

# **Kardex Systems (UK) Limited Retirement Benefits Scheme**

## **Implementation Statement**

### **30 June 2020**

#### **Glossary**

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
Scheme	Kardex Systems (UK) Limited Retirement Benefits Scheme
Scheme Year	1 July 2019 to 30 June 2020
SIP	Statement of Investment Principles

#### **Introduction**

The Trustees' SIP includes wording relating to the Trustees' voting and engagement policies. This Implementation Statement provides an assessment of how, and the extent to which, the voting and engagement policies described in the SIP were followed over the Scheme Year.

Over the course of the Scheme Year, the Scheme's assets did not include an allocation to equities, directly or indirectly, and the Scheme's investment managers did not have an entitlement to cast votes on behalf of the Trustees. Therefore, there is no information contained in this Statement regarding voting behaviour by, or on behalf of, the Trustees.

#### **Voting and Engagement Policies in the SIP**

The Trustees revised the SIP during the Scheme Year with the first document in force over Period 1 and the second in force over Period 2 where:

- Period 1 applied from 1 July 2019 to 29 September 2019; and
- Period 2 applied from 30 September 2019 to 30 June 2020.

#### **Period 1 SIP Wording Relating to Voting and Engagement**

The key points in this SIP relating to voting and engagement were:

- The Trustees invest primarily through pooled investment vehicles. It is therefore accepted that the extent to which corporate governance, socially responsible practices and ethical behaviour are used in the selection of suitable investments will be determined by the investment managers' own policies on these matters.

Similarly, it is accepted that ongoing engagement with companies in which investments are made (including the exercise of voting rights) will also be determined by the investment managers' own policies.

#### Trustees' Assessment of Whether These Policies Were Followed

Over the course of Period 1, the assets were invested in pooled investment vehicles and, consequently, it remained the case that responsibility for corporate governance and ongoing engagement with companies was delegated to the investment managers.

#### Period 2 SIP Wording Relating to Voting and Engagement

A new SIP was prepared to ensure that the document would comply with new legislation which came into effect on 1 October 2019.

The key points in this SIP relating to voting and engagement were:

- The Trustees believe that 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 Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that may apply over the appropriate time horizon.
- Assessment of how ESG risks are mitigated will be one of the factors considered by the Trustees when selecting and monitoring investment managers.
- When considering the suitability of an investment manager, the Trustees (in conjunction with their investment adviser), will take account of all matters which are deemed to be financially material. When selecting an investment manager, the Trustees will consider the investment manager's approach to ESG matters.
- The Trustees recognise that it is likely that members and beneficiaries will hold a broad range of views on ESG and other non-financial matters. Whilst the Trustees will seek to avoid investing in a way that is likely to be strongly opposed by those individuals, the Trustees do not directly take such views into account when determining the Scheme's investment strategy.
- Where the Trustees invest in pooled investment vehicles, it is accepted that the extent to which corporate governance, socially responsible practices and ethical behaviour are used in the selection of suitable investments will be determined by the investment managers' own policies on these matters.
- Similarly, it is accepted that ongoing engagement with companies in which investments are made (including the exercise of voting rights) will also be determined by the investment managers' own policies. When considering the suitability of investment managers, the Trustees (in conjunction with its investment adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees recognise that the membership might wish the Trustees to engage with the companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society.

However, the Scheme's assets are invested in pooled funds and, as noted above, the Trustees therefore rely on the investment managers to carry out such engagement. The Trustees recognise that the investment managers' engagement policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.

- In the event that ESG policies and practices are considered to be unsuitable, the Trustees will replace the fund in question.
- The Trustees regularly monitor the position of the investment managers with regards to ESG matters.
- The investment adviser also provides regular updates on the investment managers' actions regarding ESG factors and shareholder engagement.

#### Trustees' Assessment of Whether These Policies Were Followed

The Trustees have not changed their stance regarding the importance of good stewardship or on the way members' views on engagement should be reflected in the Scheme's investment strategy.

Over the course of period 2, the assets were invested in pooled investment vehicles and, consequently, it remained the case that responsibility for exercising voting rights was the responsibility of the investment managers.

No new funds were selected over the course of Period 2.

The Trustees continue to regularly monitor the position of the investment managers with regards to ESG matters. In particular, the Trustees reviewed the ESG position of each fund in September 2019.

Shareholder engagement was not further considered as equities did not form part of the Scheme's portfolio over the period.

Agreed by the Trustees ..... Date: .....

Signed on behalf of the Trustees of the Kardex Systems (UK) Limited Retirement Benefits Scheme