



Glossary

Baillie Gifford	Baillie Gifford & Co Limited
ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Beck & Pollitzer Pension Scheme
Scheme Year	6 April 2020 to 5 April 2021
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

The Trustee has reviewed the extent to which their policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement 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:

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

The Trustee's Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustee's policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme Year to comply with new legislation which required additional information to be stated about the nature of the arrangements in place with the investment managers. Part of the new wording provided a more detailed explanation of the Trustee's policy relating to the exercise of rights.

A summary of the Trustee's policy is as follows:

- The Trustee believes that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustee wishes to encourage best practice in terms of stewardship.
- The Trustee invests in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustee considers, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustee (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustee will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies the Trustee may look to replace that fund. However, in the first instance, the Trustee would normally expect their Investment Adviser to raise the Trustee's concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustee's opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustee's belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustee did not select any new funds during the period.
- Whilst the Trustee did not consider the voting records of the investment managers during the Scheme Year, that analysis has now been undertaken. The Trustee, in conjunction with their Investment Adviser, has considered the voting record of the investment managers over the year ending 31 March 2021 as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- All investment managers used by the Scheme are UNPRI signatories.

The Investment Manager's Voting Record

A summary of the investment managers' voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes		
		For	Against	Did not vote/abstained
Baillie Gifford	13,677	95%	4%	2%
LGIM	67,905	82%	18%	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 over the 12 months to 31 March 2021 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

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

The Investment Manager's Voting Behaviour

The Trustee has reviewed the voting behaviour of the investment 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 in the year to 31 March 2021 on the most contested proposals in eight categories across the UK, the US and Europe.
- The investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustee has also compared the voting behaviour of the investment managers with their peers over the same period.

The Trustee's key observations are set out below.

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, i.e. 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 based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustee considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Description of Voting Behaviour

Baillie Gifford

Baillie Gifford tends to support director proposals, but this is consistent with its active management style – the manager has chosen to invest in companies so it is unsurprising it wishes to support their management.

Although Baillie Gifford tends to support management in director proposals, over the course of the Scheme year the investment manager has demonstrated a willingness to vote in favour of shareholder proposals (which typically means voting against management).

The manager has also demonstrated a willingness to vote against director recommendations in the areas of executive pay and to protect shareholder influence.

LGIM

Relative to its peers, LGIM shows a higher tendency to vote against directors' proposals. The manager has also shown strong support for shareholders' proposals aimed at tackling a broad range of environmental and social issues.

The manager's voting policy is detailed and includes clear rationales and rules for when it will vote against directors' recommendations on a proposal.

LGIM opposed directors in 18% of votes during the year and showed a tendency to do this in contentious votes. This suggests that LGIM is taking its stewardship responsibilities seriously.

Conclusions

Based on the analysis undertaken, the Trustee has no concerns regarding the voting records of LGIM or Baillie Gifford.

The Trustee will keep the voting actions of these investment managers under review.

R. L. Hickson

Date: 3 September 2021

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