

Travis Perkins Pension & Dependents' Benefit Scheme

Implementation Statement for the year ended 30 September 2022

Purpose

This Implementation statement provides information on how, and the extent to which, the Trustee of the Travis Perkins Pension & Dependents' Benefit Scheme ("the Scheme") has followed the policies documented in their Statement of Investment Principles ("SIP") during the year ended 30 September 2022 ("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 & Dependents' Benefit Scheme.

Latest review of the Statement of Investment Principles

The latest version of the Scheme's SIP came into effect in July 2020 and was applicable during the reporting year. There are two parts to the SIP, covering the DB Section and the DC Section. 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. This default arrangement SIP is to be updated in the following reporting year upon the completion of the transfer of the DC assets to the default.

Investment-related activity during the reporting year

Significant changes

During the reporting year, Ross Trustees Services Limited replaced Cobtree Nominees Limited as Trustee to the Travis Perkins Pension & Dependents' Benefit Scheme. At the year end, the Trustee, together with the Investment Adviser, continued to explore potential changes to both the DB and DC sections of the Scheme .

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 Trustee disinvested from the property allocation (LGIM LPI Income Property Fund and M&G Secured Property Income Fund).

In addition, the Trustee agreed to investment strategy changes within the DC section of the Scheme, however this was put on hold towards the end of September 2022 due to increased market turmoil as a result of the UK government 'mini-budget' announcement and the ensuing gilt crisis. The transition to the proposed DC strategy was resumed in December 2022

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) .

Manager Presentations

During the reporting year, the following managers attended Trustee meetings:

- Insight Investments
- Royal London Asset Management

CMA Objectives / Order

During the reporting year, the Trustee reviewed their investment consultant objectives in line with the 10 June 2019 CMA Order.

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 both the DB and DC sections, the Trustee continues to ensure their policies are met.</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>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>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.</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. There were no changes to the Trustee’s investment strategy in respect of the DC Section and 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</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>Within the DC Section of the Scheme the Trustee has considered the specific risks outlined in section 8.2 of the SIP.</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. 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 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 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 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>The Trustee has commissioned a review of the ongoing costs borne by the Scheme (cost transparency initiative).</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>During the reporting year, the Scheme's investments in LGIM LPI Income Property Fund and M&G Secured property Income Fund were divested from as a de-risking step to reduce both the risk and the expected return to a more prudent level.</p> <p>As at the end of the reporting year, the Trustee remained comfortable that the respective investment managers can deliver their mandates.</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 is reviewing the Buy & Maintain Credit mandates from an ESG and sustainability perspective.</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 both the DB and DC sections, 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 both the DB and DC sections, 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>

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 will be formed. This will be reported in the Implementation Statement for the following reporting year.</p>	<p>A small range of multi-asset self-select funds managed by Abdrn and Standard Life are made available which the Trustee believes is appropriate for members. No changes were made to the Scheme's investments over the year and the Trustee believes the range of funds remains appropriate.</p> <p>The Trustee is satisfied that they are following this policy in full.</p>
<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 8.2 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.</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>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>

<p>Arrangements with Investment Managers.</p>	<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>
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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 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 Abrdn utilise the services of ISS for all their voting requirements.</p>
<p>What process manager follows for determining "most significant" votes At Abrdn view all votes as significant and vote all shares globally for which they have voting authority, unless there are significant voting obstacles such as shareblocking. In line with PLSA requirements they identify and record what they deem to be the most significant votes across all their holdings. They have identified five categories of votes they consider as significant and have ordered these based on their view of their importance. This enables them to provide a specified number of votes across a client's portfolio upon request. Members of their 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:</p> <p>Significant Vote Category 1 ('SV1'): High Profile Votes</p> <ul style="list-style-type: none"> • 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 they have engaged with the company on a resolution
- Focus on resolutions where post-engagement they voted contrary to their 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 they have voted contrary to custom policy following analysis

Manager	Abrdn
Voting activity date range	01/10/2021 – 30/09/2022
Fund name	Aberdeen Standard With Profits
Number of company meetings the manager was eligible to vote at over the year	934
Number of resolutions the manager was eligible to vote on over the year	12,988
Percentage of resolutions the manager voted on	97.5%
Percentage of resolutions the manager abstained from	0.3%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	82.1%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	17.5%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	13.5%

	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company Name	Mediobanca SpA	The TJX Companies, Inc	Walmart Inc	Teleperformance SE	Carrefour SA
Date of Vote	28/10/2021	07/06/2022	01/06/2022	14/04/2022	03/06/2022
Summary of the resolution	Amend Company Bylaws Re: Articles 15, 18, and 23	Report on Risk Due to Restrictions on Reproductive Rights)	Prepare Report on Health Care Reform	Advisory Vote to Ratify Named Executive Officers' Compensation. Approve remuneration policy.	Approve Company's Climate Transition Plan
How the manager voted	For	Abstain	Abstain	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	N/A – vote was not against management	Manager did not provide this information	Manager did not provide this information	Manager did not provide this information	N/A – vote was not against management
Implications of the outcome	The largest shareholder withdrew their proposal which triggered this company 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
Criteria on which the vote is considered “significant”	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV2 'Shareholder and Environmental & Social (E&S) Resolutions'

Manager	Abrdn
Voting activity date range	01/10/2021 – 30/09/2022
Fund name	Aberdeen Standard Managed Pension Fund
Number of company meetings the manager was eligible to vote at over the year	620
Number of resolutions the manager was eligible to vote on over the year	10,554
Percentage of resolutions the manager voted on	93.4%
Percentage of resolutions the manager abstained from	2.6%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	89.3%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	8.1%
Percentage of resolutions voted contrary to the recommendation of the proxy adviser	9.8%

	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company Name	Telecom Plus Plc	WH Smith Plc	SSE Plc	Glencore Plc	Teleperformance SE
Date of Vote	26/07/2022	19/01/2022	21/07/2022	28/04/2022	14/04/2022
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation	Re-elect Maurice Thompson as Director	Approve Remuneration Policy	Approve Climate Progress Report	Advisory Vote to Ratify Named Executive Officers' Compensation. Approve remuneration policy.
How the manager voted	Against	Against	Against	Against	Against
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	The company has recently undergone a transition period in relation to management and believe they are now positioned to oversee robust measures.	Manager did not provide this information
Criteria on which the vote is considered "significant"	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.

Manager	Abrdn				
Voting activity date range	01/10/2021 – 30/09/2022				
Fund name	Multi-Asset Fund				
Number of company meetings the manager was eligible to vote at over the year	1,167				
Number of resolutions the manager was eligible to vote on over the year	18,040				
Percentage of resolutions the manager voted on	97.4%				
Percentage of resolutions the manager abstained from	0.4%				
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	92.7%				
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	6.9%				
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	6.1%				
	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company Name	Telecom Plus Plc	Glencore Plc	Rio Tinto Plc	Informa Plc	SSE Plc
Date of Vote	26/07/2022	28/04/2022	08/04/2022	16/06/2022	21/07/2022
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation	Approve Climate Progress Report	Accept Financial Statements and Statutory Reports	Advisory Vote to Ratify Named Executive Officers' Compensation	Approve remuneration policy
How the manager voted	Against	Against	Abstain	Against	Against
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	The company has recently undergone a transition period in relation to management and believe they are now positioned to oversee robust measures.	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"	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.	SV1 'High Profile Votes' votes which reflect significant governance concerns regarding the company.

Signed: _____,

Signed on behalf of Ross Trustees Services Limited as Trustee of the Travis Perkins Pension & Dependants' Benefit Scheme.

Date: _____