

Travis Perkins Pension & Dependants' Benefit Scheme

Implementation Statement for the year ended 30 September 2023

Purpose

This Implementation statement provides information on how, and the extent to which, the Trustee of the Travis Perkins Pension & Dependants' Benefit Scheme ("the Scheme") has followed the policies documented in their Statement of Investment Principles ("SIP") during the year ended 30 September 2023 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year. This statement relates to the Defined Benefit ("DB") Section, and the Defined Contribution ("DC") section of the Travis Perkins Pension & Dependants' Benefit Scheme.

Latest review of the Statement of Investment Principles

The latest version of the Scheme's SIP came into effect in August 2023. There are now two SIPs, covering the DB Section and the DC Section separately. This reflects the operational differences between the two sections of the Scheme.

A default arrangement SIP forms an appendix to the DC Section SIP. This appendix details the Trustees policies regarding the default arrangement of the DC and AVC assets, which is to invest into the Clerical Medical BlackRock Balanced Lifestyle Strategy.

Investment-related activity during the reporting year

Asset allocation / fund reviews

In understanding that asset allocation plays an important role in achieving investment objectives, the Trustee regularly monitors the asset allocation of both the DB and DC section of the Scheme to ensure that this is in line with their current investment objectives.

During the reporting period, the DC section of the Scheme completed the strategy change in December 2022, which had been put on hold due to market turmoil during the gilt crisis of 2022. This strategy involved transferring the funds held with Standard Life Managed Fund and the Abrdn Life Multi-Asset Fund, to the Clerical Medical Blackrock Balanced Lifestyle Strategy. The DB section of the Scheme was subject to significant gilt market volatility at the start of the reporting period. To maintain the level of liability hedging in place, in October 2022 Insight significantly reduced the allocation to the High-Grade ABS Fund in line with the collateral framework in place, with the proceeds transferred to LDI assets or held as cash for collateral purposes. During the reporting period, the Trustee also rebalanced the illiquid assets portfolio following the gilts crisis last year.

Trustee training

Over the course of the reporting year, the Trustee received training on the following investment topics:

- Environmental, Social and Governance ("ESG") and sustainability considerations.
- Taskforce for Climate Related Financial Disclosures (TCFD) and recommendations.
- Update on the new DWP guidance relating to SIPs and implementations Statements.

How the SIP has been followed during the year

The Trustee has various investment policies for the Scheme on the topics listed in the tables below; the tables also provide commentary on how and the extent to which the various policies were followed during the reporting year.

DB Section

Policy	How the policy was followed
<p>Scheme governance</p> <p>The Trustee is accountable for the investment of the Scheme's assets and has the responsibility to manage the Scheme's affairs effectively. The Trustee decides what to delegate after considering whether they have the necessary skills, knowledge, and professional support to make informed decisions. The Trustee delegates some aspects of the Scheme's investment arrangements to third party service providers, in order to manage the Scheme's affairs effectively. The Trustee decides what to delegate after considering whether they have the necessary skills, knowledge and professional support to make informed and effective decisions. The Trustee retains overall responsibility and decision-making power over investment objectives, implementing the investment strategy, the target level of risk and return, investment strategy (the allocation between the main asset classes) and whether to invest in new asset classes.</p>	<p>For the DB section, the Trustee continues to ensure their policies are met. This includes obtaining written advice from their investment advisors where required. The investment managers are responsible for the day-to-day management of the Scheme's assets in accordance with the mandates agreed with the Trustee.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>
<p>Investment Objectives</p> <p>The Trustee's primary investment objective is to invest the Scheme's DB assets, within an agreed risk profile, in such a manner that members' benefit entitlements can be paid as and when they fall due.</p>	<p>The Trustee regards the funds held in the DB Section to be appropriate by incorporating assets of appropriate income and liquidity to meet the Trustee's overall investment objectives and to aim to ensure members' benefits can be paid as they fall due. To maintain the level of liability hedging in place, in October 2022 Insight significantly reduced the allocation to the High-Grade ABS Fund in line with the collateral framework in place, with the proceeds transferred to LDI assets or held as cash for collateral purposes. During the reporting period, the Trustee also rebalanced the illiquid assets portfolio following the gilts crisis last year.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>

<p>Risk and Return</p> <p>The Trustee's targets a return consistent with the assumptions made in determining the Scheme's Technical Provisions. The Trustee's policy in relation to the DB section is to invest in a diversified portfolio of return seeking assets and liability matching assets to meet that level of return at controlled levels of risk.</p>	<p>The funds held by the DB Section incorporated both return seeking assets (e.g. buy and maintain credit, secured finance) and liability matching assets (Liability Driven Investments).</p> <p>The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>
<p>Diversification of risks</p> <p>The Trustee seeks to spread risks across a range of different sources. They consider the following risks, which they consider as financially material to the Scheme over its anticipated lifetime.</p> <ul style="list-style-type: none"> - Interest rate risk - Inflation risk - Credit risk - Currency risk - Other price risk - Environmental, Social and Governance (ESG) risk and climate change risk. 	<p>The Trustee receives strategic investment advice from the Investment Adviser that includes risk modelling and quantification (e.g. Value at Risk) whenever strategic changes are considered. The Trustee considers both quantitative and qualitative measures for these risks when deciding on strategic asset allocation, deciding on investment policies and the choice of funds, fund managers and asset classes. The Trustees employ liability hedging to explicitly limit interest rate and inflation risk within the Scheme. The Investment Manager's role and approach to managing risk is part of the ongoing monitoring of such managers, particularly when selecting a new Investment Manager during any investment strategy review actions.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>
<p>Investment Manager Appointment, Engagement and Monitoring</p> <p>The Trustee policy is in relation to:</p> <ul style="list-style-type: none"> - Aligning manager appointments with investment strategy - Evaluating investment manager performance 	<p>The Trustee receives quarterly reporting from their Investment Adviser, which includes the asset allocation and compares this with the desired long term strategic allocation. The quarterly report also includes an update on the markets over the period and any market risks on the horizon. This quarterly monitoring provided by XPS furnishes the Trustee with the underlying asset class/sector exposures to monitor any unintended risk being taken.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>
<p>Portfolio Turnover Costs</p> <p>The Trustee does not regularly monitor the portfolio turnover costs of the main DB assets. The Trustee will continue to monitor industry improvements concerning the reporting of portfolio turnover costs.</p>	<p>Investment manager performance is reported net of transaction costs and therefore managers are incentivised to keep portfolio turnover costs to a minimum.</p> <p>Manager's remuneration is taken into consideration during manager selection exercises, to ensure the Scheme is not paying excessive fees that would detract from the Scheme's return.</p>

	<p>he Trustee and XPS discussed the turnover within the Insight Buy and Maintain portfolio and this is now being monitored.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>
<p>Manager Turnover</p> <p>The Trustee is a long-term investor and do not look to change investment arrangements on a frequent basis. The Scheme will retain an investment manager unless:</p> <ul style="list-style-type: none"> – There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager; – The manager appointment has been reviewed and the Trustee is no longer comfortable that the manager can deliver the mandate. 	<p>As at the end of the reporting year, the Trustee remained comfortable that the respective investment managers can deliver their mandates.</p> <p>On 29 November 2023, Ares announced the termination of the Secure Income Fund, and has entered a period of wind up where capital is returned to investors.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>
<p>Responsible Investment and Corporate Governance</p> <p>The Trustee's policy is to consider how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers.</p>	<p>When implementing a new manager, the Trustee considers the ESG rating of the manager. There were no new manager appointments over the year. In any future investment strategy reviews, the Trustee will take into consideration manager ESG ratings.</p> <p>The Trustee was in the process of reviewing the ESG and sustainability guidelines of the Buy & Maintain Credit assets as at year end.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>

<p>Non-financial matters</p> <p>The Trustee's policy is to act in the best interests of the beneficiaries of the Scheme when selecting, retaining or realising investments. It has neither sought nor taken into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental issues.</p>	<p>For the DB section, the Trustee delegates the management of scheme assets to the investment managers. The investment managers are expected to take account of non-financial considerations within the decision-making process.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>
<p>Voting rights</p> <p>The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.</p>	<p>For the DB section, the investment managers are expected to vote in accordance with their internal voting policies. Given the nature of the DB sections holdings, the respective investment managers do not have opportunity to vote on the Schemes behalf.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>

DC Section

During the reporting year the Trustee is satisfied that they followed the investment policies within the DC Section in the following ways:

<p>Kinds of investments to be held.</p> <p>Owing to the DC Section receiving no further contributions and being closed to new members the DC Section didn't have a default investment strategy.</p> <p>Following the transfer of the DC assets from the current arrangement to the one proposed by XPS, a default arrangement has now been formed.</p> <p>The Trustee's policy is to consider the benefits of all available asset classes when constructing the investment strategy of the Default Arrangement. This is to seek to improve member outcomes through improved risk-adjusted returns.</p> <p>The Trustee will monitor the asset class and will, in conjunction with training and research from their investment consultant, determine whether there are suitable, future opportunities to invest in illiquid assets.</p>	<p>A small range of multi-asset self-select funds managed by Abdrn, Standard Life and Clerical Medical are made available which the Trustee believes is appropriate for members. During the reporting period, the Trustee transferred the holdings in the Standard Life Managed Fund and the Abdrn Multi-Asset Fund to the Scheme's default strategy, with the aim of rationalising the strategy to a smaller number of funds. The Scheme's default is the "Clerical Medical BlackRock Balanced Lifestyle Strategy".</p> <p>At present, the Default Arrangement has no allocation to illiquid assets and the Trustee does not currently have a policy relating to investments in illiquid assets. This is due to prior decisions on appropriate levels of charges for members, the need to better understand the risk and reward profile of that asset class, and the implementation costs of introducing the asset class onto the investment platform used by the Trustee.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>
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<p>Investment Objective.</p> <p>Within the DC section, the Trustee encourages members to seek independent financial advice from an appropriate party in determining the most suitable investment strategy for their individual circumstances.</p>	<p>Within the DC section, the Trustee encourages members to seek independent financial advice from an appropriate party in determining the most suitable investment strategy for their individual circumstances. The Trustee remained satisfied they followed the policy in full by offering a selection of funds that invest in several assets classes.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>
<p>Risk and return targets.</p> <p>Within the DC Section of the Scheme the Trustee has considered the specific risks outlined in section 5 of the SIP.</p>	<p>The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions. Furthermore, the DC section also offers a range of investment funds with different risk and return characteristics.</p> <p>The Trustee is satisfied that they followed the policy in full by offering investment funds with different risk-reward characteristics.</p>
<p>Meeting the expected level of investment return.</p> <p>The funds are expected to achieve returns in excess of inflation over the long term and preserve members' purchasing power for these assets.</p>	<p>The Trustee reviews absolute performance, relative performance against a suitable index used as a benchmark, where relevant, and against the manager's stated performance target (over the relevant time-period) as part of the annual "Value for Money Assessment".</p> <p>Given relative underperformance of the default funds reported in the 2022 VfM, the Investment Consultant produced an ad-hoc performance monitoring report to understand what was causing this. The report used performance data as at 31 October 2023 and was shared with the Trustees in the 2023 - 2024 reporting period.</p> <p>The Trustee is satisfied that they followed the policy in full over the reporting period.</p>
<p>Realisation of investments.</p> <p>The Trustee recognises that assets may need to be realised to meet the members obligations, and so made all assets ready realisable to members over the period.</p>	<p>The DC Scheme's assets are managed in pooled, daily dealt funds. The Trustee acknowledges that investments in these funds can be realised at short notice and therefore has no concerns around the liquidity of these investments.</p> <p>The Trustee is satisfied that it has followed the policy to a reasonable extent over the reporting period.</p>

Arrangements with Investment Managers.	<p>The Trustee review the DC and AVC providers' proposition, including the remuneration they receive for their services, on an annual basis as part of the "Value for Money Assessment".</p> <p>The Trustee is satisfied that they followed the policy in full over the period.</p>
<p>Voting rights</p> <p>The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.</p>	<p>For the DC section, the investment managers are expected to vote in accordance with their internal voting policies.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>

Voting activity

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and 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.

The voting activity of the Scheme over the reporting year is in relation to the funds the Scheme was invested into throughout the period. The main asset class where the investment managers will have voting rights is equities, as it represents the equity ownership and shareholder's stake within the underlying business. There are likely to be no voting rights for credit-based assets or funds that invest into them. As such, there was no voting activity within the DB section where the investment strategy is underpinned by credit based assets.

Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is given below for the DC section. Please note that some managers only report their voting activity on a quarterly or yearly basis, and so the voting period may not align with the Schemes reporting year. The voting period of the fund is given below. Based on this summary, the Trustee concluded that the investment managers have exercised their delegated voting rights on behalf of the Trustee in a way that aligns with the Trustee's relevant policies in this regard.

DC Section

Voting Policy of Abrdn

<p>Manager's policy on consulting with clients before voting</p> <p>Abrdn will consult with clients who have a segregated mandate in place.</p>
<p>How has the manager made use of the proxy voting services</p> <p>Abrdn utilise the services of ISS for all their voting requirements.</p>
<p>What process manager follows for determining "most significant" votes</p>

At Abrdn, they view all votes as significant and vote all shares globally for which they have voting authority, unless there are significant voting obstacles such as share blocking. In line with PLSA requirements Abrdn identify and record what they deem to be the most significant votes across all their holdings. Abrdn have identified five categories of votes they consider as significant and have ordered these based their view of their importance. This enables them to provide a specified number of votes across a client's portfolio upon request. Members of the Abrdn Central ESG Investment Function carry out a monthly review to identify and categorise significant votes. These categories and details of the underlying votes captured are as follows:

Significant Vote Category 1 ('SV1'): High Profile Votes

- Focus on votes which received public and press interest with a focus on their large, active holdings
- Focus on votes which reflect significant governance concerns regarding the company
- Resolutions proposed by Abrdn

Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions

- Votes on shareholder E&S proposals where they have engaged with the proponent or company on the resolution
- Votes on management-presented E&S proposals
- Focus on shareholder proposals where they have voted contrary to management recommendations

Significant Vote Category 3 ('SV3'): Engagement

- Focus on resolutions where Abrdn have engaged with the company on a resolution
- Focus on resolutions where post-engagement they voted contrary to our custom policy

Significant Vote Category 4 ('SV4'): Corporate Transactions

- Focus on selected votes which have a financial impact on the investment with a focus on acquisitions

Significant Vote Category 5 ('SV5'): Votes contrary to custom policy

- Focus on large active holdings where Abrdn have voted contrary to custom policy following analysis

Manager	Abrdn
Voting activity date range	01/10/2022 – 30/09/2023
Fund name	UK Unitised With Profits High Guaranteed Fund
Number of company meetings the manager was eligible to vote at over the year	944
Number of resolutions the manager was eligible to vote on over the year	13,635
Percentage of resolutions the manager voted on	97.8%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	0.1%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	81.9%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	18.0%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	13.6%

	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
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Company Name	FedEx Corporation	Darden Restaurant	NIKE, Inc.	Microchip Technology Incorporated	Constellation Brands, Inc.
Date of Vote	21/09/2023	20/09/2023	12/09/2023	22/08/2023	18/07/2023
Summary of the resolution	Report on Climate Risk in Retirement Plan Options	Adopt GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	Report on Median Gender/Racial Pay Gap	Report on Due Diligence Efforts to Trace End-User Misuse of Company Products	Disclose GHG Emissions Reductions Targets
How the manager voted	Against	For	For	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Manager did not provide this information	N/A	N/A	Manager did not provide this information	N/A
Implications of the outcome	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information
Criteria on which the vote is considered "significant"	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions

The below fund was disinvested from in December 2022 and hence two of the votes are not applicable.

Manager	Abrdn
Voting activity date range	01/10/2022 – 30/09/2023
Fund name	Standard Life Managed Pension Fund
Number of company meetings the manager was eligible to vote at over the year	18
Number of resolutions the manager was eligible to vote on over the year	163
Percentage of resolutions the manager voted on	25.8%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	0.0%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	85.7%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	14.3%
Percentage of resolutions voted contrary to the recommendation of the proxy adviser	0.0%

	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company Name	Impala Platinum Holdings Ltd.	Impala Platinum Holdings Ltd.	X5 Retail Group NV	NOVATEK JSC	Segezha Group PJSC
Date of Vote	12/10/2022	12/10/2022	30/11/2022	21/04/2023	30/06/2023
Summary of the resolution	Reappoint Deloitte as Auditors with Sphiwe Stemela as the Designated Auditor	Authorise Board to Issue Shares for Cash	Approve Settlement of Equity-Based Remuneration Component	Ratify Auditor	Approve Allocation of Income and Omission of Dividends
How the manager voted	For	For	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information
Implications of the outcome	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information
Criteria on which the vote is considered "significant"	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions

The below fund voting information relates to a sub-fund within the Standard Life With Profits Fund.

Manager	Abrdn
Voting activity date range	01/10/2022 – 30/09/2023
Fund name	Lothian International Trust
Number of company meetings the manager was eligible to vote at over the year	939
Number of resolutions the manager was eligible to vote on over the year	13616
Percentage of resolutions the manager voted on	97.8%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	0.1%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	81.9%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	18.0%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	13.6%

	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company Name	FedEx Corporation	Darden Restaurant	NIKE, Inc.	Microchip Technology Incorporated	Constellation Brands, Inc.
Date of Vote	21/09/2023	20/09/2023	12/09/2023	22/08/2023	18/07/2023
Summary of the resolution	Report on Climate Risk in Retirement Plan Options	Adopt GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	Report on Median Gender/Racial Pay Gap	Report on Due Diligence Efforts to Trace End-User Misuse of Company Products	Disclose GHG Emissions Reductions Targets
How the manager voted	Against	For	For	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information
Implications of the outcome	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information
Criteria on which the vote is considered "significant"	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions

XPS were not provided with the voting information for Clerical Medical in time for the associated deadlines for the accounts.