

Global Crossing Pension Scheme Implementation Statement for the year ended 31 March 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Global Crossing Pension Scheme (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 31 March 2023 (“the reporting year”).

Background

In Q2 2019, the Trustees received training on Environmental, Social and Governance (“ESG”) issues from their Investment Adviser, XPS Investment (“XPS”) and discussed their beliefs around these issues. This enabled the Trustees to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers’ own equivalent policies. The Trustees’ new policy has been documented in the updated Statement of Investment Principles dated September 2020.

The Trustees’ updated policy

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s investment managers. The Trustees require the Scheme’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 Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’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 Trustees seek 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

Despite there being no ESG report commissioned by the Trustees over the period, XPS have been monitoring the processes and operational behaviour of the investment managers through on-going research and regular meetings. As a result of this monitoring, the Trustees and XPS are comfortable that the investment managers remain appropriate, and their practices are in line with the Trustees’ requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees’ views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach 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 Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree. However, the Trustees have previously noted that whilst their Adviser has been monitoring the investment managers on their behalf, they have not engaged on ESG issues to a sufficient degree. This will continue to be addressed through discussions on ESG at the regular Trustee meetings and through the possible commissioning of an ESG review into the Scheme's investments.

Voting activity

As set out above, the Trustees have delegated responsibility for the exercise of voting rights to the investment managers. The main asset class where the investment managers will have voting rights is equities, and Trustees are required to set out the results of any significant votes in this implementation statement. The Scheme does not have specific allocations to equities or diversified funds which include equity holdings, and therefore there have been no such votes cast on the Trustees' behalf during the financial year ending 31 March 2023.