KAS Bank (UK) Retirement Benefits Scheme - Implementation Statement 2022

1. Introduction

This document reviews the extent to which the Trustees of the KAS Bank UK Retirement Benefits Scheme (the "Scheme"), have adhered to the policies and procedures set out in the Scheme's Statement of Investment Principles ("SIP") dated September 2020 (this was the SIP in place at the Scheme's year-end date, 05 April 2022.). This review includes the exercise of rights (including voting) and undertaking of engagement activities with investment managers.

References herein to the actions, review work or determinations of the Trustees refer to activity that has been carried out either by the Trustees or its Investment Adviser on behalf of the Trustees.

2. Executive summary

Over the Scheme year, the Trustees:

- Through their investment advisers, reviewed the voting and engagement activity of the funds that invest in equities. The Trustees are generally content that the Scheme's investment managers have appropriately carried out their stewardship duties.
- Are of the opinion that they have complied with the relevant policies and procedures as identified in the SIP.
- Have remained aware of the relevant policies and procedures as identified in the SIP and received input from their Investment Adviser to aid ongoing compliance.
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Further details on each of these matters is presented in the pages that follow.

3. Reviews of the SIP

Over the Scheme year, the SIP was not updated. The SIP will be reviewed and updated (if necessary), in September 2023.

4. Implementation of policies contained within the Scheme's SIP

This section sets out the various policies within the Scheme's SIP (that was in place as at 5 April 2022 – i.e. the end of the reporting period) and the actions that the Trustees have undertaken in respect of them over the year to this date. We have noted a few actions that were taken following the Scheme year-end that we feel are of relevance.

SIP policy	Comments
1. Investment policies and governance	
It is the policy of the Trustees, after taking appropriate written advice from their investment advisers and in consultation with the Sponsoring Employer, to set the investment strategy for the Scheme, following a consideration of their objectives and other related matters. The Trustees' policy is to review their objectives and investments, and to obtain written advice about them at regular intervals. The Trustees' policy is to seek professional advice on investment strategy. They decide on the investment strategy after considering recommendations from their investment adviser. The Trustees recognise that their level of investment expertise must be kept up to in order to be able to critically evaluate this advice. Prior to the appointment of an investment manager, the Trustees will seek appropriate advice from their investment adviser, and may, in certain circumstances, feel it necessary to undertake a manager selection exercise to better inform any decision. Furthermore, the Trustees have set out a selection of criteria that must be met prior to the appointment of an investment manager. When deciding whether or not to make any new investments, the Trustees will obtain written advice from the Scheme's investment adviser, and consider whether future decisions about those investments should be delegated to investment managers. The written advice will consider the issues set out in the Regulations and the principles contained in this statement. The Regulations require all investments to be considered by the Trustees (or, to the extent delegated) by the investment managers against the following criteria: • the best interests of the members and beneficiaries; • security;	The Trustees commenced a review of the Scheme's investment objectives and strategy in June 2020. This has temporarily been put on hold following the acquisition by CACEIS, as the pension arrangements are being more widely. There were no changes to the Scheme's investments over the year.

• quality; • liquidity; • profitability; • tradability on regulated markets; • diversification; and • the use of derivatives. The Trustees consider the fees and charges associated with each investment before investing. It is the Trustees’ policy that the Scheme should only hold investments in derivative instruments in so far as they contribute to a reduction in risk or facilitates efficient portfolio management.	The Trustees only held these instruments through pooled funds and for the intended purpose.
The Trustees’ policy is not to hold any employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.	The Scheme did not hold any investments in the employer over the Scheme-year.
The Trustees monitor the performance of the Scheme’s investments on a biannual basis. Written advice is received as required from its investment adviser.	The Trustees monitored the performance of the Scheme’s investments on a quarterly basis.
The Trustees expect the investment adviser to apply this oversight to the fund management company managing the Scheme’s funds and at an individual fund level. The Trustees keep the appointment of all investment managers under review and will seek to replace any managers, or funds, which no longer remain appropriate to implement the Scheme’s investment strategy.	The Trustees’ investment adviser did not raise any immediate concerns around any of the funds held by the Scheme, but did raise the need for an investment review to re-visit the Scheme’s objectives and strategy.
The Trustees consider any potential and actual conflicts of interest (subject to reasonable levels of materiality) at the start of each Trustees' meeting and document these in the minutes.	These were documented in the minutes for each of the Trustee meetings that were held over the year.
The Trustees receive an annual report from the investment managers setting out portfolio turnover and the associated costs. The Trustees have not set a specific portfolio turnover target for each investment manager and recognise that portfolio turnover and associated costs may vary with market conditions. Each manager has ultimate responsibility for the	The 12-month turnover, to 31 March 2022, for the Global Balanced Fund was c.14%. This is similar to the c.14% annual turnover for the previous year.

underlying holdings within their funds. The Trustees will compare the annual turnover and associated costs for each fund with previous years to ensure each investment manager's process and philosophy remain consistent. The transaction charges are reviewed annually and reported in the Chair's Statement. The Annual Management Charges at all terms in the default investment strategy are below the 0.75% charge cap and are reviewed by the Trustees annually. The Trustees review their SIP at least every three years and without delay after any significant change in investment policy,	The 12-month turnover, to 31 March 2022, for the Multi Asset Income Fund was c.23%. This is slightly higher than the annual turnover for the previous year of c.21%. The 2022 Chair's statement includes the investment management and transaction charges that applied over the Scheme-year. The investment charges were compliant with the charge cap. The SIP was last reviewed and updated September 2020. The SIP has not been reviewed this year. Further details are provided in section 3 of this Statement.
2. Responsible Investment	
The Trustees expect the Scheme's investment managers to apply investment principles in line with the United Nations Principles for Responsible Investment ("UNPRI"). This will be monitored in conjunction with the investment adviser at appropriate intervals and at least annually. The Trustees also expect the Scheme's investment manager to adhere to and follow the best principles enshrined in the FRC UK Stewardship Code. **Financially material considerations** The Trustees believe ESG is financially material across all asset classes and strategies and the Trustees work with the investment adviser to ensure ESG is factored into the entire investment strategy. The Trustees expect their investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustees (delegating to the investment adviser where appropriate) assess the ESG integration capability of their investment managers. With specific regard to ESG factors, the Trustees consider how these are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning the evaluation of ESG factors. The Trustees also	Newton and LGIM are both signatories to the United Nations PRI. Newton and LGIM both have an A+ rating.

periodically consider publicly available ESG related publications pertaining to the incumbent investment managers. The Trustees periodically review the ESG policies and activities of their investment managers in the following ways: • meeting with the investment managers; • ESG reporting and advice from their investment adviser; • reviewing their investment managers' publicly available ESG related publications; and • reviewing the results provided by an independent ESG screening tool to identify and monitor ESG risks that may impact the Scheme's investments. Furthermore, the Sponsoring Employer provides the Trustees with annual reports that highlight any equity investments, held through the pooled funds, that violate the United Nations Global Compact Principles. The Trustees discuss these breaches with the investment manager to understand the rationale for the holding. Should the views of the investment manager not be aligned with those of the Scheme, the Trustees will review whether the pooled fund should be retained.	The Principal Employer, Caceis, prepared an ESG screening report of the funds held under the Scheme for the Trustees. The report includes a watch list of holdings, highlights investments in sectors that may be deemed as controversial and provides information on carbon metrics. In November, the Trustees met with Newton to discuss the holdings that they wish to receive further information on. The Trustees were satisfied with Newton's responses to their queries. The Trustees have reviewed the stewardship activity of the investment managers. The Trustees were generally satisfied with the activity that has taken place.
Stewardship policy The Trustees, with the help of their investment advisers, consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) reviewing existing investment managers. The Trustees have chosen to delegate their voting and engagement responsibilities to the appointed investment managers. The Trustees monitor the investment managers' stewardship and engagement activity on an annual basis as they believe this can improve long term performance. This is carried out by reviewing the Investment Managers' voting and engagement policy, summary reports detailing the engagement and voting activity undertaken by the investment managers and asking questions directly to the investment managers. The Trustees expect their investment managers to make every effort to engage with the companies they invest in, and prior to investment where it is appropriate, and report on the implementation of, and any changes to, their policies on voting and engagement.	The Trustees acknowledged that the voting practices of their investment managers may not necessarily reflect their views or those of the members and that they will have little if no influence on their investment managers' voting practices. In the event of frequent disagreements, the Trustees would consider the appropriateness of retaining the Investment Manager in question. Further details of the investment managers' voting policies and histories are set out in Section 5 on page 7.
Non-financial matters	

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expect their investment managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a material reduction in the efficiency of the investment. The Trustees consider non-financial factors (where members have been forthcoming with their views) however the Trustees do not employ a formal policy in relation to this when selecting, retaining and realising investments.	The Trustees did not receive any communication from members in respect of the Scheme's investments over the year.
3. Risk management	
The policy of the Trustees is to monitor the following areas on a regular basis (where possible): • Inflation risk; • Capital risk; • Liquidity risk; • Negligence risk; • Mis-statement risk; • Annuity conversion risk; • Manager risk; • Concentration risk; • Political risk; • Covenant risk; • Counterparty risk; and • ESG risk The Trustees therefore consider the following areas on a regular basis where possible: • actual performance versus the Scheme's investment and funding objectives; • Investment Managers performance versus their respective benchmarks and targets; and • any significant issues with the Investment Managers that may impact their ability to meet investment performance objectives set by the Trustees	The Trustees receive quarterly investment monitoring reports from their Investment Consultant which cover: • Investment performance versus investment and funding objectives; • Investment performance against respective benchmarks and targets; and • Any significant changes at the investment managers that could have an impact upon their ability to meet the investment performance objectives set by the Trustees.

5. Investment Manager's voting policies and histories

Voting policies

The Trustees invest in equities through the BNY Mellon Multi Asset Income and BNY Mellon Multi Asset Global Balanced Fund, which are managed by Newton. These funds are actively managed, and each underlying investment is individually selected. They do not have specific ESG or ethical restrictions determining the inclusion or exclusion of investible assets, however these matters are integrated within the investment process and are given due consideration when assessing investment opportunities and risks. BNY Mellon's responsible investment team forms an integral part of the funds' decision-making process, and conducts ESG quality reviews of companies considered for investment and aims to provide the investment team with an overview of the material ESG risks and opportunities facing a company and details of how the company address and reports on these issues.

Newton prefer to retain discretion in relation to exercising voting rights and have established policies and procedures to ensure the exercise of global voting rights. The Trustees have delegated voting rights to Newton in respect of these funds, however, do review Newton's voting behaviour and raise any concerns. A frequent occurrence of disagreement would result in the Trustees terminating the fund on the premise that the fund's beliefs are not consistent with those of the Trustees.

Voting processes

Newton intend to exercise voting rights in all markets where they retain voting authority. All voting decisions are made by Newton; the recommendations of the appointed voting service provider (Institutional Shareholder Services) is only given precedence in the event of a material potential conflict of interest.

All voting notifications are communicated to Newton's responsible investment team through an electronic voting platform. The responsible investment team reviews all resolutions for contentious issued, aided by advice from proxy research service providers. Voting decisions consider local market best practice, rules and regulations while also supporting our investment rationale.

Contentious issues may be referred to the appropriate analyst for comment. Where an issue remains contentious, Newton may also decide to confer with the company or other interested parties for further clarification. Each voting decision taken by a member of the responsible investment team has to be authorised by an alternate member of the team. Newton's corporate actions team is responsible for the administrative elements surrounding the exercise of voting rights by ensuring Newton have the risk to exercise individual clients' votes and that these are exercised.

Where Newton plan to vote against management on an issue, they often engage with the company in order to provide an opportunity for their concerns to be allayed. In such situations, it would not be a surprise should they vote against management. Newton only communicate our voting intentions ahead of the meeting direct to the company and not to third parties. Newton do alert a company regarding an action they have taken at their annual general meeting (AGM) through an email, to explain their thought process. They then often hold a call with the board/investor relations teams to gain a better understanding of the situation and communicate further. This can often be in tandem with the sponsoring global industry analyst.

Newton employ the services of voting service providers to help inform their voting intentions. Voting decisions are taken on a case-by-case basis, and Newton do not have a rigid policy with their voting service provider. Only in the event of a conflict of interest do Newton follow the recommendations of a service provider. As part of their outsourcing service policy, Newton conduct due diligence of their voting service provider at least twice a year.

Newton's voting policy and procedures have been formulated and approved by their Responsible and Ethical Investment Oversight Group. Implementation of the voting policy and procedures involves the head of responsible investment and responsible investment analysts in collaboration with the global section analysts and portfolio managers.

Voting statistics

The table below sets out the key statistics on Newton's voting eligibility and action over the Scheme year.

Statistic	BNY Mellon Global Balanced Fund	BNY Mellon Multi Asset Income Fund
Number of equity holdings	53	97
Meetings eligible to vote at	66	101
Resolutions eligible to vote on	1,065	1,221
Proportion of eligible resolutions voted on (%)	96	97
Votes with management (%)	85	90
Votes against management (%)	15	10
Votes abstained from (%)	0	0
Meetings where at least one vote was against management (%)	47	31
Votes contrary to the recommendation of the proxy adviser (%)	11	6

Source: Newton. Totals may not sum due to rounding.

Conflicts of interest

When engaging with a conflicted company, Newton declare and explain the conflict to the company at the outset. Engagement activity then continues as normal, which includes the production of meeting notes that are shared with all investment staff and retained in accordance with regulations surrounding the retention of documentation.

Newton have confirmed that the Multi Asset Global Balanced Fund is not affected by the following conflict of interest:

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;

2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;

3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;

4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer;

5. Differences between the stewardship policies of managers and their clients.

Newton have confirmed that for the Multi Asset Income Fund, they have recognised a conflict of interest with respect to conflict 1 in the above list: "We recognised a conflict of interest with Total and, as per our conflict of interest policy, the voting decision was outsourced to a third-party proxy adviser, ISS Proxy Exchange. Following ISS's voting recommendations, we voted against the appointment of the chief executive officer (CEO). ISS argued that its vote decision was warranted owing to the combining of the roles of CEO and chair, together with concerns surrounding the remuneration policy."

For conflicts 2-5, the Multi Asset Income Fund is not affected.

Significant votes

The most significant votes have been deemed as those that have been against management of the companies held. The Trustees feel this area has the potential for the greatest impact, as areas for improvement can be highlighted and there is no automatic positive intent of ownership.

A cross section of the most significant votes cast is contained in Appendix 1.

Conclusions

The Trustees have reviewed Newton's voting activity over the Scheme year and have concluded that Newton have appropriately carried out their stewardship duties and that the actions taken were broadly in line with the views of the Trustees.

Appendix – Significant votes

BNY Mellon Global Balanced Fund

Company Name	Citigroup Inc.	AstraZeneca Plc
Date of Vote	April-21	May-21
Summary of the resolution	Amend proxy access right	Amend restricted stock plan
How the firm voted	Against management proposals and for the shareholder proposal	Against the resolution
On which criteria has the vote been deemed as 'significant?	This vote was deemed significant due to the level of dissent, 32.1% for the proposal and against management. This demonstrates the increased tendency of shareholders to vote in support of such proposals.	The level of shareholder dissent merits this vote as significant.
Outcome of the vote	32.1% voted for amend proxy access right.	38.3% voted against amend restricted stock plan.

BNY Mellon Multi Asset Income Fund

Company Name	Albemarle Corporation	B&M European Value Retail SA
Date of Vote	May-21	July-21
Summary of the resolution	Advisory vote to ratify name executive officers' compensation.	Approve remuneration report.
How the firm voted	Against the resolution	Against the resolution
On which criteria has the vote been deemed as 'significant?	In addition to being votes against the recommendations of management, Newton felt this was significant vote given it highlights a common governance concern it has with many US-based companies.	Newton recognise this as a significant vote owing largely to the vote outcome; where it is rare for this level of dissent to be formally lodged by shareholders.
Outcome of the vote	6% voted against advisory vote to ratify name executive officers' compensation.	22.8% voted against remuneration report.