirement obligations (AROs) against a range of relevant net-zero scenarios.

- Additionally, L&G engaged with Darling Ingredients due to its weak 'health and safety' score within L&G ESG Active View proprietary research tool. It scored poorly on some associated metrics and had two staff fatalities – one in 2022 and one in 2023. L&G first contacted Darling about this issue in September 2024, which led to a video conference call with a member of the investor relations team and the director of sustainability. From this meeting, L&G understood the Darling Ingredients expanded during 2024, which led to the number of employee health and safety incidents recorded over the period exceeding the targeted goal. Darling also indicated this number for the US was better than in the previous year, and that there is a meaningful difference if the base business is separated from the acquired one. The company has added a vice president of safety, refreshed its strategic safety operations plan, including implementing a stop work program. L&G aim to follow up with the Darling Ingredients to track its progress towards improved metrics, examine the impact of hiring a safety manager, and see if there have been any further incidents. Following their engagement, L&G were able to remove Darling Ingredients from the restricted list for some ESG funds for two key reasons: firstly, L&G saw an improvement in the company's overall ESG score, which was the original trigger for the review; secondly, following their conversations, L&G are comfortable that its employee health and safety incident rates are not reflective of systemic issues. L&G understand that its acquisitions can skew the numbers and note the improvements it has made around dedicated personnel focused on the issue..

The majority of Fund's assets are now held in a bulk annuity policy with Aviva. Aviva's engagement information was requested but not provided at the time of writing.

### **Voting Activity**

The Fund was only invested in L&G's government bond (gilt) mandates as well as a cash fund over the year, therefore does not have exposure to assets with voting rights assigned. For this reason, L&G were not asked to provide any voting details.

With regards to Aviva bulk annuity policy, the voting information was requested but not provided at the time of writing. It is possible that the appointed insurer Aviva will hold assets with voting rights attached but given the nature of the contract the Trustees will not monitor this.

### **Additional Voluntary Contributions ("AVC")**

During the year to 31 December 2025, there were no AVCs included in the Fund's assets.