

# Mackays Stores Limited Retirement Benefits Scheme

## Implementation Statement

### Purpose of this statement

This implementation statement has been approved by the Trustee of the Mackays Stores Limited Retirement Benefits Scheme ("the Scheme") to set out the following information over the year to 8 December 2024:



How the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.



The voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

This statement does not cover the Scheme's additional voluntary contribution ("AVC") arrangements, due to the relatively small proportion of the Scheme's assets that are held as AVCs.

The data included in this statement is not given over the Scheme's specific accounting period because investment managers typically only report on this data quarterly. The voting behaviour is not given over the Scheme year end to 8 December 2024 because investment managers only report on this data quarterly. The Trustee has therefore considered information over the year to 31 December 2024.



### Conclusions

In reviewing the activities of the past year, the Trustee believes that the policies set out in the Statement of Investment Principles ("SIP") have been effectively implemented. The Scheme's investment managers, where relevant, have demonstrated transparency in their voting and engagement activities and the Trustee believes that these activities reasonably align with the Scheme's stewardship policy.

However, not all investment managers were able to provide all of the voting and engagement information requested. The assets underlying the River & Mercantile ("R&M") Infrastructure Income Fund were transferred to a new investment manager, Fiera Infrastructure ("Fiera"), in May 2024 and the value of this portfolio was under assessment for the remainder of the period under review. As such, the engagement information shown for this holding is limited given the confidential nature of the valuation discussions. In addition, Carlyle noted that they do not currently calculate firm-level engagements and KKR noted that they do not track individual instances of engagement. These information gaps are not considered to be a material cause for concern given the funds are in wind-down.

The Scheme also completed a full disinvestment from the LGIM LPI Income Property Fund in April 2024 and therefore this Fund has been excluded from this statement.

## Stewardship policy

The SIP describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. The SIP was last reviewed in December 2024 and has been made available online at the link below:

<https://schemedocs.com/download/mackays-stores-limited-scheme-statement-of-investment-principles.pdf>

At this time, the Trustee has not set stewardship priorities for the Scheme because the Scheme solely invests through pooled investment vehicles (that is, where the Scheme's holdings are only expected to represent a small proportion of the capital invested in the funds). The Trustee therefore recognises that they are constrained by the policies of the investment managers, particularly when considering the need to keep the cost of engagement with the investment managers proportionate. The Trustee may revisit the decision of whether to set stewardship priorities in the future, in line with other Scheme risks.

However, in line with the policies in the SIP, the Trustee reviews the stewardship activities of the investment managers in relation to voting and engagement through the annual implementation statement.

## How voting and engagement policies have been followed over the period

Based on the information provided by the Scheme's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds and, as such, delegates responsibility for carrying out voting and engagement activities to the Scheme's investment managers. The Trustee notes that it cannot influence the environmental, social and governance ("ESG") policies and practices of the companies in which the pooled funds invest.
- The Trustee has reviewed and reported on voting and engagement data from the Scheme's investment managers as part of this implementation statement.

**Approved by the Trustee of the Mackays Stores Limited Retirement Benefits Scheme**

**April 2024**



## Voting

Over the period under review, the Scheme was invested across a range of asset classes, including property, infrastructure, credit, liability-driven investment ("LDI") and cash mandates. However, it is expected that there will be no voting rights attaching to the underlying investments given the nature of these mandates. As such, the Trustee's view is that there is no relevant voting data to report within this implementation statement.



## Engagement

The investment managers may engage with investee companies on behalf of the Trustee. The tables below provide a summary of the engagement activities undertaken by each investment manager over the year to 31 December 2024 for the relevant funds.

The Trustee's view is that engagement opportunities are limited for the Scheme's LDI and cash mandates due to the nature of the underlying holdings, so engagement information for these mandates has not been shown.

The Scheme completed a full disinvestment from the LGIM LPI Income Property Fund in April 2024 and therefore this Fund has also been excluded from this section.

Please also note that:

**Caryle** do not currently calculate firm-level engagements.

**Fiera** engaged with both of the assets held within the Fund, however the decision has been made not to provide further information on these engagements given the confidential nature of the valuation discussions.

**KKR** do not track individual instances of engagement and are therefore excluded from the first of the tables below.

Manager	Carlyle	Fiera	Insight			
Fund name	Strategic Partners III Fund	Digital Infrastructure Capital Partners	Maturing Buy & Maintain Bond Fund 2021-2025	Maturing Buy & Maintain Bond Fund 2026-2030	Maturing Buy & Maintain Bond Fund 2031-2035	Maturing Buy & Maintain Bond Fund 2036-2040
Number of individual entities engaged on behalf of the holdings in the Fund over the year	0*	2	23	55	56	29
Number of engagements undertaken at a firm level in the year	Data not available	Please refer to comment above	1,922			

Source: information provided by the investment managers.

\*There was only one investment held during the year to 8 December 2024. As Carlyle has three seats on the Board of this company, they regularly participate in ESG-related discussions. However, based on the Investment Consultants Sustainability Working Group definition of engagement, Carlyle note there have been no ESG-related engagements with the company over the year to 8 December 2024.

Manager	Firm-level example engagement
<b>Carlyle</b>	<p data-bbox="284 380 491 403"><b>Company: Cordstrap</b></p> <p data-bbox="284 425 1445 506">Carlyle collaborated with Cordstrap, a provider of cargo strapping and securing systems, to set emission reduction goals. Cordstrap serves a wide range of sectors (including chemicals, food and beverages, ports and logistics) and the company's products and services include container cargo protection, moisture control and dunnage bags.</p> <p data-bbox="284 526 1445 633">In 2022, Cordstrap's in-house team sought Carlyle's support to take action on its greenhouse gas ("GHG") emissions performance. Carlyle led an ESG workshop with Cordstrap's senior leadership team in 2022 to help establish the foundation of a global ESG strategy and has since maintained regular touchpoints to support the company's decarbonisation program and ESG progress.</p> <p data-bbox="284 654 1445 819">A key outcome of this collaboration was the decision to participate in Carlyle's decarbonisation incentive program, which rewards emissions reductions with a margin ratchet. The company was driven by increasing customer requests for decarbonisation action and the desire to look at cost savings in its operations, in order to benefit the Cordstrap financial profile. Carlyle then identified opportunities, with Cordstrap's most significant decarbonisation lever being to reduce the purchase of electricity and shift to greener sources of energy. This included the installation of LED lighting and the deployment of solar panels on the roofs of their facilities to lower GHG emissions.</p> <p data-bbox="284 840 1445 976">A significant opportunity to help reduce the company's emissions was the integration of photovoltaic energy in its Dutch Oostrum facility and Dubai operation to generate power on-site. The company also removed diesel forklifts from the location and lowered heating consumption in its factory in Istanbul. These measures enabled Cordstrap to exceed its target 28% reduction of CO<sub>2</sub>e per million of revenue for 2022 compared to 2021. In 2024, the company deepened this work, achieving a 61% carbon intensity reduction in 2024 versus the 2021 base year (as of May 2024).</p>
<b>Insight</b>	<p data-bbox="284 1025 491 1048"><b>Company: Tesco PLC</b></p> <p data-bbox="284 1070 1445 1236">Tesco PLC is a UK-based retail company and one of the largest food and staples retailers in the UK. It provides retailing and associated services, as well as retail banking and insurance services. Insight engaged to understand how Tesco is diversifying its protein portfolio to promote sustainable and healthy diets and its climate strategy. Insight also engaged to get a better understanding of the company's intermediate action plans to address Scope 3 emissions. Insight noted that the company has an ambition for net-zero emissions across its value chain, but has not disclosed intermediate action plans supporting Scope 3.</p> <p data-bbox="284 1256 1445 1393">During Insight's engagement, the company shared examples of how it is integrating protein diversification into its climate strategy, but had relatively limited plans on Scope 3 emissions. Insight encouraged the company to address Scope 3 like its peers have done and recommended it produce a roadmap to achieving a 29% reduction in Scope 3 emissions. Insight also recommend the company disclose in its upcoming transition plan its plans to address Scope 3 emissions and the specific role protein diversification will play in achieving its Forest, Land and Agriculture ("FLAG") related emissions reduction targets.</p> <p data-bbox="284 1413 1445 1579">On healthy diets, Insight noted that the company has a sustainable diets programme, which provides performance indicators for the company's health strategy and commitments. The company discussed the challenges faced in developing the programme and how it is addressing these challenges through a flagship initiative, reformulation of brand lines and new launches of healthy products. The company also revealed it is making good progress towards its target of 65% of its sales (in the UK and Republic of Ireland) deriving from healthy foods. Insight noted a key driver of this increase in healthier food sales is the company's protein diversification programme.</p>
<b>KKR</b>	<p data-bbox="284 1628 523 1650"><b>Company: NVC Lighting</b></p> <p data-bbox="284 1673 1445 1724">As a leading lighting brand in China, NVC designs, develops, produces and sells integrated branded lighting products and solutions.</p> <p data-bbox="284 1744 1445 1825">After the initial investment, KKR supported NVC in establishing oversight of material sustainability topics and creating a sustainability-focused action plan to support value creation, which was approved and is regularly monitored by KKR through its NVC board representatives.</p> <p data-bbox="284 1845 1445 1982">NVC has put in place 15 taskforce teams consisting of colleagues across functions, who are actively working on sustainability-related initiatives. NVC also participates in KKR's annual ESG survey. KKR noted that an area of focus for the company has been improving the employee experience and workplace culture. Since 2021, NVC has conducted annual employee engagement surveys to garner feedback on learning and development opportunities, leadership effectiveness, pay and rewards, alongside culture and vision. In 2023, NVC grew the scope of the survey to include an additional 2,000 workers and</p>

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Manager	Firm-level example engagement
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	expanded the breadth of topics covered. NVC believes that the results of the 2023 survey led to improved annual salary reviews, quarterly awards and recognition, alongside additional internal communication and feedback opportunities.
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*Source: information provided by the investment managers.*