

## **Mothercare Executive Pension Scheme: 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 Trustee has been followed during the year to 31 March 2025. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and subsequent amendments, and the guidance published by the Pensions Regulator.

### **Changes to the investment arrangements during the year:**

There were no changes to the investment arrangements during the year, following the purchase of the bulk annuity policy in Q4 2023.

This statement is based on the relevant version of the SIP that was in place during the Scheme year, which was the SIP dated January 2024.

### **Investment Objectives of the Scheme**

The Trustee believes it is important to consider the policies in place in the context of the investment objectives it has set. The objectives of the Scheme are as follows:

The Trustee's primary objective is to ensure that members' benefit entitlements can be paid in full as and when they fall due. The Trustee aims to achieve this objective by transferring responsibility for meeting all the Scheme's pension obligations to a regulated insurance company. To this end, the Trustee has purchased a bulk annuity policy with Canada Life Limited (Canada Life) with the anticipation of converting this to a "buy-out" and subsequently winding up the Scheme. Prior to wind-up, additional payments or expenses will be met from cash balances and/or payments from the Company.

Given the Trustee's objectives, while members will continue to receive payments in the long term (from Canada Life, once buy-out has been achieved), the Trustee's investment horizon is expected to be short.

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

The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. The policy was updated in January 2024 following the purchase of the bulk annuity.

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustee has delegated consideration of ESG issues, engagement and stewardship obligations to Canada Life in relation to the majority of Scheme assets via a bulk annuity contract, and to Insight in relation to the remaining invested assets. The bulk annuity makes contractual payment to the Scheme dependent only on the benefits payable under the contract. As a result, the Trustee has minimal direct exposure to risks arising from long-term sustainability issues, including climate change. The Trustee is satisfied that Canada Life apply due consideration to ESG issues in the investment of assets underlying the bulk annuity and that Insight do likewise in relation to the GBP Liquidity Fund. Given the size and diversity of the Scheme's membership, the Trustee does not consider members' views on "non-financial matters".

The following sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

## **Engagement**

### Monitoring

- The Trustee considers how ESG, climate change and stewardship are integrated within investment processes in monitoring the existing investment manager. The Scheme's residual assets outside of the bulk annuity policy are held in a pooled liquidity fund with Insight and in the Trustee bank account.
- Managers will be expected to report on their own ESG policies as and when requested by the Trustee; over the year, the Trustee asked the Scheme's investment manager to summarise its approach to ESG when presenting at Trustee meetings.
- Over the year, engagement activities were not a relevant consideration for the Trustee given the nature of the current investments.

### Stewardship

- Over the year, the Trustee requested that Insight and Canada Life confirm compliance with the principles of the UK Stewardship Code. Both confirmed that they are signatories of the UK Stewardship Code 2020.
- Over the period, the Trustee did not set any investment restrictions on Insight in relation to particular products or activities.

## **Voting Activity**

Due to the nature of the Scheme's investment strategy and arrangements during the year, the Scheme did not hold any funds that assign voting rights.