

## SIEMENS BENEFITS SCHEME

Responsible Investment Policy  
June 2019

## 1. INTRODUCTION

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries. The Trustee believes that in order to fulfil this commitment and to protect and enhance the value of the Scheme's investments, it must act as a responsible steward of the assets in which the Scheme invests.

The Trustee is responsible for investing the assets of both the DB and DC sections of the Scheme. While this policy applies across both sections, the Trustee recognises that there are differences in approach for setting investment strategy for both sections and that this may have implications for the implementation of this policy.

The Trustee has sought the views of the employer in preparing this policy.

## 2. ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

The Trustee further acknowledges that an understanding of financially material considerations including environmental, social and corporate governance (“ESG”) factors (such as climate change) and risks related to these factors is necessary to allow them to discharge their fiduciary duties in a prudent manner.

As part of their delegated responsibilities, the Trustee expects the all of the Scheme’s investment managers, across both the DB and the DC section of the Scheme, to take into account corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments.

The Trustee is taking the following steps to monitor and assess ESG related risks and opportunities:

- The Trustee will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Scheme’s assets and liabilities.
- As part of ongoing monitoring of the Scheme’s investment managers, the Trustee will use ESG ratings information provided by Aon and Redington, where relevant and available, to monitor the level of the Scheme’s investment managers’ integration of ESG.
- Regarding the risk that ESG factors including climate change could negatively impact financial performance of assets over our members’ savings horizon if not understood and evaluated properly; the Trustee considers this risk by taking advice from their investment adviser when setting the Scheme’s asset allocation, when selecting managers and when monitoring their performance.
- When reviewing asset allocation and strategic risks, the Trustee will, where deemed appropriate, consider using modelling tools such as scenario analysis to consider ESG factors in relation to the investment strategy.
- In manager selection exercises, ESG integration and stewardship quality will be a topic of explicit discussion between the Trustee, the advisers and prospective investment managers.
- The Trustee will include ESG-related risks, including climate change, on the Scheme’s risk register as part of ongoing risk assessment and monitoring.

### 3. STEWARDSHIP AND VOTING

The Trustee recognises that good stewardship can enhance shareholder value over the long-term.

The Trustee expects the Scheme's investment managers to use their influence as major institutional investors to carry out the Trustee's rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change.

The Trustee requests details of their investment managers' activities and policy towards voting and engagement and review these at least annually with input from their investment adviser. The Trustee will then engage with investment managers as necessary.

The Trustee does not typically state broad voting guidelines nor dictate best practice ESG integration procedures to investment managers, however where appropriate, the Trustee will work with the investment adviser to engage with investment managers if it is apparent that there has been inadequate/ inappropriate voting or if ESG considerations are not being appropriately considered in the investment process.

## 4. MEMBERS' VIEWS AND NON-FINANCIAL FACTORS

The Trustee recognises that the Scheme's investment portfolio should create financial as well as social value and therefore may engage with investment managers to understand the investment rationale if it is apparent they are investing in controversial companies or sectors. The Trustee may periodically request a "look through" to the underlying investments from managers to allow this engagement.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in setting the investment strategies applicable to the assets the DB section of the Scheme or the default strategy and other lifestyle strategies in the DC Section. However, it recognises the importance of offering a suitable range of investment options for members of the DC Section who wish to express an ethical preference in their pension saving and where applicable will consider member feedback on updating the range of ethical funds.

The Trustee has made the Ethical and Shariah funds available to members who would like to invest in funds with these specific considerations.

The Trustee will monitor and review any member feedback received in relation to non-financial matters.

If you would like to provide feedback on responsible investing, ethical fund options or thematic investment ideas please get in touch.

## 5. OTHER FACTORS

### **Initiatives and industry collaboration**

The Trustee recognises its potential positive influence as a large asset owner and will look to collaborate where necessary to protect and enhance the value of Scheme assets.

The Trustee is exploring reporting in-line with the recommendations of the Task Force on Climate-related Financial Disclosures, the Sustainable Development Goals and the UN PRI framework. Whilst not deemed appropriate at this time, the Trustee will review such decisions periodically and at least annually.

### **Disclosure and Reporting**

In-line with its commitment to transparency, the Trustee reports to the Scheme's stakeholders on Responsible Investment activities on an annual basis.