

KOMORI UK LIMITED EMPLOYEE BENEFIT SCHEME

IMPLEMENTATION STATEMENT

31 MARCH 2024

Background

In June 2019, the government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

These regulations, amongst other things, require that pension schemes with over 100 members such as the Komori UK Limited Employee Benefit Scheme (“the Scheme”) produce an Implementation Statement each year which, with a focus on stewardship activities, outlines their approach to dealing with certain specific matters regarding the Environmental, Social and Governance (“ESG”) principles outlined in their Statement of Investment Principles (“SIP”) and specifically:

- voting behaviour by or on behalf of trustees (including most significant votes cast) and state any use of proxy voter during the year, and
- the extent to which the trustees followed the policies in the SIP regarding the exercise of rights (including voting) and the undertaking of engagement activities and monitoring/ engagement of managers during the year

This Implementation Statement covers the year ending 31 March 2024.

The Trustees’ review of the SIP

The Trustees’ SIP sets out the Scheme’s investment principles. The SIP includes:

- details of the Scheme’s investment allocation which currently targets a low-risk strategy with:
 - (i) 90% of the assets in a range of LGIM pooled funds that combine corporate bonds and swaps/gilts in order to improve matching of the assets with the Scheme’s long term liabilities which reduces the risks of interest rate and inflation changes on the Scheme’s funding level, and
 - (ii) 10% of the assets in LGIM’s Diversified Fund, a pooled growth fund, which has exposure to a wider range of assets in order to enhance the investment return over the long term.
- the Trustees’ policy on ESG issues and stewardship and exercise of voting rights, and
- the Trustees’ policies on how they monitor their asset managers.

Whenever the SIP is amended, formal advice is provided to the Trustees by a regulated investment adviser, confirming the suitability of the investments for the purposes of Section 36 of the Pensions Act 1995.

The Trustees review their SIP regularly and, if circumstances so require, in the event of any material change to the Scheme’s investment strategy. Formal reviews are undertaken at least every three years in conjunction with triennial actuarial valuations. The latest review was undertaken following completion of the triennial actuarial valuation as at 31 March 2023.

The Trustees are satisfied that the investments held over the year were in line with the SIP. The current version of the SIP is available on the Komori Europe website.

The Trustees' policies for choosing and realising investments, and the kinds of investments to be held

The SIP sets out the Trustees' policies for choosing investments - specifically by identifying appropriate objectives which reflect the Scheme's risk and return requirements, and then constructing a portfolio of investments to meet these objectives.

The Trustees have appointed Legal & General Investment Management Limited ("LGIM") as investment manager and have delegated to LGIM the selection, realisation and monitoring of the Scheme's investments and all day-to-day decisions about investments, acting in compliance with the Financial Services and Markets Act 2000.

The Trustees' stewardship activities and their policies on the exercise of voting rights and undertaking engagement activities

Investment stewardship means the responsible oversight of capital, in order to generate sustainable benefits for the economy, the environment and society. This involves engaging with the companies in which the Scheme invests, to address risks and opportunities, both company-specific and market-wide. LGIM's Investment Stewardship team exercises voting rights globally, across their active and index funds, holding companies to account on a range of stewardship activities from climate change to board independence and diversity. LGIM is a signatory to the FRC UK Stewardship Code.

The funds invested with LGIM do not have voting rights as investments are in pooled funds. The Trustees own units in these pooled funds and do not own entitlement to the underlying investments. The Trustees recognise that they cannot directly influence the ESG policies and practices of the companies in which the pooled funds invest and are unable to exercise voting rights directly.

The Trustees have delegated responsibility to LGIM for the exercising of rights (including voting rights) attaching to the Scheme's investments in LGIM's Diversified Fund and for engaging with companies on ESG issues. Although LGIM use a proxy advisory service to electronically vote, all voting decisions are made by LGIM.

LGIM disclose their detailed voting records on their website, including summaries of their positions for significant shareholder votes.

The Trustees encourage LGIM to adopt best practices in these areas and to act in the best interests of Scheme members.

23 August 2024