

Ideal Standard (UK) Limited Pension Plan Implementation Statement for the year ended 5 April 2021

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the Ideal Standard (UK) Limited Pension Plan (“the Plan”) has followed their policy in relation to the exercising of rights (including voting rights) attached to the Plan’s investments, and engagement activities during the year ended 5 April 2021 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour during the reporting year.

Background

The Trustee previously received training on Environmental, Social and Governance (“ESG”) issues from their Investment Adviser, XPS Investment (“XPS”) and discussed beliefs around those issues. This enabled the Trustee to consider how to update its 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 Trustee’s new policy was documented in the updated Statement of Investment Principles dated September 2020.

The Trustee’s updated policy

The Trustee has considered its approach to ESG factors for the long term time horizon of the Plan and believes there can be financially material risks relating to them. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan’s investment managers. The Trustee requires the Plan’s investment managers to take ESG and climate change risks into consideration within their decision-making in relation to the selection, retention or realisation of investments, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

As the Plan invests in pooled funds, the Trustee acknowledges that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. The Trustee has therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Plan’s investments to the investment managers. The Trustee encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustee requires the investment managers to report on significant votes made on behalf of the Trustee.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustee seeks 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, the Trustee introduced the following fund: Aberdeen Standard Multi Sector Private Credit Fund (“the Fund”). The Fund was recommended by XPS, using various criteria. One of the criteria - in acknowledgement of the Trustee’s updated ESG policy - was that the investment manager had been found to have a credible ESG capability, with decisions linked to that capability applied to the Fund to an acceptable degree.

Ongoing governance

The Trustee, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in the Statement of Investment Principles. Further, the Trustee has set XPS the objective of ensuring that any selected managers reflect the Trustee's views on ESG (including climate change) and stewardship.

Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that it followed its policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Plan had no investments in equities as part of the strategy over the reporting year. Therefore, there are no voting activities to report in this section.

Approved and adopted by the Trustee, September 2021