

# Rexel UK Pension Scheme

## Implementation Statement

### Scheme year ended 5 April 2022

This Statement sets out how the Trustee of the Rexel UK Pension Scheme ("the Scheme") approached the implementation of the environmental, social and governance ("ESG") policies set out in the Statement of Investment Principles ("SIP") over the year to 5 April 2022. This Statement contains:

- A summary of how the Trustee's policies, included in their SIP, have been followed over the year.
- A summary of any changes to the SIP over the period.
- A summary of how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

### Stewardship policy

The Scheme's SIP in force at the time of preparing this Statement describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities. The SIP has been made available online here:

**<https://corporate.rexel.co.uk/wp-content/uploads/2022/07/2022-06-Rexel-SIP-v2.0-clean.pdf>**

The Trustee has delegated the exercise of rights attaching to investments (including voting rights) and in undertaking engagement activities to the Scheme's investment managers.

### Summary of how the SIP has been followed over the year

The SIP was reviewed over the year to 5 April 2022, with the revised SIP being agreed after the year end. The key changes to the SIP were to mention that the Scheme had committed to an investment in a closed-ended fund and to remove the references to the historic passive equity mandate, both within the defined benefit ("DB") section.

In the Trustee's opinion, the SIP has been followed over the year in the following ways:

- The investment strategy for the DB section of the Scheme has been set with regard to the Scheme's investment objectives, taking into account factors including (but not limited to) the level of expected investment return, the level of acceptable risk, the cashflow profile of the Scheme and the selection of appropriate investment managers.
- The defined contribution ("DC") section of the Scheme offers a suitable default strategy for members. The DC section also offers a range of self-select fund options which give members a reasonable choice from which to select their own strategy. The self-select range was not reviewed over the year to 5 April 2022 as the vast majority of the DC section members are invested in the default strategy.
- The Trustee monitors the performance of the DB and DC funds quarterly to ensure that the funds are meeting their stated objectives and that the risk/return characteristics of the funds remain appropriate for

the Scheme. The Scheme's Investment Consultant provides quarterly performance reports for the Trustee to review which consider the ongoing suitability of the funds in which the Scheme invests.

- The creditworthiness of the Employer is monitored on a regular basis through reporting provided by the Scheme's Actuarial Advisors.
- There were no new manager appointments over the year. The Scheme did implement a new "buy & maintain" credit mandate with one of its current managers and ESG considerations were factored into the manager selection process, alongside other material factors. As noted above, the Scheme also committed to an investment in a closed-ended fund (with a new manager, however the initial investment was made after the year-end) and the passive equity mandate within the DB section was removed.

The Trustee considers the voting and engagement policies set out in the SIP to have been met in the following ways:

- The Scheme invests entirely in pooled funds and, as such, the Trustee delegates responsibility for carrying out voting and engagement activities to the Scheme's investment managers.
- The Trustee reviewed the stewardship and engagement activities of their managers at the December Trustee's meeting via the annual "ESG monitoring report" and were satisfied that no remedial action was required at the time.
- As part of ongoing monitoring of the Scheme's managers, the Trustee uses ESG ratings information available within the pensions industry and provided by its Investment Consultant to assess how the Scheme's managers take account of ESG issues.
- Annually the Trustee receives and reviews voting information and engagement policies from the managers, which it reviews to ensure alignment with its own policies.

The subsequent sections of this Statement set out the voting behaviour of the managers over the year, including a summary of significant votes and engagement activities.

## Summary

Based on the information contained within this Statement, the Trustee is comfortable with how the SIP has been followed over the year and believes that the managers have acted in accordance with the Scheme's ESG and stewardship policies. The Trustee is supportive of the key voting action taken by the applicable managers over the period to encourage positive governance changes in the companies in which they hold shares.

The Trustee and their Investment Consultant are working with the managers to provide additional information in the future in order to enhance their ability to assess the managers' actions.

**Approved by the Trustee of the Rexel UK Pension Scheme**

**September 2022**

## Voting data

The voting data collated for the Scheme is given over the year to 31 March 2022 as this is the nearest quarter-end date to the Scheme's year-end.

There are no voting rights attached to the BMO LDI funds, the BMO Sterling Liquidity Fund or the credit funds in which the Scheme invests (the Barings Global High Yield Credit Strategies Fund, the BMO Global Absolute Return Bond Fund, the Insight Buy & Maintain Credit funds, the Insight Global ABS Fund and the Janus Henderson Multi-Asset Credit Fund). As such, these funds are not included in the tables below.

As the passive equity mandate within the DB section was removed in July 2021, these funds are not included in the tables below.

Manager	Abrdn	Columbia Threadneedle Investments	Legal & General Investment Management
Fund name	Diversified Growth Fund	Dynamic Real Return Fund	Consensus Fund
Structure	Pooled		
Ability to influence voting behaviour of the manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour		
Number of company meetings the manager was eligible to vote at over the year	618	389	8,843
Number of resolutions the manager was eligible to vote on over the year	8,414	4,939	88,741
Percentage of resolutions voted on (for which the manager was eligible)	98%	100%	> 99%
Percentage of resolutions the manager abstained from**	1%	2%	1%
Percentage of resolutions voted <i>with</i> management**	87%	93%	79%
Percentage of resolutions voted <i>against</i> management**	13%	5%	20%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	10%	Data not provided**	13%

\* As a percentage of the resolutions on which the investment manager voted.

\* Figures may not sum due to rounding.

\*\* Whilst Columbia Threadneedle have not provided this data, they have noted that their final vote decisions take account of, but are not determinatively informed by, research issued by proxy advisory organisations.

Source: Information provided by the investment managers.

Manager	Legal & General Investment Management	Legal & General Investment Management	Partners Group
Fund name	UK Equity Index Fund	World (ex UK) Equity Index Fund	Partners Fund <sup>††</sup>
Structure	Pooled		
Ability to influence voting behaviour of the manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour		
Number of company meetings the manager was eligible to vote at over the year	772	2,931	63
Number of resolutions the manager was eligible to vote on over the year	10,813	34,024	811
Percentage of resolutions voted on (for which the manager was eligible)	100%	> 99%	92%
Percentage of resolutions the manager abstained from <sup>††</sup>	0%	1%	4%
Percentage of resolutions voted <i>with</i> management <sup>††</sup>	93%	79%	91%
Percentage of resolutions voted <i>against</i> management <sup>††</sup>	7%	20%	5%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	5%	14%	2%

\* As a percentage of the resolutions on which the investment manager voted.

† Figures may not sum due to rounding.

†† The voting information for the Partners Fund relates to the year to 31 December 2021 and only to the listed equity components of the portfolio (i.e. the voting information excludes the private equity components).

Source: Information provided by the investment managers.

## Significant votes

The task of defining what a “significant vote” is has been delegated to the investment managers. A sample of significant votes (as provided by the managers) over the year to 5 April 2022 across each of the relevant funds in which the Scheme invests is set out below.

### Abrdn Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Akzo Nobel NV	HSBC Holdings Plc	BP Plc
Date of vote	22 April 2021	28 May 2021	12 May 2021
Approximate size of Fund's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
Summary of the resolution	Approve remuneration report	Approve climate change resolution	Approve shareholder resolution on climate change targets
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	<i>Not provided</i>	n/a	n/a
Rationale for the voting decision	Abrdn are concerned about the CEO's variable remuneration outcomes in view of the receipt of government support of €33m.	Abrdn are supportive of a move toward alignment with the Paris goals.	<p>Abrdn feel that the company's positive response to Climate Action 100+ requests for a Paris-aligned climate strategy and improved disclosures have already addressed the purpose of this resolution and made it more feasible for shareholders to monitor progress.</p> <p>Abrdn feel this resolution is substantially similar to one submitted by the proponent in 2019 and does not take into consideration the changes that have occurred in the intervening period. Abrdn therefore consider it preferable for the company to pursue implementation of the existing climate strategy and will continue to monitor its progress.</p>
Outcome of the vote	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
Implications of the outcome	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
Criteria on which the vote is considered “significant”	High profile vote	High profile vote	High profile vote

Source: Information provided by the investment manager.

## Columbia Threadneedle Dynamic Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Caterpillar Inc.	Royal Dutch Shell Plc	Eli Lilly and Company
Date of vote	9 June 2021	18 May 2021	3 May 2021
Approximate size of Fund's holding as at the date of the vote (as % of portfolio)	0.03%	0.15%	0.04%
Summary of the resolution	Report on climate policy	Request for Shell to set and publish targets for greenhouse gas emissions	Report on lobbying payments and policy
How the manager voted	For	Abstain	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	Supporting better ESG risk management disclosures	Not in shareholders' best interest	Supporting better ESG risk management disclosures
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome	Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process		
Criteria on which the vote is considered "significant"	Vote against management	Vote against management	Vote against management

Source: Information provided by the investment manager.

## Legal & General Consensus Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Apple Inc.	Microsoft Corporation	NextEra Energy, Inc.
<b>Date of vote</b>	04 March 2022	30 November 2021	20 May 2021
<b>Approximate size of Fund's holding as at the date of the vote (as % of portfolio)</b>	0.47%	0.40%	0.38%
<b>Summary of the resolution</b>	Report on civil rights audit	Elect Director Satya Nadella	Elect Director James L. Robo
<b>How the manager voted</b>	For	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with investee companies in the three weeks prior to an Annual General Meeting ("AGM") as their engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	A vote in favour was applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board Chair
<b>Outcome of the vote</b>	Around 54% of shareholders supported	Around 95% of shareholders supported	Around 88% of shareholders supported
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress	LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress
<b>Criteria on which the vote is considered "significant"</b>	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets managed on their behalf	A vote linked to an LGIM engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board Chair and CEO

Source: Information provided by the investment manager.

## Legal & General UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Informa Plc	The Sage Group Plc	JD Sports Fashion Plc
<b>Date of vote</b>	3 June 2021	3 February 2022	1 July 2021
<b>Approximate size of Fund's holding as at the date of the vote (as % of portfolio)</b>	0.34%	0.30%	0.18%
<b>Summary of the resolution</b>	Approve the remuneration report	Re-elect Drummond Hall as Director	Re-elect Peter Cowgill as Director
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	The company has implemented plans that received significant dissent from shareholders without addressing persistent concerns.	A vote against was applied because of a lack of progress on gender diversity on the board (LGIM expects boards to have at least one-third female representation)	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board Chair
<b>Outcome of the vote</b>	Around 38% of shareholders supported the resolution	Around 94% of shareholders supported the resolution	Around 85% of shareholders opposed the resolution
<b>Implications of the outcome</b>	LGIM will continue to seek to engage with the company and monitor progress	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress
<b>Criteria on which the vote is considered "significant"</b>	LGIM consider this vote to be significant as they took the rare step of publicly pre-declaring it before the shareholder meeting	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board Chair and CEO

Source: Information provided by the investment manager.



## Legal & General World (ex UK) Equity Index Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Apple Inc.	Microsoft Corporation	NextEra Energy, Inc.
<b>Date of vote</b>	04 March 2022	30 November 2021	20 May 2021
<b>Approximate size of Fund's holding as at the date of the vote (as % of portfolio)</b>	0.47%	0.40%	0.38%
<b>Summary of the resolution</b>	Report on civil rights audit	Elect Director Satya Nadella	Elect Director James L. Robo
<b>How the manager voted</b>	For	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with investee companies in the three weeks prior to an Annual General Meeting as their engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	A vote in favour was applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board Chair
<b>Outcome of the vote</b>	Around 54% of shareholders supported	Around 95% of shareholders supported	Around 88% of shareholders supported
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress	LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress
<b>Criteria on which the vote is considered "significant"</b>	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets managed on their behalf	A vote linked to an LGIM engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board Chair and CEO

Source: Information provided by the investment manager.

## Partners Group Partners Fund

Partners Group controls the board in the examples of significant votes provided below, hence aspects of the vote such as communication of intent to the company, outcome of the vote and date are not applicable, whilst the resolution summary and rationale are described by ESG efforts undertaken.

	Vote 1	Vote 2	Vote 3
Company name	Techem	Foncia	EyeCare Partners
Date of vote	n/a	n/a	n/a
Approximate size of Fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Climate change and health & safety	Environmental impact of the company's operations	Employee, patient and community care
How the manager voted	Control of board	Control of board	Control of board
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	n/a	n/a	n/a
Rationale for the voting decision	<p>Techem completed a climate change engagement with an external advisor where a detailed greenhouse gas inventory was established. Initial carbon reduction opportunities were identified and this analysis forms the basis for the development of Techem's carbon neutrality target. In addition, the organisation added health and safety terms in all contracts with suppliers in Germany, Poland and France to improve its oversight across its supply chain.</p>	<p>Foncia made efforts to reduce the environmental impact of its residential properties, notably through energy refurbishment. The company is also training more than 80% of its property managers on energy efficiency topics before the end of the year and training refreshers will be provided going forward. Foncia also has a plan to significantly reduce its own emissions. By the end of 2021, around 1,000 hybrid and electric vehicles will be ordered, which will gradually replace its current fleet in 2022.</p>	<p>The company created a career institute to support employee training and certification, in line with its goal to become a better employer and to increase retention in hard-to-fill roles. The program involves contracting with educational institutions to provide training and certifications, supporting staff with tuition payment and reimbursement programs.</p>
Outcome of the vote	n/a	n/a	n/a
Implications of the outcome	<p>After successfully completing a detailed materiality assessment, Techem published its first Corporate Sustainability Report in June 2021, which highlights key ESG achievements and lays out a detailed sustainability roadmap for the company. In the roadmap, the company commits to the development of a carbon neutrality target by 2022 and to increase the number of women in management from 17% in 2020 to 35% in 2025.</p>	<p>Foncia made a commitment to improve the diversity of its employee base. The core operations of the company scores 83 points in the French "Index d'égalité professionnelle entre les femmes et les hommes" (gender professional equality index), 8 points above the minimum required by the French government. The company is targeting a score of 90 within the next three years. In addition, Foncia's subsidiaries aim to reach or exceed 75 points within the next three years.</p>	<p>EyeCare Partners enhanced its employee benefits plan and developed a mobile application to promote employee engagement and recognition. The mobile app will be rolled out in 2022.</p>
Criteria on which the vote is considered "significant"	Size of holding	Size of holding	Size of holding

Source: Information provided by the investment manager.

## Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustee. The tables below provide a summary and examples of the engagement activities undertaken by each of the relevant managers during the year to 31 March 2022.

Manager	Abrdn*	Barings Asset Management	BMO Global Asset Management	BMO Global Asset Management
Fund name	Diversified Growth Fund	Global High Yield Credit Strategies Fund	Global Absolute Return Bond Fund	LDI funds
Does the manager perform engagement on behalf of the holdings of the Fund?	Data not provided	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in the Fund in the year	Data not provided	679 across the fixed income platform	222	87
Number of engagements undertaken at a firm level in the year	2,585	>900	1,838	1,838
Example engagement undertaken within the Fund	<p>Abrdn did not provide example engagements for the specific Fund,</p> <p>However, at a firm-level, Abrdn have provided details of collaborative engagements. For example, they have worked with the Farm Animal Investment Risk and Return initiative on climate change issues.</p>	<p>Barings holds a debt and equity investment in a global oil field services provider. The business is exposed to the energy transition driven by the need to address climate change. Barings was a key party responsible for putting in place an improved board and governance structure at the company following a balance sheet restructuring.</p>	<p>BMO have engaged with Royal Bank of Canada on its environmental and climate risk management practices for their lending portfolio in the past. Royal Bank of Canada has now committed to aligning its entire financing portfolio to the goals of the Paris Agreement and to achieve net zero carbon emissions across the group by 2050.</p>	<p>BMO have engaged with Deutsche Bank AG on their environmental and climate risk management practices for their lending portfolio in the past. Deutsche Bank AG has now committed to decarbonising its credit and investment portfolios by 2050, or earlier, according to scientific scenarios and targets of the Paris Climate Agreement.</p>

\* Abrdn only provide engagement information for complete calendar years and so the information shown above is for the year to 31 December 2021.

Manager	BMO Global Asset Management	Columbia Threadneedle Investments	Insight Investment	Insight Investment
Fund name	Sterling Liquidity Fund	Dynamic Real Return Fund	Maturing Buy & Maintain Credit funds	Global ABS Fund
Does the manager perform engagement on behalf of the holdings of the Fund?	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in the Fund in the year	15	<i>Data not provided</i>	2021-2025 Fund: 114 2026-2030 Fund: 125 2031-2035 Fund: 73	c.50
Number of engagements undertaken at a firm level in the year	1,838	238	861	861
Example engagement undertaken within the Fund	<i>Data not provided</i>	Columbia Threadneedle engaged with Tesco Plc to better understand the company's sustainability strategy, specifically relating to nutrition and plant-based proteins*	Insight engaged with Anheuser-Busch InBev as the company scores low in Insight's assessment of governance. During the engagement call, they discussed a range of ESG topics relevant to the following Sustainable Development Goals: "decent work and economic growth", "climate action" and "peace, justice and strong institutions".  Insight also performs an annual review of Severn Trent. In 2022, they discussed a range of topics, predominantly around financials and environmental issues.	Insight engaged with CVC – Cordatus on governance concerns and ESG constraints.

\* This is a firm-level engagement as fund-specific engagement data was not available.

Source: Information provided by the investment managers.

Manager	Janus Henderson Global Investors	Legal & General Investment Management	Partners Group
Fund name	Multi Asset Credit Fund	All	Partners Fund
Does the manager perform engagement on behalf of the holdings of the Fund?	Yes	<i>Data not provided</i>	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in the Fund in the year	117	<i>Data not provided</i>	<i>Data not provided</i>
Number of engagements undertaken at a firm level in the year	>1,000	773 in 2021 158 in the first quarter of 2022	<i>Data not provided</i>
Example engagement undertaken within the Fund	Janus Henderson engaged with S4 Capital to discuss company ownership and the level of control the executive chairman had over the board (including his ability to override shareholder resolutions).	Engaged with Amazon on labour rights commitments*.	A company where Partners Group controls the board initiated a "Green Initiative", which includes several ESG projects aimed at deepening the alignment of business units and employees with the climate friendly nature of the company. One of the initiatives include assessing Scope 1 and Scope 2 emissions with the support of an external advisor.

\* This is a firm-level engagement as fund-specific engagement data was not available.

Source: Information provided by the investment managers.