

Expro Pension Plan

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 5 April 2021

Introduction

This statement sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance (“ESG”) factors and climate change set out in the Statement of Investment Principles (‘SIP’) have been followed during the year to 5 April 2021. This statement has been produced in accordance with The Pension Protection Plan (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018 as amended and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the investment objectives it has set. As set out in the SIP, the Trustees’ primary investment objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximize returns at an acceptable level of risk, taking into consideration the circumstances of the Plan.

The Trustees also ensure that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Plan’s investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme’s SIP dated 25 September 2019 first included the Trustees’ policies on ESG factors, stewardship and Climate Change, and these are also included in the latest SIP which was approved on 24 September 2020. We have set these policies out in Appendix 1 to this Statement.

The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

Plan’s Investment Structure

The Plan’s only investment is a Trustee Investment Policy (‘TIP’) with Mobius Life Limited (‘Mobius’). Mobius provides an investment platform and enables the Plan to invest in pooled funds managed by third party investment managers.

JLT Investment Management (JLT IM) had fiduciary responsibility for the selection of pooled funds on the Mobius Platform for the Plan over the period to 1 August 2020, after which point this responsibility was novated to Mercer Limited.

Following a change of Mercer’s corporate policy, the fiduciary overlay was terminated with effect from 17 March 2021, and subsequent to that date, the Plan’s assets remain invested through the Mobius TIP.

As such, the Trustees have no direct relationship with the Plan’s underlying investment managers, but have the responsibility of monitoring the pooled funds, in conjunction with advice received from their investment advisor, Mercer.

Trustees Engagement

In the relevant year the Trustees have not engaged with either Mobius, JLT IM, or the underlying pooled fund managers on matters relating to ESG, stewardship or climate change.

The Trustees received training on ESG issues at their meeting on 25 June 2019, and as part of that training, Mercer’s ESG scores were provided for the funds in which the Plan was invested. These scores have now been included in Mercer’s monitoring reports with effect from 30 September 2020.

The Trustees are satisfied that the scores are satisfactory in the context of the mandates of the funds.

The ESG information provided by Mercer helps the Trustees to determine whether further action should be taken in respect of specific funds.

A further update will be provided in next year's Statement.

Voting Activity

If the Trustees are specifically invited to vote on a matter relating to the corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Plan's members.

Over the Plan year, the Trustees have not been asked to vote on any specific matters and have therefore not cast any votes.

As noted earlier, the Plan has no direct relationship with the pooled funds it is ultimately invested in, and therefore the Trustees have no voting rights in relation to the Plan's investments and no direct ability to influence the managers of the pooled funds.

Nevertheless, Appendix 2 of this Statement sets out a summary of the key voting activity of the pooled funds in which the Plan's assets are ultimately invested for which voting is possible (i.e., those funds which include equity holdings).

This includes information on what the fund managers consider to be a significant vote, and examples of these. The Trustees have no influence on the managers' definitions of significant votes but have noted these and are satisfied that they are all reasonable and appropriate.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will continue to take on board industry activity in this area before the production of next year's statement.

Appendix 1 – Policy on ESG, Stewardship and Climate Change

The policies below are included within the 24 September 2020 SIP:

Financially Material Considerations

The Trustees consider many risks which they anticipate could impact the financial performance of the Plan's investments over its expected lifetime. Such risks are set out in the next section of this statement.

The Trustees recognize that environmental, social and corporate governance ("ESG") factors, such as climate change, can influence the investment risk and return outcomes of the Plan's portfolio and it is therefore in members' and the Plan's best interests that these factors are taken into account within the investment process.

The Trustees further recognize that investing with a manager which approaches investments in a responsible way and takes account of ESG related risks may lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken. Therefore, other factors being equal, the Trustees would seek to invest in funds which incorporate ESG principles.

In setting their investment strategy, the Trustees have prioritized funds which provide leveraged protection against movements in the Plan's liability value and also funds which provide actively managed diversification across a wide range of investment markets and consider the financially significant benefits of these factors to be paramount.

The Trustees note that ESG considerations are not paramount to the first level decision making process within the funds which provide either actively managed diversification or leveraged liability protection. However, in the actively managed Diversified Growth Funds in which the Plan invests, whilst managers typically do not put ESG considerations at the heart of the asset allocation decision, they will embed ESG considerations into the management of the underlying asset classes where it is appropriate to do so.

The Trustees also receive ESG scores provided by the Investment Consultant in relation to the funds in which the Plan is invested and will monitor how these develop over time.

The Trustees have built an ongoing review of ESG considerations into their annual business plan to make sure that their policy evolves in line with emerging trends and developments.

The Trustees are therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

Non-Financial Matters

The Trustees have determined that the financial interests of the Plan members are their first priority when choosing investments.

They have decided not to consider non-financial considerations, such as ethical views, or to take members' preferences into account when setting the investment strategy for the Plan.

Stewardship

The Plan is invested solely in pooled investment funds. The Trustees' policy is to delegate responsibility for engaging with, monitoring investee companies and exercising voting rights to the pooled fund investment managers and expects the investment managers to use their discretion to act in the long term financial interests of investors.

If the Trustees are specifically invited to vote on a matter relating to corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Plan's membership.

Appendix 2 – Voting Activity

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
<p>Nordea Diversified Return Fund</p>	<p>Nordea rely on ISS for proxy voting, execution as well as research, while Nordic Investor Services (NIS) is used for analysis.</p> <p>ISS is a global player with international reach and practices, while NIS is a small niche player whose best practices are much in line with those of Nordea. This gives a broad palette of input which is very valuable in the evolution of their Corporate Governance principles.</p> <p>Normally, every vote cast is considered individually on the background of their in house bespoke voting policy.</p> <p>Nordea have decided to massively scale up their voting to cover a majority of all voting activities. For 2021 they have contracted ISS to vote on some minor holdings as per their policy.</p> <p>Nordea's Corporate Governance unit will continue to oversee all voting activities.</p>	<p>3344 resolutions eligible for (44.89% cast)</p>	<p>9.93% of votes cast</p>	<p>0.60% of votes cast</p>	<p>Significant votes are those that are severely against Nordea's principles, and where they feel they need to enact change in the company. The process stems from first identifying the most important holdings, based on size of ownership, size of holding, ESG reasons, or any other special reason. From there, Nordea benchmark the proposals versus their policy.</p>	<p>Cisco – Vote "FOR" in a shareholder proposal to require an independent Board Chairman.</p> <p>Rationale: It is in the best interest of shareholders to separate the CEO and COB functions and therefore Nordea supported the shareholder proposal as well as voted against Charles H. Robbins as COB.</p> <p>Outcome: The vote was not approved</p> <p>Implications: Nordea Funds does not believe that the CEO and Chairman of the Board should be the same person. We will continue to raise this question with companies. Shareholder proposals demanding a split of the roles continue to increase every year, and we are supportive of this development.</p> <p>Significance: Significant votes are those that are severely against Nordea's principles, and where Nordea feel they need to enact change in the company.</p>
<p>Threadneedle Multi Asset Fund</p>	<p>ISS Proxy Exchange used for voting execution.</p> <p>Final vote decisions take account of, but are not determinatively informed by, research issued by proxy advisory organisations such as ISS and Glass Lewis as well as</p>	<p>6988 resolutions eligible for (98.90% cast)</p>	<p>5.74% of votes cast</p>	<p>3.92% of votes cast</p>	<p>Significant votes are dissenting votes, i.e., where a vote is cast against (or abstained from) a management – tabled proposal or where support is given to a shareholder – tabled proposal not supported by management.</p>	<p>Facebook Inc. – Vote 'FOR' the creation of a report on median gender/racial pay gap.</p> <p>Rationale: Reduce material risk for the business and provide information that is in shareholder's interests.</p> <p>Outcome: The vote was not approved</p>

MSCI ESG Research.

Implications: Active stewardship (engagement and voting) continues to form an integral part of Threadneedle's research and investment process.

Significance: The vote was considered to be significant because Threadneedle were supporting a shareholder-tabled proposal not endorsed by management

Pictet	<p>ISS provide research and facilitate the execution of voting decisions at all relevant company meetings worldwide.</p> <p>ISS recommendations are communicated to relevant Investment teams and Pictet's in-house ESG team.</p> <p>ISS recommendations inform voting decisions but Pictet may deviate from third party voting recommendations on a case by case basis. Such divergences may be initiated by Investment teams or by the ESG team and will be supported by detailed written rationale.</p>	411 votes (100% of those eligible for)	25 votes	0 votes	<p>Pictet consider a vote to be significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or they hold an important stake in the company.</p>	<p>Mitchells & Butlers – Vote against approval of restricted share plan</p> <p>Rationale: They did not support this plan as: (i) the Company is replacing performance shares with restricted shares, the latter being time-based instruments without conventional performance conditions; and (ii) the introduction of the plan and its relevance to Company strategy was not been supported with sufficient rationale.</p> <p>Outcome: The resolution was approved.</p> <p>Implications: Where they believe the subject of the vote could present a material concern from an ESG perspective, they will continue to monitor and engage with the company. If warranted, they will consider actions as part of their escalation strategy, including future voting decisions.</p> <p>Significance: This resolution is significant because they voted against management.</p>
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