

Annual Implementation Statement - covering 1 January 2020 to 31 December 2020 (the “Scheme Year”)

PRYSMIAN PENSION SCHEME – DC SECTION (the “Scheme”)

Introduction

In accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee of the Scheme is required to produce an annual statement to set out:

- how and the extent to which, in the opinion of the Trustee of the Scheme, the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the Scheme Year;
- details of any review of the SIP during the Scheme Year;
- subsequent changes made with the reasons for the change; and
- the dates of the last review of the SIP.

The Implementation Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is set out in the table below.

This Implementation Statement covers only the Scheme's defined contribution (“DC”) section. The statement flows directly from and should be read in conjunction with the Scheme’s SIP (in place at the Scheme Year end and dated September 2020) which is available here: <https://uk.prysmiangroup.com/node/19698>

Investment Objectives of the Scheme

The Trustee’s main objective is to provide members with an investment strategy aligned to the needs of their members that will optimise the return on investments in order to build up a savings pot which will be used in retirement.

The Trustee is mindful of its responsibility to provide members with an appropriate range of investment funds and a suitable default lifestyle strategy.

The Trustee recognises that in a defined contribution arrangement, members assume the investment risks themselves. The Trustee further recognises that members are exposed to different types of risk at different stages of their working lifetimes.

The Trustee has determined its investment policy in such a way as to address the main investment risks faced by members. These risks are outlined in section 6 of the SIP.

The Trustee will review the investment approach from time to time, and make changes as and when it is considered to be appropriate.

Review of the SIP

During the year to 31 December 2020, the Trustee reviewed the Scheme's SIP and a revised SIP was approved on 15 September 2020. The SIP was updated to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How arrangements with the asset managers incentivise the asset managers to align their investment strategy and decisions with the Trustee's policies in SIP.
- How those arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of asset manager's' performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP.
- How the Trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of arrangements with the asset managers.

Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in the table below summarises the work undertaken by the Trustee during the year (or over a longer term where relevant) and sets out how this work has followed the Trustee's policies in the SIP.

	Matter	Summary of Trustee's policy / key extracts from policy	Summary description and evaluation of work undertaken in the year to 31 December 2020
1	Securing compliance with the legal requirement to obtain and consider proper advice on the question of whether an investment is satisfactory.	<p><i>Trustee has obtained and considered written advice from a suitably qualified individual, employed by their Investment Adviser, Mercer, whom it believes to have a degree of knowledge and experience that is appropriate for the management of their investments.</i></p> <p><i>In the Trustee's opinion this is consistent with the requirements of Section 36 of the Pensions Act 1995.</i></p> <p><i>SIP Section 2</i></p>	The Trustee confirms that advice was received from its investment advisor where required. There were no changes in the investment strategy during the year.
2	The kinds of investments to be held.	<p><i>The Trustee is permitted to invest across a wide range of asset classes, both active and passive. The two underlying funds used in the default strategy are both actively managed, but passively equity and bond funds are available for members to self-select. All of the funds in which the Scheme invests are pooled and unitised.</i></p> <p><i>The self-select fund range allows the members to invest in a wide variety of funds.</i></p> <p><i>SIP Section 4.4</i></p>	During the period covered by this statement there have been no significant changes to the Scheme's investment strategy. The Trustee last received formal advice pertaining to the default strategy from their investment consultant on 12 March 2015, with changes being implemented in February 2016. The Trustee regularly monitor the performance of the default and discusses the strategy with its investment consultant to ensure it remains appropriate for the Scheme; the most recent of such conversations took place at the Trustee meeting of 7 July 2020 and it was concluded that the current strategy remained appropriate. This conclusion was reached because the demographics of the Scheme have remained broadly unchanged since the previous review and the Trustee has been

			<p>happy with the performance of the fund range during this time.</p> <p>The objective of the default lifestyle strategy is to provide investment growth by investing in return seeking assets in a diversified portfolio with a moderate risk profile.</p> <p>The Trustee believes the self-select range offered provides a sufficient range of different types of investments for members.</p>
3	The balance between different kinds of investments.	<p><i>The Trustee has assumed responsibility for setting an investment strategy that provides a broad level of protection against the key risks identified in Section 6. This is achieved by using a lifestyle strategy.</i></p> <p><i>SIP Section 4.1</i></p> <p><i>The Trustee has made 6 funds available for self-selecting as an alternative to the default option.</i></p> <p><i>SIP Section 4.2</i></p>	<p>The Trustee offers a lifestyle option to members. The lifestyle option also operates as a default should a member not make an explicit choice as to the selection of funds, and is designed to be appropriate for a typical member of the Scheme.</p> <p>Members can opt out of the default strategy and invest in any investment fund made available in the self-select fund range, giving members the ability to choose the balance between different kinds of investments themselves.</p>
4	Risks, including the ways in which risks are to be measured and managed.	<p><i>The Trustee recognises that in a defined contribution arrangement, members assume the investment risks themselves. The Trustee further recognises that members are exposed to different types of risk at different stages of their working lifetimes.</i></p> <p><i>Detail on the risks considered and the approach taken to risk management and</i></p>	<p>As detailed in Section 6 of the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</p> <p>Members are able to set their own investment allocations, in line with their risk tolerances.</p> <p>The default strategy and white-labelled funds are designed with the intention of diversifying these risks to reach a level of</p>

		<p><i>measurement is set out in section 6 of the SIP.</i></p> <p><i>SIP section 6</i></p>	<p>risk deemed appropriate given the objectives. This is set with the advice from the investment adviser.</p> <p>The Scheme also maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions.</p>
5	Expected return on investments.	<p><i>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.</i></p> <p><i>SIP Section 2.3</i></p>	<p>The Trustee receives quarterly monitoring reports on the performance of the underlying investment managers from Mobius Life Limited, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance (discrete and calendar year, over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.</p> <p>The performance objectives for each fund used by the Scheme can be found in Appendix 1 of the SIP.</p>
6	Realisation of investments.	<p><i>As far as is practicable and necessary, the Trustee invests in liquid assets that can be quickly realised as required.</i></p> <p><i>It is managed by investing only in readily realisable pooled funds that can be bought and sold on a daily basis.</i></p> <p><i>SIP Section 6</i></p>	<p>All funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on either Trustee or member demand.</p> <p>No investment changes were made over the year covered by this statement; all investments continue to be held in daily dealt pooled investment vehicles with a high degree of liquidity.</p>
7	Financially material considerations over the	<p><i>The Trustee understands that they must aim to consider all financially relevant factors in</i></p>	<p>The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out</p>

	<p>appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments.</p>	<p><i>making investment decisions on behalf of the Scheme.</i></p> <p><i>The Trustee recognises that Environmental, Social and Governance (ESG) factors, including climate change, can all influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.</i></p> <p><i>SIP Section 5.1</i></p>	<p>the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.</p> <p>The Trustee keeps their policies under regular review with the SIP subject to review at least triennially.</p> <p>The Trustee receives quarterly monitoring reports on the performance of the underlying investment managers from Mobius Life Limited, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance (discrete and calendar year, over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.</p> <p>The Trustee is satisfied that funds in the default and the self-select options take a responsible approach to voting and engaging with investee companies to encourage a responsible approach to ESG</p>
8	<p>The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.</p>	<p><i>The Trustee's objective is that the financial interests of the Scheme members are its first priority when choosing investments. It has decided not to consider non-financial considerations, when setting the investment strategy.</i></p> <p><i>SIP Section 5.2</i></p>	<p>Not applicable.</p>

9	The exercise of the rights (including voting rights) attaching to the investments.	<p><i>The Trustee has concluded that the decision on how to exercise voting rights should be left with their investment managers, who will exercise these rights in accordance with their respective published corporate governance policies.</i></p> <p><i>SIP Section 5.3</i></p>	<p>Manager voting policies, which are provided to the Trustee from time to time, take into account the financial interests of shareholders and should be for the Scheme’s benefit.</p> <p>The Trustee has delegated its voting rights to the investment managers. In the Trustee’s opinion the investment managers have appropriate knowledge and experience for exercising voting rights and the managers are carrying out their work competently.</p> <p>Investment managers are expected to provide voting summary reporting at least annually.</p> <p>The Trustee has equity exposure through the following funds:</p> <ul style="list-style-type: none"> - Columbia Threadneedle - Multi-Asset Fund - LGIM – Global Equity Fixed Weights (50:50) Index Fund – GBP Hedged <p>Voting activity information from each of the underlying investment managers is summarised in the Appendix of this statement.</p>
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons	<p><i>The Trustee recognises that Environmental, Social and Governance (ESG) factors, including climate change, can all influence the investment performance of the Scheme’s portfolio and it is therefore in members’ and the Scheme’s best interests that these factors are taken into account within the investment process and that ESG risks are</i></p>	<p>As the Scheme invests entirely in pooled funds, the Trustee requires its investment managers to engage with the investee companies on its behalf.</p> <p>The Trustee wishes to encourage best practice in terms of corporate activism. It therefore encourage its investment fund managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes.</p>

	about relevant matters).	<p><i>identified and avoided or mitigated, as best as possible.</i></p> <p><i>The Trustee is aware of its investment managers' approaches to ESG factors with respect to their selection of investments and is satisfied that a responsible approach, which is consistent with the long-term financial interests of the Scheme and their members, is undertaken.</i></p> <p><i>SIP Section 5.1</i></p>	Investment managers are expected to provide reporting on a regular basis, at least annually, including stewardship monitoring results.
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005	<p><i>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.</i></p> <p><i>SIP Section 2.3</i></p>	Over the period the Trustee believed that the appointments with its investment managers were consistent with its long-term objectives and no changes were made.
12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial	<p><i>The Trustee is a long term investor and does not look to change the investment arrangements on a frequent basis.</i></p> <p><i>A manager's appointment may be terminated if it is no longer considered to be optimal nor</i></p>	The Trustee receives quarterly monitoring reports on the performance of the underlying investment managers from Mobius Life Limited, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance (discrete and calendar year, over the relevant time period) on a net of fees basis. It also provides returns of market indices so that

	<p>performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.</p>	<p><i>have a place in the default strategy or general fund range.</i></p> <p><i>SIP Section 2.3</i></p>	<p>these can also be used to help inform the assessment of the underlying managers' performance.</p> <p>The Trustee's responsibilities include assessing the quality of the performance and processes of the Investment Managers by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser.</p>
13	<p>How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement].</p>	<p><i>The Trustee is a long term investors and does not look to change the investment arrangements on a frequent basis.</i></p> <p><i>Investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme.</i></p> <p><i>The Trustee receives quarterly monitoring reports on the performance of the underlying investment managers from Mobius Life Limited, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance (discrete and calendar year, over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.</i></p> <p><i>SIP sections 2.3 & 7.2</i></p>	<p>The Trustee has considered the long term investment performance of the investment managers as part of the monitoring assessment, as well as their investment consultant's views of the investment manager, and is comfortable that the longer term performance and forward-looking capabilities remained suitable.</p> <p>The Trustee is satisfied that the investment fund managers' short term performance will not impact long-term goals. In particular, none of the funds have performance fees in place, which could encourage managers to make short term investment decisions to hit their short term profit targets at the expense of longer term performance.</p>

14	<p>How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.</p>	<p><i>The Trustee considers portfolio turnover costs as part of the annual value for members assessment and asks investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustee.</i></p> <p><i>The Trustee is also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.</i></p> <p><i>SIP section 7.3</i></p>	<p>Over the year covered by this statement, the Trustee considered the levels of transaction costs as part of their annual Chair's Statement.</p> <p>The Trustee found that the transaction costs reported were reasonable, but note the challenges in assessing these costs due to the lack of an industry-wide benchmarks for transaction costs.</p> <p>Given that the Scheme invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Scheme.</p>
15	<p>The duration of the arrangement with the asset manager.</p>	<p><i>The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis.</i></p> <p><i>SIP section 2.3</i></p>	<p>All of the invested funds are open-ended with no set end date for the arrangement.</p> <p>The investment performance of all funds is reviewed by the Trustee on a quarterly basis; this includes how each investment fund manager is delivering against their specific targets.</p> <p>There were no changes to manager appointments over the year covered by this statement.</p>

Investment Manager Voting Summary

Manager	Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
			Votes in total	Votes against management endorsement	Abstentions		
Columbia Threadneedle	Threadneedle Pensions Multi Asset Fund	<p>Columbia Threadneedle Investments utilises the proxy voting platform of Institutional Shareholder Services, Inc. (ISS) to cast votes for client securities and to provide recordkeeping and vote disclosure services. They have retained both Glass, Lewis & Co. and ISS to provide proxy research services to ensure quality and objectivity in connection with voting client securities.</p> <p>Proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles document.</p>	6,789	5.9%	3.6%	<p>It is considered a significant vote to be any dissenting vote i.e. where a vote is cast against (or where we abstain/withhold from voting) a management-tabled proposal, or where a shareholder-tabled proposal not endorsed by management is supported.</p>	<p>Vote example 1 Company: Amazon Inc. Date: 27/05/2020 Resolution: Election of Director Thomas O. Ryder Vote: Against Rational: Director is an affiliate serving on a key committee Outcome: Pass</p> <p>Vote example 2 Company: Alphabet Inc. Date: 03/06/2020 Resolution: Election of Director L. John Doerr Vote: Withhold Rational: Compensation committee chair; concerns around compensation Outcome: Pass</p> <p>Vote example 3 Company: Facebook Inc. Date: 27/05/2020 Resolution: Report on Median Gender/Racial Pay Gap Vote: For Rational: Material social risk for business; in shareholders' interests Outcome: Fail</p>

LGIM	Global Equity Fixed Weights (50:50) Index Fund (GBP Hedged)	<p>LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with our position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.</p>	46,852	15.9%	0.1%	Not provided
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