Implementation Statement ('IS')

This document sets out the actions undertaken by the Trustee, its service providers and investment managers, to implement the policies set out in the SIP. The document includes voting and engagement information that has been gathered from the asset managers and an overview of how the policies within the SIP have been implemented during the reporting period.

This is the Implementation Statement the Trustee has prepared and covers the year ending 30 September 2020. The SIP and Implementation Statement is hosted on the following site: www.theapexgroup.com/statement-of-investment-principles/bard-ltd-crawley-pension-scheme/

Statement of Investment Principles

The SIP in force over the Scheme year is dated 30 September 2019. This Implementation Statement sets out how the polices the SIP dated 30 September 2019 have been implemented over the year.

On 30 September 2020 a new SIP was signed and can be found on the above site.

The details and explanation of the changes to the policies in the September 2020 version of the SIP are described in this Implementation Statement.

For the purpose of assessing how the Scheme's SIP has been followed over the Scheme year, the remainder of the Implementation Statement specifically focuses on the September 2019 version of the SIP.

Meeting objectives and policies in the SIP in force over the Scheme year

The following section addresses the extent to which the Trustee has followed policies throughout the year. Overall, the Trustee believes the policies outlined in the SIP have been adhered to during the Scheme year and the justification for this is set out in the remainder of this section. This SIP in force over the year follows the headings outlined below.

Investment objective

The Trustee believes it has invested the assets prudently taking into account the funding approach, covenant and liabilities in line with its investment objective. Further details as to the actions and steps taken over the year to achieve the investment objective are outlined below.

Strategy

The policies with respect to setting the investment strategy remained in force throughout the year.

The Trustee was considering implementing their investment strategy with a fiduciary provider during the Scheme year. This exercise had not concluded by the end of the Scheme year. A conclusion from the investment strategy review of 2019 was that a higher hedge ratio would be preferable and steps were taken to allocate to the BlackRock LDI funds to increase the hedge ratio, whilst the fiduciary manager selection exercise was ongoing. In 2020 some of the index linked gilts were therefore transferred to LDI funds, in order to better control interest rate and inflation risk relative to the funding basis. After allocating to the LDI funds the automatic rebalancing was suspended, as potentially automatically reducing the allocation to LDI and therefore increasing risk was not desirable.
Excess cash was not disinvested in the year.

Implementation Statement ('IS') (continued)

Risk

The Trustee has acted in line with its policies with respect to risk throughout the year.

Funding risk

The Trustee reviewed the Statement of Funding Principles in line with statutory actuarial valuation exercises (with the next valuation due as at 30 September 2022) and regularly monitors the Scheme's funding position in between valuations so as to take steps to stay on track to meet the funding objective as required.

Mismatching risk

The Trustee reduced mismatch risk by allocating £4.35m from index linked to some assets to LDI (levered index linked gilts) in the Scheme year.

Cashflow risk

The policy with respect to cashflows was changed. Previously this was for the administrator to disinvest from BlackRock; BlackRock would then raise cash to bring its asset allocation closer to its benchmark. The Trustee has suspended BlackRock's benchmark and instructed the administrator to disinvest from BlackRock UK equities going forwards.

Manager risk

The Trustee addresses manager risk by monitoring BlackRock and examining performance quarterly through Aon's quarterly investment reports.

Risk of lack of diversification

The Scheme remains invested in a well diversified strategy as advised by Aon.

Asset Class	**Target Weighting %**
UK Equities	16.7
US Equities	10.8
Europe (ex-UK) Equities	10.8
Japanese Equities	4.6
Pacific Rim (ex Japan) Equities	4.6
Emerging Market Equities	2.5
Diversified Growth Fund	10.0
Leveraged Sterling 2032 Index linked gilt	12.0
Leveraged Sterling 2040 Index linked gilt	
Leveraged Sterling 2050Index linked gilt	
Over 5 Years Index-linked Gilts	
Over 25 Years Index-linked Gilts	13.0
Over 15 years Corporate Bonds	15.0
Institutional Sterling Liquidity Fund	0.0
TOTAL	100.0

Covenant risk

The Trustee regularly considers the covenant. The Trustee received reports from the Employer twice a year on key metrics of financial performance and receives advice from Aon on issues that these may raise. In 2020 the Trustee received the formal covenant advice from Aon in conjunction with the triennial valuation.

Implementation Statement ('IS') (continued)

Operational risk

There has been no change in operational risk over the year. The Trustee is satisfied that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.

ESG risk and climate change

The Trustee challenged BlackRock's poor score in the Shareaction ranking of 75 of the world's asset managers approaches to responsible investment. Since Shareaction's data analysis BlackRock have made significant commitments to sustainable investing and ESG integration and have started to make progress towards delivering on those commitments. The Trustee considered BlackRock's approach to ESG and sustainability in August 2020 receiving a report from BlackRock on these matters. The Investment Consultant has assigned ESG ratings to the BlackRock funds in which the Scheme is invested and given them an overall score of 2 out of 4. This means that the Fund Management Team is aware of potential ESG risks in the investment strategy and has taken some steps to identify, evaluate and potentially mitigate these risks.

Implementation

There have been no changes to the investment advisor arrangements over the year.

BlackRock documentation was revised in the year to update it for the LDI funds, liquidity funds and the suspension of the benchmark.

All BlackRock funds in which the DB assets are invested are BUY rated by the investment advisor Aon.

Governance

The Trustee, Investment advisor and Fund Manager all acted within the agreed decision making structure over the year.

Environmental, Social and Governance

The Trustee considers ESG factors when setting the Scheme's strategic asset allocation. There was no change in the strategic asset allocation over the year. The impact of ESG factors, when considering the switch from gilts to the LDI funds, was minimal. The Trustee considered BlackRock's approach to ESG and Sustainability during the year as outlined in the risk section above.

Members' views and non-financial factors

Member views on non-financial factors were not canvassed over the year in line with the Trustee's policy on "non-financial factors".

AVCs

The Scheme's Equitable Life policies were transferred to Utmost Life and Pensions on 1 January 2020, following approval of the Equitable Life transfer scheme in December 2019 and the closure of the Equitable Life With Profits Fund on 1 January 2020. The Trustee took advice on whether and how to vote on the Equitable Life transfer scheme, and the investment strategy that should apply when policies were transferred to Utmost Life and Pensions. The Trustee believes it offers a good fund range as well as value for money for members AVCs.

Costs

BlackRock's costs were reviewed over the Scheme year and undercharging identified. The Trustee raised this issue with BlackRock who issued the correct invoices, which were settled. Aon as our investment advisor has confirmed the BlackRock annual management charges incurred are reasonable for the types of funds in which the Scheme is invested.

Implementation Statement ('IS') (continued)

Review

The SIP was reviewed over the Scheme year with a new SIP signed on 30 September 2020.

New policies in the SIP in force from 30 September 2020

The SIP was updated as at 30 September 2020 with respect to the investments and new policies. The changes include:

- The new allocation to LDI funds in order to better manage the interest rate and inflation risk relative to the liabilities including fees.
- The ability for the Trustee to invest in the BlackRock Sterling Liquidity Fund to facilitate efficient cash management including fees.
- The Trustee suspended automatic rebalancing with BlackRock and will consider rebalancing periodically.
- The new policy to disinvest from the BlackRock UK equity fund when cash is required (excluding AVCs).
- Updated AVC arrangements to reflect the move from Equitable Life to Utmost Life and Pensions. The Equitable Life fund range was deleted. The Utmost self select fund range, its investment objectives and AMCs, as well as the Utmost Investing by Age lifestyle strategy option were all added.

In response to new regulations the Trustee removed its previous policy on "Stewardship – Voting and Engagement" and replaced it with new policies. In addition, due to the new regulations, the Trustee formulated new policies with respect to arrangements with investment managers, cost monitoring, evaluation of Investment Managers performance and remuneration and portfolio turnover costs.

Scheme stewardship activity

Training

Over the year, the Trustee had a training session with its Investment Consultant which provided the Trustee with updates on the evolving regulatory requirements and the importance of stewardship activity and appropriate consideration of ESG factors in investment decision making in May 2020.

Updating the Stewardship Policy

This led to a meeting in August 2020 where the Trustee agreed its new policies and appropriately updated the SIP to reflect the new policies on 30 September 2020. Further details on these new policies can be found in the SIP and the Implementation Statement as 30 September 2021 will report on these.

Implementation Statement ('IS') (continued)

Ongoing monitoring

Over the year, the Trustee reviewed the investment consultant, Aon's, ESG ratings on their Buy-rated funds. The Trustee welcomed the development of an ESG rating for the BlackRock Dynamic Diversified Growth Fund and consider such developments as representative of the improvements in the industry as best practice norms across more asset classes become more well defined. Over the year, there were no other major changes to the manager ratings and all applicable managers remain 2 rated (out of 4). Simply put, this rating corresponds to mean that the fund management team is aware of potential ESG risks in the investment strategy and has taken some steps to identify, evaluate and potentially mitigate these risks. Aon's manager research team engage on behalf of the Scheme (and all their clients) with Buy-rated strategies regularly on a variety of ESG issues, one example is discussing with BlackRock their role and level of involvement as new signatories to Climate Action 100+.

The Trustee challenged BlackRock's poor score in the Shareaction ranking of 75 of the world's asset managers approaches to responsible investment. Since Shareaction's data analysis BlackRock have made significant commitments to sustainable investing and ESG integration and have started to make progress towards delivering on those commitments. The Trustee considered BlackRock's approach to ESG and sustainability in August 2020 receiving a report from BlackRock on these matters.

Voting and engagement activity

The Trustee has gathered information from the asset managers to support the production of this document. Due to varying stewardship reporting styles, the information is not in an exactly consistent manner. Over time we expect industry wide templates to be more widely adopted and more consistent information received from the respective managers.

The Scheme invest in several BlackRock funds across asset classes such as equity, fixed income and multi-asset. The Scheme has a small AVC arrangement with Utmost and Standard Life.

BlackRock

Voting policy

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines. Their market-specific voting guidelines are available on the website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-andguidelines.

BlackRock uses research from proxy advisory firms such as Institutional Shareholder Services (ISS) and Glass Lewis, along with many other inputs into the vote analysis process. The research firms are used to synthesise corporate governance information and analysis into a concise, easily reviewable format. This helps BlackRock to identify and prioritise those companies where their own additional research and engagement would be beneficial. BlackRock use Institutional Shareholder Services electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting.

Implementation Statement ('IS') (continued)

Voting activity

BlackRock has the largest global stewardship team in the industry with over 50 people across 8 offices who have regional presence and local expertise across 85 voting markets. They have voted in over 16,000 meetings.

An example of a significant vote is in May 2020 where BlackRock (via an independent fiduciary) voted with the Barclays management on their own resolution to align its entire financing portfolio to the goals of the Paris climate agreement.

BlackRock's Investment Stewardship team uses an independent fiduciary to vote proxies where they are required by regulation not to vote themselves or where there are actual or perceived conflicts of interest. One of the issuers where an independent fiduciary is used is Barclays.

In January 2020, a coalition of investors filed a shareholder resolution (Resolution 30) asking Barclays to set and disclose targets to phase out the provision of financial services to the energy sector, as well as electric and gas utility companies that are not aligned with Articles 2.1(a) and 4.1 of the Paris Agreement. Following engagement with its shareholders and other stakeholders, including BlackRock, Barclays announced on 30th March 2020 updated ambitions with respect to tackling climate change. Barclays proposed its own resolution (Resolution 29) at its annual general meeting (AGM) to commit the company to a strategy, with targets, for alignment of its entire financing portfolio to the goals of the Paris Agreement. Barclays has committed to provide further details of the strategy by the end of 2020.

Based on BlackRock's proxy voting guidelines, the independent fiduciary voted for the management resolution (Resolution 29). More detail on the votes can be found in the public voting bulletin here: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-barclays-may-2020.pdf

Engagement policy

BlackRock advocate for sound corporate governance and sustainable business practices that result in long-term value creation for their clients. In 2020, they have enhanced their disclosures and their key steps towards increased transparency include:

- moving from annual to quarterly voting disclosure,
- prompt disclosure around key votes including an explanation of their voting decisions, and
- enhanced disclosure of their company engagements.

In 2020, BlackRock have put an increased focus on sustainability-related issues and relevant disclosures, given the growing impact of these issues on long-term value creation.

The BlackRock Investment Stewardship team engages companies to provide feedback on their practices and inform their voting. They focus on a range of ESG issues likely to impact a company's material long-term economic interests.

BlackRock's Investment Stewardship team is positioned as an investment function, which allows for the mutual exchange of views with portfolio management teams across equity and credit. In addition, BlackRock's Global Fixed Income Responsible Investing (GFI-RI) team may partner with the Investment Stewardship team both to reflect ESG related topics from Global Fixed Income investors as well to attend or host engagement meetings on certain highlighted ESG flagged holdings. An ESG flagged holding is one where BlackRock hold a significant exposure in GFI portfolios, and the issuer is flagged as low rated/controversial by external ESG rating providers or is highlighted by their credit research.

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Engagement activity

An example of an engagement by the GFI-RI team was that with Exxon, a multi-national oil and gas company. In their discussion with the company, they discussed several engagement topics such as governance structure, corporate strategy, environmental risks and opportunities. These included questions from the GFI-RI team including, the company's approach to the European regulatory environment, their views on electric vehicle penetration as a risk to their business, and their risk management in relation to physical climate change risks.

BlackRock have stated that their ongoing dialogue has been largely constructive and effective, however there have also been matters where the company wasn't adequately responsive to shareholder feedback. As a result, they voted against the re-election of the lead independent director for the company's lack of progress on climate-related disclosure and supported a shareholder proposal seeking a report on the extreme weather resilience of certain operations. This is consistent with their view to first engage with companies on their concerns and to subsequently hold directors accountable if those concerns are not sufficiently addressed.

BlackRock anticipate further dialogue with the board and management and remain optimistic that their recommendations to enhance governance and transparency will lead to additional positive future outcomes. More information on BlackRock's engagement activity can be found through their annual and quarterly stewardship reports found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history

Equitable Life With Profits Fund

The underlying manager of the Equitable Life With Profits Fund was BlackRock Investment Management (UK) Limited, until the fund closed on 1 January 2020.

At a manager level, BlackRock engaged with 61% of the value of its clients' equity assets. An example of engagement carried out by BlackRock is with regards to a UK self-storage company. Following votes against management on executive pay dating back to 2017 and BlackRock's multi-year engagement with the company, the company announced it would make changes to its compensation practices. These changes were reflected in the management's updated compensation policy and long-term incentive plan, which BlackRock supported; both received nearly 98% shareholder support.

BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. BlackRock's voting decisions are informed by internally-developed proxy voting guidelines, their pre-vote engagements, research, and the situational factors for each underlying company. Voting guidelines are reviewed annually and are updated as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

Unit-linked Funds

We have set out the underlying managers for the unit-linked funds in the table below:

Provider	Underlying fund manager(s)
Equitable Life / Utmost Life and Pensions	ASI and J.P. Morgan Asset Management ('JPMAM').
Standard Life	Aberdeen Standard Investment (ASI)

Utmost

Utmost is the platform provider of the AVC arrangements and J.P. Morgan Asset Management (JPMAM) is the main asset manager that manages funds on the Utmost platform. The below information is in regard to J.P. Morgan Asset Management (JPMAM).

Implementation Statement ('IS') (continued)

Voting

J.P. Morgan Asset Management retains the services of the ISS voting agency to implement the JPMorgan Asset Management voting policy, and uses research from ISS and Glass Lewis as an input in evaluating how a proxy should be voted. JPMAM 'tag' certain votes in the ISS system, to allow them to be subject to extra scrutiny, for example if engagement is ongoing, or if the company has been flagged as an 'ESG outlier', or if an analyst or portfolio manager has requested it be reviewed in more detail.

JPMAM votes at approximately 8,000 shareholder meetings per year, in over 80 markets worldwide. For key issues or core shareholdings, or where there is ongoing engagement, they endeavour to inform companies when opposing their recommendations.

Engagement

In their engagement with the companies they invest in, JPMAM have five main investment stewardship priorities that they believe are most applicable. Governance, Strategy alignment with the long-term, Human capital management, Stakeholder engagement and climate risk. Please see the link here for more information on Investment Stewardship at JPMAM. Refer: https://am.jpmorgan.com/blob-gim/1383664293468/83456/J.P.%20Morgan%20Asset%20Management%20investment%20stewardship%20statement.pdf.

Aberdeen Standard Investments

Aberdeen Standard Investments (ASI) is the underlying manager of all funds held by members of the Standard Life AVC arrangements, and the former unit-linked Equitable Life Funds (along with JP Morgan).

ASI make use of the ISS for proxy voting research and voting recommendations. This is alongside ASI's own analysis from AGMs and other shareholder meetings. ASI seek to discuss any vote against a resolution with the company before, explaining the reasons for doing so. More detail on ASI specific votes can be found here: https://www.aberdeenstandard.com/en/ireland/responsible-investing/proxy-voting

ASI state that they seek to generate the best long-term outcomes for clients and will actively take steps as stewards and owners to protect and enhance the value of their clients' assets. ASI generally meet representatives of investee companies at least once a year, while also routinely engaging on voting issues. If necessary, ASI will escalate an issue to ensure their views are represented by those with appropriate seniority and experience.

In summary

Over the year, the Trustee has carried out monitoring activity in line with the stewardship policy in practice. From the information reviewed, the Trustee is of the opinion that the appointed asset manager, BlackRock have demonstrated a willingness and ability to engage appropriately and are implementing voting and engagement activity in a manner consistent with the Trustee's policy and expectations.

Regarding AVCs, the Trustee has taken a proportionate approach to the disclosures on these arrangements as the assets under management are small, relative to the assets held in the Final Salary section of the Scheme, and these arrangements have been closed to new contributions for some time.

Furthermore, the AVC assets are invested in several underlying funds and the Trustee has not been able to obtain specific fund level information on voting behaviour for this reporting period. For this Implementation Statement, the Trustee has provided an overview of voting behaviour at manager level. The Trustee is content that the managers appear to be exercising their respective voting and engagement duties, where applicable, to a satisfactory level at this stage, and that the Trustee's stewardship policy is being appropriately implemented on its behalf.