

# Silk Industries Limited Pension Scheme (the “Scheme”)

## Implementation Statement 1 April 2020 – 8 February 2021

The 2019 Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (“the Regulations”) require that the Trustee outlines how they have ensured compliance with the policies and objectives set out in its Statement of Investment Principles (SIP) over the course of the year under review.

The Trustee’s Stewardship and Engagement policies are included in the Scheme’s SIP, which can be accessed here: <https://www.psgovernance.com/communications/Silk-Industries.html>

### ***Changes to the SIP during the year regarding Stewardship and Engagement***

The SIP has been reviewed and revised over the period as summarised in the Addendum to the SIP dated 20 September 2019 and updated on 8 September 2020.

### ***Meetings with fund managers***

In October 2020, the Trustee met with their fiduciary manager, SEI, to discuss a change in investment strategy given the likely insolvency of the sponsor. As a result of this meeting, the decision was made to move all the Scheme’s assets to SEI’s UK LDI Fund to better match the Scheme’s liabilities in the PPF. The PPF assessment period for the Scheme commenced on 9 February 2021 and this was confirmed by the PPF in March 2021.

In addition to this meeting, the Trustee has received quarterly reports from SEI, and has regularly reviewed the performance of the Scheme’s investments.

### ***Reviews of fund managers***

The Trustee did not formally review the provision of fund management services during the period.

### ***Stewardship***

SEI is a signatory to the UK Stewardship code and the UN Principles of Responsible Investment (“UN PRI”). The UN PRI are a set of global best practices that provide a framework for integrating ESG issues into financial analysis, investment decision-making and ownership practices.

The Trustee has considered SEI’s voting practices and stewardship policies noting that they are a Tier 1 signatory to the UK Stewardship code and a signatory to the UN Principles for Responsible Investment.

### ***Voting behaviour***

Appendix A summarises the voting behaviour of the SEI Growth Fund in which the Trustee was invested in until October 2020. The Trustee’s policy is to delegate the exercise of voting rights to its managers, but to review the voting behaviour of the managers annually to check that they are comfortable with the decisions taken by the managers and their approach generally. The Trustee has received quarterly reports from SEI that set out how SEI has voted on all the shares where SEI has voting rights including number of votes for, against and abstentions. For votes against, details of the issue to which the vote relate is provided. The Trustee is satisfied with the way in which SEI is exercising voting rights.

### ***The Trustee's policies on ESG considerations***

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material financial impact on investment returns.

The Trustee has received quarterly reports from SEI that set out

- SEI's engagement priorities which for 2020 included priorities in each of the following categories:
  - Climate Change
  - Public Health
  - Environmental stewardship
  - Labour Standards
- The number of companies engaged and the number of milestones achieved by engagement issue and a rating of its significance.
- The Trustee has a process in place to review SEI's performance against objectives, including ESG factors.

In light of the above and otherwise, the Trustee has considered their policy in regard to voting and stewardship and concluded that

- SEI's voting and stewardship policies and implementation on behalf of the Trustee remain aligned with the Trustee's views on these matters.
- The current policy is appropriate and no further action is required.

### ***Statement of compliance with Regulations***

Over the course of the period from 1 April 2020 to 8 February 2021, the Trustee is pleased to report that they have in their opinion adhered to the policies set out in their SIP and have complied with the Regulations.

## Appendix A – voting behaviour of managers

### SEI Investment – Growth Fund

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn use Specialist Voting Proxy providers and provide the Specialist provider with the holdings across all SEI's pooled funds. During the period from 1 April 2020 to 31 December 2020, across the Scheme's holdings<sup>1</sup> SEI voted as follows on behalf of the Trustee:

<b>Fund Name</b>	<b>Growth Fund</b>
ISIN	
Number of Votable Meetings	3170
Number of Votable Items	46918
% of Items Voted	97%
For	78%
Against	19%
Abstain/ Withheld/ Other	3%
% of votes with management	79%
% of votes against management	21%
% of votes other	
Voting Against/Abstain by Category	
Capital Related	4%
Board/Directors/Governance	48%
Remuneration Related	28%
Shareholder Proposals	6%
Other	14%

#### Significant Votes:

A highlight of some of the significant votes during the period are shown in the table below. Whilst many votes may have significant impact on the financial or non-financial performance of a company, the ones below have been drawn out as they are part of wider engagement that SEI has been conducting on behalf of the Trustee with the particular company and hence reflect the achievement of an engagement milestone.

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<b>Company Name</b>	<b>Held in Fund(s)</b>	<b>Theme</b>	<b>Description</b>
Kellogg Company	<b>Growth Fund</b>	Corporate Governance	Introduced annual election of directors (instead of staggered or classified election) through their voting.
Diversified Healthcare Trust	<b>Growth Fund</b>	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders.
Granite Real Estate Investment Trust	<b>Growth Fund</b>	Corporate Governance	Enhanced shareholder rights through adoption of an advisory shareholder vote on executive remuneration.
Industrial Logistics Properties Trust	<b>Growth Fund</b>	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders.
Marathon Petroleum Corp	<b>Growth Fund</b>	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders.
Service Properties Trust	<b>Growth Fund</b>	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders.
Vistra Energy Corp	<b>Growth Fund</b>	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders.
Citizens Financial Group Inc	<b>Growth Fund</b>	Corporate Governance	Enhanced shareholder rights by giving shareholders the right to call a special meeting. Previously shareholders did not have the ability to do so.
GMS Inc	<b>Growth Fund</b>	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders.
South State Corp	<b>Growth Fund</b>	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders.