



### Glossary

<b>Baillie Gifford</b>	Baillie Gifford & Co Limited
<b>ESG</b>	Environmental, Social and Governance
<b>Investment Adviser</b>	First Actuarial LLP
<b>LGIM</b>	Legal & General Investment Management
<b>Scheme</b>	Beck & Pollitzer Pension Scheme
<b>Scheme Year</b>	6 April 2019 to 5 April 2020
<b>SIP</b>	Statement of Investment Principles
<b>UNPRI</b>	United Nations Principles for Responsible Investment

### Introduction

An investment in equities (shares) brings with it an entitlement to vote at general meetings of the company whose shares are held. Some of the Scheme's assets are invested in equities and the Trustee's SIP includes wording relating to the Trustee's voting and engagement policies.

This Implementation Statement provides an assessment of how, and the extent to which, the voting and engagement policies described in the SIP were followed over the Scheme Year.

In addition, it summarises the voting record of the Scheme's investment managers and provides information on the significant votes made in respect of the Trustee's equity holdings. Information is also provided on the how the Scheme's investment managers make use of the services of proxy voting advisers.

### Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- Baillie Gifford Multi-Asset Growth Fund.
- LGIM Diversified Fund.

## **Policies in the SIP**

The Trustee revised the SIP during the Scheme Year with the first document in force over Period 1 and the second in force over Period 2 where:

- Period 1 applied from 6 April 2019 to 30 September 2019; and
- Period 2 applied from 1 October 2019 to 5 April 2020.

### **Period 1 SIP Wording Relating to Voting and Engagement**

The key points in this SIP relating to voting and engagement were:

- The Trustee invests primarily through pooled investment vehicles. It is therefore accepted that the extent to which corporate governance, socially responsible practices and ethical behaviour are used in the selection of suitable investments will be determined by the investment managers' own policies on these matters. Similarly, it is accepted that ongoing engagement with companies in which investments are made {including the exercise of voting rights} will also be determined by the investment managers' own policies.

### **Trustee's Assessment of Whether These Policies Were Followed**

Over the course of the Scheme Year, the assets were invested in pooled investment vehicles and, consequently, it remained the case that responsibility for corporate governance and ongoing engagement with companies was delegated to the investment managers.

### **Period 2 SIP Wording Relating to Voting and Engagement**

A new SIP was prepared to ensure that the document would comply with new legislation which came into effect on 1 October 2019.

- Where the Trustee invests in pooled investment vehicles, it is accepted that the extent to which corporate governance, socially responsible practices and ethical behaviour are used in the selection of suitable investments will be determined by the investment managers' own policies on these matters.

Similarly, it is accepted that ongoing engagement with companies in which investments are made {including the exercise of voting rights} will also be determined by the investment managers' own policies.

- The Trustee recognises that it is likely that members and beneficiaries will hold a broad range of views on ESG and other non-financial matters. Whilst the Trustee will seek to avoid investing in a way that is likely to be strongly opposed by those individuals, the Trustee does not directly take such views into account when determining the Scheme's investment strategy.
- The Trustee believes that its duty to members and beneficiaries will be best served by ensuring that all benefits can be paid as they fall due and the Trustee's Investment Objectives are designed to ensure this duty is achieved.
- The Trustee recognises that the membership might wish the Trustee to engage with the companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society.

However, the Scheme's assets are invested in pooled funds and, as noted above, the Trustee therefore relies on the investment managers to carry out such engagement. The Trustee recognises that the investment managers' engagement policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.

- The Trustee does however consider ESG policies and, if they are felt to be inappropriate, will replace the fund in question.
- The Trustee regularly monitors the position of the investment managers with regards to ESG matters.
- The investment adviser provides regular updates on the investment managers' actions regarding ESG factors and shareholder engagement.

### Trustee's Assessment of Whether These Policies were Followed

The Trustee has not changed its stance regarding the importance of good stewardship or on the way members' views on engagement should be reflected in the Scheme's investment strategy.

The Trustee considered the ESG policies of existing managers in June 2019. The Trustee also considered ESG policies when selecting new funds during the period. However the Trustee did not directly monitor the position of managers with regards to ESG matters over the period.

### The Investment Manager's Voting Record

A summary of the investment managers' voting records is:

Investment Manager	Baillie Gifford	LGIM
Period	Year to 31 March 2020	Calendar Year 2019 50,900
Number of votes	13,217	
Split of votes		
For	88%	83%
Against	8%	17%
Did not vote/abstained	4%	1%

#### Notes

*Split of votes may not sum to 100% due to rounding. These voting statistics are based on each manager's full voting record rather than votes related solely to the funds held by the Scheme.*

### Use of Proxy Voting Advisers

Investment Manager	Baillie Gifford	LGIM
Who is their proxy voting adviser?	No Proxy Voting Advisor	ISS and IVIS
How is the proxy voting adviser used?	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM

### Our fund Manager's Voting Behaviour

We have reviewed the voting behaviour of our fund managers by considering the following:

- Broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. "with management" or "against management").

- The votes they cast to in the year to 31 March 2020 on the most contested proposals in eight categories across the UK, the US and Europe.
- Statements made by our fund managers on the subjects of stewardship, corporate governance and voting.

We have also compared the voting behaviour of our fund managers with their peers over the same period.

Our key observations are below along with actions we have taken as a result of our review of the fund managers' voting behaviour.

## Voting in Significant Votes

Based on information provided by the Trustee's investment adviser, the Trustee has identified significant votes in eight separate categories. The Trustee considers votes to be more significant if they are closely contested. Le. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the eight categories to be held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustee considered each investment managers' overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

## Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustee.

	Meeting/Date	Proposal	Votes For (%)	Votes Against (%)	US/UK	Beck & Pollitzer
<b>United States</b>						
LOCKHEED MARTIN CORPORATION	25/04/2020	Agree the resolution	90	90	For	Not held
ROCKSTAR ENERGY INC	22/05/2020	Agree the Audit Report	71	76	For	Not held
AMGEN INC	15/05/2020	Agree the resolution to Re-elect Directors	76	71	For	Not held
SWISS RE	12/04/2020	Agree the resolution	77	31	For	Not held
AMGEN INC	22/05/2020	Re-elect Directors to the Board of Directors	80	75	For	Not held
<b>Europe</b>						
ORANGE SA	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	47	53	For	Not held
EDIPROMANET OF	09/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	81	41	For	Not held
SAPPHIRE	19/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	80	40	For	Not held
STANLEY BLACK & DECKER INC	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	85	34	For	Not held
THE WHITE GROUP PLC	09/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	86	31	For	Not held
<b>Asia</b>						
ALIBABA GROUP HOLDING LIMITED	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
NETSCOUT SYSTEMS INC	09/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
THE WALTON COMPANY	12/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	40	For	Not held
IBIDEX INC	18/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	40	For	Not held
SEANABUS	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	40	For	Not held
<b>Other</b>						
ALIBABA GROUP HOLDING LIMITED	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
LOCKHEED MARTIN CORPORATION	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
ROCKSTAR ENERGY INC	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
AMGEN INC	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
SWISS RE	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
<b>Other</b>						
ORANGE SA	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
EDIPROMANET OF	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
SAPPHIRE	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
STANLEY BLACK & DECKER INC	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
THE WHITE GROUP PLC	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
<b>Other</b>						
ALIBABA GROUP HOLDING LIMITED	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
NETSCOUT SYSTEMS INC	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
THE WALTON COMPANY	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
IBIDEX INC	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held
SEANABUS	22/05/2020	Agree the resolution to Re-elect Directors to the Board of Directors	50	50	For	Not held

## Notes

Where the voting record has not been provided at the fund level, we have based our analysis on the shares held within the Scheme's pooled funds as at 31 March 2020. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote.

## **Description of Voting Behaviour**

### **Baillie Gifford**

Baillie Gifford appear to be willing to vote against management on a range of issues, though we note a divergence between their voting and some of their peers on votes relating to the constitution of boards of directors.

In some areas, particularly shareholder-proposed resolutions, Baillie Gifford voted in line with management slightly more than their peers. However, we are satisfied with Baillie Gifford's voting behaviour over the period observed.

### **LGIM**

We observed that LGIM voted against management on a range of issues and supported contested shareholder resolution designed to tackle ESG issues.

Although we saw some areas where their peers had taken a stronger stance, such as executive pay and the appointment of independent auditors, we were satisfied with LGIM's voting behaviour over the period observed.

**R. L. Hickson**

**Date: 29 October 2020**

Signed on behalf of the Trustee of the Beck & Pollitzer Pension Scheme