

Getronics UK Pension Plan - Responsible Investment Policy

The purpose of this policy is to set out the Trustee's Responsible Investment beliefs and principles, and to detail the approach they are taking to fulfil their commitments.

The effective date of this policy is 3 November 2021.

Introduction

The Getronics UK Pension Plan (the "Plan") is a long-term investor. The Trustee is responsible for making investment decisions regarding the Plan. The fiduciary duty of the Trustee is to act in the best financial interest of members of the Plan and seek the best investment return that is consistent with a prudent and appropriate level of risk.

- For the Defined Benefit Section, the Trustee's objectives include making sure that the benefits promised to members are provided.
- For the Defined Contribution Section of the Plan, the Trustee's objectives include providing a range of investment options that are suitable for meeting members' long and short-term needs.

The Trustee seeks to fulfil their statutory duty which requires them to consider Responsible Investment in their investment strategy and governance decisions.

The Trustee defines Responsible Investment ('RI') as the integration and consideration of environmental, social and governance ('ESG') issues into both investment processes and ownership practices.

The Trustee seeks to fulfil their statutory duty of considering financially material risks, including ESG risks through the integration of ESG issues throughout all aspects of their investment decision making process, including setting investment strategy and monitoring the Plan's underlying asset managers. The Trustee is supported in these aims through regular and ongoing input from and engagement with their investment advisers and the Plan's asset managers.

The Trustee recognises that, as a long-term investor, they should incorporate ESG risks into their investment decision making process as the value of investments may be negatively impacted if these risks are not understood or evaluated properly.

This policy sets out the Trustee's beliefs in RI, and the consequent expectations, monitoring processes and asset allocation implications within areas such as broad ESG integration, Climate Change and Stewardship.

Prepared for: The Trustee of the Getronics UK Pension Plan

Prepared by: Aon

Date: 3 November 2021

Our Beliefs

The Trustee has discussed and agreed consensus beliefs relating to RI. These beliefs and principles form the basis of this policy and are set out below.

ESG Integration

- The Plan is a long-term investor and seeks to deliver long-term sustainable returns. The Trustee believes there is an opportunity to positively impact investment performance by taking decisions with a long-term outlook and recognising the significance of ESG risks and opportunities.
- The Trustee recognises that ESG considerations are relevant to the setting of investment objectives, ongoing monitoring, and assessment of future risks. The Trustee believes that the identification and management of ESG risks, that may be financially material, is part of their fiduciary duty to members.

Climate Change

- The Trustee believes that climate change is a material ESG factor that poses a financial risk over the Plan's investment time horizon.
- Furthermore, the Trustee recognise their influence as an institutional investor which includes an opportunity to help tackle climate change within the wider context of their fiduciary duty to members.

Stewardship

- The Trustee believes that companies that are poorly governed are more likely to underperform, and consequently the Trustee expects their underlying asset managers to engage with companies where necessary for the long-term enhancement of financial and social value.
- The Trustee believes that they have a responsibility to encourage their asset managers to exercise stewardship and active ownership responsibilities effectively (such as use of proxy voting rights and undertaking active engagement with investee companies).

Non-financial factors

- In addition to the primary objective of acting in the best financial interests of the Plan's members; the Trustee believes that they have a duty to consider the wider environmental and social impacts of investments.
- The Trustee recognises that their members may have an interest in how RI is reflected through the Plan's investment strategy. The Trustee will make this policy available to the Plan's members and incorporate this RI approach into the way the Plan engages and communicate with members.

ESG Integration

Monitoring processes

The Trustee's processes to monitor and assess ESG-related risks and opportunities include the following:

- The Trustee includes ESG-related risks, including climate change, on the Plan's risk register as part of ongoing risk assessment and monitoring.
- The Trustee have discussed their Responsible Investment beliefs and periodically review and compare these to the implementation processes of the appointed asset managers to ensure ongoing alignment.
- The Trustee expects the Plan's asset managers to understand their RI beliefs and requirements. The Trustee periodically provides their Policy to advisers and asset managers and asks them to raise any areas of incongruence for discussion.
- The investment adviser supports the Trustee with training sessions on best practice and industry developments in Responsible Investment as well as raising any significant concerns that may arise as a result of ad-hoc analysis.

- The Plan's appointed asset managers have the delegated responsibility to take account of financially material ESG considerations (including climate change) in the selection, retention and realisation of investments.
- If any asset manager or service provider does not meet any of the expectations listed in this policy, the investment advisers, on behalf of the Trustee, will engage with the respective stakeholders to encourage improvements in processes, transparency or activity as required.

Asset Allocation

- Where applicable, the Trustee monitors their asset managers to ensure that they provide evidence of appropriate ESG integration in investment decisions. Asset managers should also demonstrate that any appointed underlying managers, meet at least a certain minimum threshold ESG rating¹ and this threshold will be reviewed on a periodic basis to ensure that it meets the Plan's evolving expectations.
- The Trustee requires the Plan's asset managers to provide their RI policy, including details of their approach to stewardship, how they integrate ESG into their investment decision making process and approach to non-financial factors, on a periodic basis. When the Trustee looks to appoint a new manager, the Trustee requests and reviews this information as part of the selection process. The Trustee reviews responses with support and input from the Plan's investment advisers.
- The Trustee recognises that the market is rapidly evolving. The Trustee asks their asset managers and investment advisers to highlight appropriate opportunities to invest in strategies that have explicit responsible investment objectives while delivering in line with the Plan's objectives and will give due consideration to such proposals.

Climate Change

Monitoring Processes

The Trustee's processes to monitor and assess climate - related risks and opportunities include the following:

- The Plan's appointed main asset managers within the DB and DC arrangement have set net zero carbon emissions targets by 2050 within their managed portfolios.
- The Trustee welcome this commitment and periodically engage with the managers on the progress of stewardship and asset allocation decisions that support these goals.
- The Trustee has appointed private market asset managers outside of the main DB asset arrangement and the investment adviser, on behalf of the Trustee, will regularly engage with these managers on climate change risk management.
- The investment adviser supports the Trustee with training sessions to support the understanding of the systemic and Plan specific risks of climate change.

Asset Allocation

- The Trustee asks their asset managers and investment advisers to highlight appropriate opportunities to invest in strategies that have explicit carbon reduction or climate stewardship objectives while delivering in line with the Plan's objectives and will give due consideration to any proposals.
- The Trustee could consider setting carbon reduction targets in the future, any such asset allocation decisions will also be consistent within the wider context of the Plan's fiduciary duty to deliver realistic returns over the long-term, and meet liabilities where applicable within appropriate risk levels.

¹ The Trustee appoint Aon as the fiduciary manager to the Defined Contribution Arrangement and Russell as the main asset manager to the Defined Benefit Arrangement respectively. Aon will not invest in a new manager rated Limited, but existing managers who are either downgraded to Limited or those that are rated Limited for the first time (i.e. hedge funds) have 12 months to meet expectations and improve. Similarly at last review, Russell have not invested in any "1" or "2" rated managers (rating out of 5) More information on the manager RI processes can be found here: [Responsible Investing Practices | Russell Investments](#) ; [Guide-To-Aons-ESG-Ratings.aspx](#)

Non-Financial Factors

Monitoring Processes

The Trustee's processes to monitor non-financial risks include the following:

- The Trustee may from time to time engage with the manager to ascertain the investment rationale for investments in certain sectors and convey the expectation that there should not be material investment in certain harmful sectors.
- The Trustee expects investee companies to meet baseline practices in labour and human rights. The Trustee encourages its appointed asset managers to engage with relevant investee companies on the adoption of the United Nation Global Compact Principles (UNGC).

Stewardship – voting and engagement

Monitoring processes

The Trustee's processes to monitor and assess ESG-related risks and opportunities include the following:

- The Trustee expects the Plan's asset managers to use their influence as major institutional investors to carry out the Trustee's rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies.
- The Trustee requests details on an annual basis of how the Plan's asset managers are undertaking voting and engagement activity and includes details of this within the Plan's Implementation Statement.
- Voting information includes details of voting actions and rationale with relevance to the Plan, in particular where: votes were cast against management; votes against management generally were significant and votes were abstained.
- Similarly, engagement activity disclosures should be of relevance to the Plan's investments and include information on the rationale and outcome of engagement activity.
- The Trustee reviews the stewardship activities on an annual basis with input from the Plan's investment advisers and will engage with managers as required.
- In conjunction with the annual review of the ESG profile of the assets, the Trustee engage with their appointed asset managers for more information, for example, on the rationale on certain investments, carbon intensity and ESG integration developments.

Initiatives and industry collaboration

The Trustee recognises that collaboration and support of initiatives is a powerful tool to influence behaviour.

Members of the Trustee board, including the Chair of Trustees, are members of Aon's Responsible Investment Network which provides access to regular updates including:

- Responsible investment market innovations and developments
- Topical roadshows, events and training sessions
- Research and focus group discussions of key issues surrounding sustainable finance and RI.

The Trustee is supportive of the principles of the 2020 UK Stewardship Code and to the Principles of Responsible Investment (PRI) and expect the Plan's investment advisers and main asset managers to be a signatory to both these initiatives.

The Trustee expects their investment advisers to keep them informed of relevant global and industry initiatives and will consider participating in opportunities where there is appropriate alignment with their RI beliefs.

The Trustee expects the Plan's asset managers to consider collaboration with others, as permitted by relevant legal and regulatory codes, where collaboration is likely to be the most effective mechanism for encouraging positive change at investee companies/issuers.

Evolving our approach

The Trustee acknowledges that the Plan's approach to RI will need to continually evolve, due to both the changing landscape with respect to ESG issues and broader industry developments.

The Trustee is committed to making ongoing improvements to their approach and the processes that underpin the delivery of this policy. The Trustee is focused on making sure that it remains relevant and appropriate for the Plan's members.

Disclosure and reporting

The Trustee believes transparency is important. In support of this belief, the Trustee is making this policy available to members and welcomes any feedback. This policy supplements additional disclosures made within the Statement of Investment Principles (SIP) on the Plan's website, available at:

<https://www.mypensionline.com/getronics>

The Trustee will formally review this policy at least every three years as part of each formal triennial investment strategy review (carried out separately in respect of the DB and DC Sections of the Plan, respectively), or as required in response to changing regulations or broader governance issues.

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