

Rexel UK Pension Scheme

Implementation Statement

Scheme year ended 5 April 2024

This Implementation Statement has been approved by the Trustee of the Rexel UK Pension Scheme (“the Scheme”) and sets out the following information over the year to 5 April 2024:

- A summary of how the Trustee’s policies, included in their Statement of Investment Principles (“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.

The Scheme’s Additional Voluntary Contributions and the Aviva Investment-Only With Profits policy are not covered by this Statement as they are not considered to be material in the context of the overall Scheme.

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/pensions-report/>

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.

The Trustee has decided not to set stewardship priorities for the DB section of the Scheme at present because the Scheme primarily invests through pooled investment vehicles where the Scheme’s asset only represents a small proportion of the capital invested in the funds, and the Trustee understands that they are constrained by the policies of the managers. The Scheme is the sole investor in the Columbia Threadneedle Bespoke Pooled LDI Fund, but the purpose of this Fund and the nature of the assets held means that stewardship priorities would be of limited relevance to the Fund. However, the Trustee takes the managers’ stewardship priorities and approach to climate risk and ESG factors into account at manager selection. The Trustee also reviews the stewardship and engagement activities of the investment managers annually with the help of their investment adviser, via their annual Sustainability Monitoring Report and during the production of the Implementation Statement.

Additionally, given the transfer of the majority of the DC assets to a Master Trust, the Trustee decided not to set stewardship priorities within the DC section at this time.

Summary of how the SIP has been followed over the year

A revised SIP was agreed in June 2023. The key changes to the SIP were to reflect the acquisition of BMO Global Asset Management (EMEA) by Columbia Threadneedle (“CT”), the disinvestment from the CT Dynamic Real Return Fund, and some other minor changes to the strategic asset allocation.

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 Trustee monitors the performance of the DB 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 Grant Thornton UK LLP.
- There were no new manager appointments over the year, therefore policies which relate to new manager appointments do not apply during the period.

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

- The Scheme invests primarily 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 via their annual “ESG monitoring report”, dated December 2023, which included stewardship activities applicable to the time horizon of the Scheme, including voting and engagement activity, 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. Based on the information provided, the Trustee is satisfied that the managers’ behaviour for this Scheme year is consistent with the Trustee’s policies for both financially material and non-financial matters, as set out in the SIP.

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.

The majority of the Scheme’s DC assets transferred to the Scottish Widows Master Trust in September 2023. As at 5 April 2024, a small residual amount of assets remained in three of the former DC funds and the Aviva Investment-Only With Profits policy. Prior to the transfer of the majority of LGIM assets in the defined contribution (“DC”) section, the Scheme offered a suitable default strategy for members.

Please note that as 5 April 2024, the Trustee was in the process of updating the Scheme’s SIP to reflect the investment in the CT Bespoke Pooled LDI Fund in the DB section and the transfer of the majority of the DC assets to the Scottish Widows Master Trust. The revised SIP will be issued in due course.

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

October 2024

Voting data

The voting data collated for the Scheme is given over the year to 31 March 2024 as this is the nearest quarter-end date to the Scheme's year-end.

There are no voting rights attached to the CT LDI funds, the CT Sterling Liquidity Fund or the credit funds in which the Scheme invests (the Barings Global High Yield Credit Strategies Fund, the Columbia Threadneedle 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 Scheme disinvested from the LGIM UK Equity Index Fund and the World (ex UK) Equity Index Fund early in the reporting period, they are excluded from the tables below on materiality grounds.

Manager	Abrdn	Legal & General Investment Management	Partners Group
Fund name	Diversified Growth Fund	Multi-Asset Fund (Formerly Consensus Fund)	Partners 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	606	9,311	56
Number of resolutions the manager was eligible to vote on over the year	8,546	94,134	847
Percentage of resolutions voted on (for which the manager was eligible)	97%	>99%	100%
Percentage of resolutions the manager abstained from * †	<1%	<1%	3%
Percentage of resolutions voted <i>with</i> management * †	87%	77%	92%
Percentage of resolutions voted <i>against</i> management * †	13%	23%	5%
Proxy voting advisor employed	ISS, with bespoke policy	ISS, with bespoke policy	Glass Lewis, with in-house policy
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	10%	14%	2%

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

† Figures may not sum due to rounding.

Source: Information provided by the investment managers.

^{**} The voting information for the Partners Fund relates to the year to 31 December 2023 and only to the listed equity components of the portfolio (i.e. the voting information excludes the private equity components).

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes.

At this time, the Trustee has not set stewardship priorities / themes for the Scheme, so, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote” and a sample of the most significant of these (determined by size of holding where available) over the year to 5 April 2024 across each of the relevant funds in which the Scheme invests is set out below. Abrdn and Partners were unable to provide details which would allow for an assessment of which votes may be most significant (as per the approach outlined above) and therefore the sample of votes shown has been selected to represent a variety of themes. The Trustee, through its investment consultant, has provided feedback to Abrdn and Partners on their reporting in the hope of being able to reflect the most significant votes going forwards.

The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy.

Abrdn Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	GSK Plc	Unilever Plc	Apple Inc.
Date of vote	3 May 2023	3 May 2023	28 Feb 2024
Approximate size of Fund's holding as at the date of the vote (as % of portfolio)	0.02%	0.04%	0.56%
Summary of the resolution	Approve remuneration report	Approve remuneration report	Report on median gender/racial pay gap
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>
Rationale for the voting decision	Abrdn voted against this resolution as the new remuneration policy would facilitate a generous one-off long-term incentive plan award which Abrdn did not consider to be appropriate.	The incoming CEO's salary was set higher than his predecessor's and was significantly higher than his previous salary and UK market peers. Abrdn believe that the company did not provide compelling justification for the remuneration package.	Abrdn believe that providing a median pay gap report on gender and diversity would enhance transparency, allowing investors to assess the company's DE&I efforts using a standardised and comparable metric.
Outcome of the vote	<i>Passed</i>	<i>Failed</i>	<i>Failed</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 Abrdn.

Legal & General Multi-Asset Fund (Formerly Consensus Fund)

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Microsoft Corporation	America Tower Corporation
Date of vote	23 May 2023	7 Dec 2023	24 May 2023
Approximate size of Fund's holding as at the date of the vote (as % of portfolio)	0.56%	0.50%	0.21%
Summary of the resolution	Approve the Shell Energy transition progress	Elect director Satya Nadella	Elect director Robert D. Hormats
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	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.		
Rationale for the voting decision	Climate change: LGIM acknowledged the substantial progress made by the company in meeting its 2021 climate commitment and welcome the company leadership in pursuing low carbon products. However, they remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations. LGIM consider both of these to be key areas to demonstrate alignment with the 1.5C trajectory.	Joint chair/CEO: A vote against was applied as LGIM expects companies to separate the roles of chair and CEO due to risk management and oversight concerns.	Diversity: A vote against was applied due to the lack of gender diversity at executive officer level. LGIM expects executive officers to include at least 1 female.
Outcome of the vote	Around 80% of shareholders supported.	Pass	Around 98% of shareholders supported
Implications of the outcome	LGIM will continue to undertake extensive engagement with Shell on its climate transition plans.	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.
Criteria on which the vote is considered "significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	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.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage.

Source: Information provided by Legal & General Investment Management.

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. The information for the Partners Fund relates to the year to 31 December 2023.

	Vote 1	Vote 2	Vote 3
Company name	Breitling	Gren	Wedgewood Pharmacy
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	ESG impact of the company's operations	ESG impact of the company's operations	ESG impact of the company's operations
How the manager voted	Board representation	Board representation	Board representation
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	Breitling is a direct private equity investment in Partner's portfolio of companies, where they invest directly to obtain control and influence over operations	Gren is a direct private infrastructure investment in Partner's portfolio of companies, where they invest directly to obtain control and influence over operations	Wedgewood Pharmacy is a direct private equity investment in Partner's portfolio of companies, where they invest directly to obtain control and influence over operations
Outcome of the vote	n/a	n/a	n/a
Implications of the outcome	Breitling has measured its environmental impact, including greenhouse gas emissions and developed measures to reduce the negative impact, mainly in its supply chain.	In line with their sustainability strategy, Gren have appointed ESG responsibilities at the board, executive, and leadership levels within 100 days.	Wedgewood Pharmacy completed its Scope 3 footprint assessment for 2022, ensuring that its environmental impact is measured and aligns with its greenhouse gas reduction objectives.
Criteria on which the vote is considered "significant"	Size of holding in fund	Size of holding in fund	Size of holding in fund

Source: Information provided by Partners Group.

Engagement Data

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 2024.

Manager	Abrdn*	Barings Asset Management	Columbia Threadneedle (CT)*	
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?	Yes	Yes	Yes	n/a
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	n/a
Number of engagements undertaken on behalf of the holdings in the Fund in the year	Data not provided	260	132	n/a
Number of engagements undertaken at a firm level in the year	2,008	490	1,424	
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 engagements relating to improving ESG practices and goals. For example, they influenced firms they engaged with to pursue climate goals and move towards net zero.</p>	<p>Barings have engaged with one of Europe's largest vertically integrated digital car marketplace companies to request increased transparency in their financial reports. Their reports had limited information regarding costs and intercompany transactions. Despite their best efforts the company's reporting quality did not improve. As a result, Barings reduced their exposure across their funds.</p>	<p>Columbia Threadneedle did not provide example engagements for specific funds.</p> <p>However, at a firm-level, Columbia Threadneedle have provided details of collaborative engagements with 26 companies through their Mandatory Human Rights Due Diligence project. They were seeking to engage with companies that scored zero on the human right due diligence indicator of the Corporate Human Rights Benchmark. The manager noted some improvements through their engagements. However, several companies continue to score 0 on the indicator. CT will continue with their project into 2024 with the expectation that companies move from policy to action.</p>	

* Abrdn and Columbia Threadneedle only provide engagement information for complete calendar years and so the information shown above is for the year to 31 December 2023.

Source: Information provided by the investment managers.

Manager	Columbia Threadneedle*	Insight Investment	Janus Henderson Global Investors ("JH")
Fund name	Sterling Liquidity 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
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	3	2021-2025 Fund: 67 2026-2030 Fund: 102 2031-2035 Fund: 71	60-70
Number of engagements undertaken at a firm level in the year	1,424	2,521	865
Example engagement undertaken within the Fund	<p>Columbia Threadneedle did not provide example engagements for specific funds.</p> <p>An example of firm level engagement can be found on the previous page.</p>	<p>Insight did not provide example engagements for the Maturing Buy and Maintain Credit funds. However, at a firm level, Insight engaged with Heathrow Funding Ltd regarding the companies ESG efforts. They highlighted several areas of improvement, including submitting a public disclosure to CDP. The manager also highlighted that it would be beneficial to see what the company is doing to influence the UK government into supporting the SAF as a more material part of fuel supply.</p>	<p>Insight engaged with Mercedes Benz on behalf of the Global ABS Fund, regarding their requirement for companies to fill out an ESG questionnaire. The company now understands the requirements and will collaborate with Insight to enable them to obtain a quantitative ESG score.</p> <p>JH engaged with INEOS Quattro, major producer of plastics, to get an update on the key challenges involved in the recycling process and the steps the company was taking to mitigate or resolve them. The company detailed their approach to recycling styrenics. Overall, JH believes that Quattro has an effective approach to managing ESG risks.</p>

* Abridged and Columbia Threadneedle only provide engagement information for complete calendar years and so the information shown above is for the year to 31 December 2023.

Source: Information provided by the investment managers.

	Legal & General Investment Management	Partners Group
Fund name	Multi-Asset Fund (Formerly Consensus Fund)	Partners Fund
Does the manager perform engagement on behalf of the holdings of the Fund?	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes
Number of engagements undertaken on behalf of the holdings in the Fund in the year	1,642	<i>Data not provided</i>
Number of engagements undertaken at a firm level in the year	2,144	<i>Data not provided</i>
Example engagement undertaken at Firm Level during the year*	<p>LGIM met with the energy infrastructure business APA in early 2023 to discuss the company's climate transition plan that LGIM had previously voted against due to lack of Scope 3 emissions targets. LGIM set out their expectations as per their net zero guide. LGIM met with APA again in early 2024 and the company confirmed that they would include a Scope 3 goal in the 2025 refresh of their climate transition plan, and outlined their proposed Scope 3 reduction pathway. APA stated that the feedback from investors that rejected their initial proposal solidified their decision to commit to a Scope 3 target.</p>	<p>Partners Group engaged with Emerica during the period by completing an ESG assessment of the company, of which they control the board Emerica's board and management have previously stated that they are committed to Partners Group's sustainability strategy. Partners highlighted key challenges that the company faced and outlined a plan towards improvement. For instance, Partners suggested that the company implements a carbon footprint reduction plan as a part of their sustainable housing project.</p>

* LGIM did not provide examples of engagements undertaken at the Fund level during the year, so an example at the Firm level is provided instead.

Source: Information provided by the investment managers.