

# Maxi Group of Companies Retirement Benefits Scheme

## Statement of Investment Principles - Implementation Statement

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) 2019 Regulations. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated January 2020 have been implemented. The SIP provides further background details on investment arrangements.

This Statement covers the period 6 April 2021 to 5 April 2022.

### Investment managers and funds in use

Asset Class	Fund	Target Asset Allocation
Multi-asset	Abrdn Managed Fund	100.0%
<b>Total</b>		<b>100.0%</b>

### Strategy Review

There have been no changes to the Investment Managers or target asset allocation over the year.

### Scheme Governance

The Trustees are responsible for making investment decisions, and seeks advice from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment consultant.

The Trustees do not actively obtain views of the membership of the Scheme to help form their policies set out in the SIP.

There were also no changes to the investment management agreements with Standard Life Investments during the year.

### Statement of Investment Principles

The Trustees last reviewed the Statement of Investment Principles (SIP) in January 2020, which was updated in line with new legislation relating to Environmental, Social and Governance (ESG) considerations.

The Trustees have a policy on financially material considerations relating to ESG issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out below and are detailed in the SIP.

The Trustees’ policies on financially and non-financially material considerations, as well as engagement and voting activities were not updated in the SIP in force during the year.

There were no departures from the policies set out in the SIP, including the Trustees’ policies on financially and non-financially material considerations, during the year.

### Policy for taking into account financially material ESG considerations

**Trustees’ Policy:** *The Trustees believe that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk adjusted investment returns. The Trustees expect its Investment Manager, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustees (delegating to the Investment Consultant where appropriate) assess the ESG integration capability of its Investment Manager.*

There have been no changes to the Trustees’ policy, nor any departures from their policy, during the year.

The Trustees note that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustees are satisfied that the funds currently invested in by the Scheme are managed in accordance with their views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustees have access to updates on governance and engagement activities by the Investment Manager and input from their investment consultant on ESG matters. These views are also taken into account when appointing and reviewing Investment Managers.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their Investment Manager given they are investing in a pooled fund.

A summary of the Trustees’ views for each asset class in which the Scheme invests is outlined below.

Asset Class	Actively or Passively Managed?	Comments
Multi-asset	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the manager to use its discretion to generate higher risk adjusted returns. The Trustees also expect the Investment Manager to engage with the underlying investee companies, where possible, although it appreciates that fixed income assets within the portfolio do not typically attract voting rights.

## Policy for taking into account non-financial ESG considerations

**Trustees' Policy:** *Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expect its Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment. Members' views are not sought on non-financial matters (including ESG and ethical views) in relation to the selection, retention and realisation of investments.*

There have been no changes to the Trustees' policy, nor any departures from their policy, during the year.

## Policy on the exercise of voting rights and engagement activities

**Trustees' Policy:** *The Trustees wish to encourage best practice in terms of activism. The Trustees accept that by using pooled investment vehicles, the day-to-day application of voting rights will be carried out by the Investment Manager. Consequently, the Trustees expect the Scheme's Investment Manager to adopt a voting policy that is in accordance with best industry practice.*

There have been no changes to the Trustees' policy, nor any departures from their policy, during the year. In particular, all voting activities have been delegated to the Investment Manager, as the Trustees do not have the administrative mechanism to cast votes on the underlying holdings, given the pooled nature of the Scheme's investments.

The Trustees currently invests in pooled investment funds with the Investment Manager, and they acknowledge that this limits their ability to directly influence the Investment Manager.

The Trustees have employed Broadstone to assist them in monitoring the voting and engagement activity of their Investment Manager. The Trustees, with the assistance of Broadstone, concluded that the voting and engagement activity of their Investment Manager is in line with their policy on voting and engagement

The Standard Life Managed Fund contains equity holdings, and therefore has voting rights attached to these underlying equities.

Standard Life uses the services of a third party proxy voter when exercising voting rights and will often engage with investee companies directly. The third proxy voter used is confirmed in the table below.

The Trustees have delegated engagement activities to the Investment Manager, who reports to the Trustees on how they have voted on behalf of the Trustees for the underlying holdings.

A summary of the votes made by Standard Life on behalf of the Trustees (where the investment owns equities) is provided in the table overleaf from 1 April 2021 to 31 March 2022, based on the latest information available.

Manager	Pooled or Segregated?	Third Party Proxy Policy Used	Resolutions Voted On	Resolutions Voted:		
				For	Against	Abstained
<b>Abrdn</b>	Pooled	No – in house but cast votes using ISS	73,880	85%	13%	2%

The votes above are at the company level, rather than being scheme or fund specific.

A notable engagement activity of Abrdn is provided below:

- **Abrdn** engaged with tobacco producer Philip Morris over its efforts to transition smokers to reduced risk products (RRPs) as well as longer-term efforts to diversify away from nicotine products. The company has set a target of 50% revenue generation from smoke-free products and also aims to switch 40 million smokers to RRP. Recent acquisitions have also been made to generate revenues beyond nicotine, and the company demonstrates its commitment to developing policies consistent with best practice.

The Trustees are comfortable with the Investment Manager’s approach for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

The Trustees also consider the Investment Manager’s policies on stewardship and engagement when selecting and reviewing Investment Managers.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall ‘score’ which represents how well ESG metrics are incorporated into managers’ investment processes. Investment managers will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report. Scores are presented in performance bands ranging from ‘A+’ to ‘E’. The 2020 UNPRI score for Abrdn is outlined in the table below, which are the latest available.

Manager	UNPRI Score
<b>Abrdn</b>	A+

### Monitoring of Investment Arrangements

In addition to any reviews of the Investment Manager or their approach, and direct engagement with the Investment Manager (as detailed above), the Trustees receive quarterly performance reports from Abrdn to ensure the investment objectives set out in their SIP are being met.