

Implementation Statement

Selwood Group Pension Scheme

Plan year ending 5 April 2021

Purpose of the Implementation Statement

The Implementation Statement has been prepared by the Trustee of the Selwood Group Pension Scheme (“the Scheme”) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement policies have been followed over the year; and
- The voting behaviour (and engagement) of the Trustee, or that undertaken on their behalf, over the year to 5 April 2021.

How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such the Trustee delegates responsibility for carrying out voting and engagement activities to the Scheme’s investment managers.

The Trustee updated the Scheme’s Statement of Investment Principles (“SIP”) over the year to include further information on their policies regarding:

- the arrangements with asset managers (including: incentivising alignment with the Trustee’s investment policies, incentivising assessments based on medium to long term financial and non-financial considerations, method and time horizon for assessing performance, portfolio turnover costs and duration of arrangement with asset manager); and
- the exercise of voting rights and engagement activities.

The Trustee is looking to undertake an investment strategy review alongside the 2021 actuarial valuation, where ESG considerations will be taken into account (where applicable).

Each year, the Trustee, with help from their investment advisors, receives and reviews voting information and engagement policies from the investment managers, which is reviewed to ensure alignment with the Trustee’s own policies. This exercise was undertaken as part of the preparation of this Implementation Statement, in July 2021.

Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the investment managers is in alignment with the Scheme’s stewardship policies.

Voting Data

Voting applies predominantly to the Scheme's diversified growth holdings, namely with BlackRock and Schroders.

The table below provides a summary of the voting activity undertaken by the Scheme's investment managers, where applicable. All voting data has been provided by the investment managers and is relevant for the year to 31 March 2021.

Manager	BlackRock Investment Management	Schroder
Fund name	Dynamic Diversified Growth Fund	Diversified Growth Fund
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	
Number of company meetings the manager was eligible to vote at over the year	977	1,711
Number of resolutions the manager was eligible to vote on over the year	12,398	20,478
Percentage of resolutions the manager voted on*	96.6%	99.6%
Of the resolutions on which the manager voted, percentage the manager abstained from	0.9%	0.3%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	93.3%	92.2%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	5.9%**	7.8%**
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	Not provided	5%

* for which the manager was eligible

** includes abstained votes

Source: BlackRock Investment Management (UK) Limited, Schroder Investment Management Limited

There are no voting rights attached to the other assets held by the Scheme, which include LDI, Absolute Return Bonds and cash-like funds. Therefore, there is no voting information shown above for these assets.

With regards to the BMO Absolute Return Bond Fund, the manager was eligible to vote at 2 meetings (and eligible to vote on 2 resolutions). However, these were bondholder meetings and therefore BMO applied a "Do not vote" instruction.

The Scheme invests in cash-like funds, predominantly for operational purposes. These include the Schroder Life Cash Fund and the BMO Sterling Liquidity Fund (which can be used as a collateral for the LDI portfolio). The cash-like funds do not have a pre-determined strategic allocation.

Proxy voting services

BlackRock utilise research from Institutional Shareholder Services ("ISS") for proxy advisory and voting services as well as Glass Lewis. Schroders utilise research from both ISS and the Investment Association's Institutional Voting Information Services ("IVIS"). Neither manager solely relies on proxy voting services to carry out their voting policies.

Examples of Significant votes

The decision on how to define what a "significant vote" is has been delegated to the investment managers. A summary of the data they have provided is set out below.

BlackRock Investment Management - Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Barclays Plc	Daimler AG	Facebook, Inc
Meeting date	07/05/2020	08/07/2020	27/05/2020
Summary of the resolution	<p>Resolution 29: Approve Barclays' Commitment to Tackling Climate Change.</p> <p>Resolution 30: Approve ShareAction Requisitioned Resolution.</p>	<p>Item 4: Resolution on ratification of Supervisory Board members' actions in the 2019 financial year.</p> <p>Item 7: Resolution on the election of Timotheus Höttges as a member of the Supervisory Board.</p> <p>Item 12b: Resolution on the amendment of Article 16 of the Articles of Incorporation (Annual Meeting – Resolution)</p>	<p>Item 1.2: Elect Director Marc L. Andreessen.</p> <p>Item 4: Shareholder Proposal to Approve Recapitalization Plan for all Stock to have One-vote per Share.</p>
How the manager voted	For Resolution 29 Against Resolution 30	Against all items	Against Item 1.2 For Item 4
Rationale for the voting decision	Resolution 29: The company has a clear ambition to become net-zero (in terms of applicable emissions) and align	Item 4: Lack of progress Daimler has made on its climate disclosures. Supervisory Board members should be held accountable	Item 1.2: BlackRock view Mr Andreessen as not being independent given he is a founding partner at Andreessen Horowitz, which has significant

	Vote 1	Vote 2	Vote 3
	<p>to the goals of the Paris Agreement.</p> <p>Resolution 30: supporting both resolutions would have been an issue since they are both binding.</p>	<p>for the level of oversight on governance issues, such as how management addresses material issues (e.g. climate risk).</p> <p>Item 7: BlackRock view that Timotheus Höttges holds an excessive number of mandates in addition to his proposed role on the Supervisory Board at Daimler (e.g. CEO of Deutsche Telekom AG and a Supervisory Board member at Henkel AG & Co. KGaA). This raises concerns about his ability to perform his role on Daimler's Supervisory Board.</p> <p>Item 12b: This resolution would increase votes cast to dismiss a Supervisory Board member from a simple majority to 75%, which BlackRock view as a deterioration of shareholder rights.</p>	<p>stakes in companies acquired by Facebook. He is also a member of the audit committee.</p> <p>Item 4: BlackRock prefer a "one vote for one share" capital structure for public companies. BlackRock's view is that this structure provides control proportionate to shareholders' capital at risk and is therefore more aligned with clients' interests.</p>

Criteria on which the vote is considered "significant" BlackRock publish information on specific key votes in their "vote bulletins", which cover selected "high profile" proposals at company shareholder meetings.

Source: BlackRock

Vote 1: <https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-barclays-may-2020.pdf>

Vote 2: <https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-daimler-jul-2020.pdf>

Vote 3: <https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-facebook-jul-2020.pdf>

The Trustee has shown a subset of the examples of significant votes that BlackRock have provided for ease of reporting. All of the provided data is available on request from the Scheme's investment advisors and further information on BlackRock's stewardship policies can be found on their website here:

<https://www.blackrock.com/corporate/about-us/investment-stewardship>.

Schroder Investment Management – Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Geberit AG	The Fulham Shore Plc	Naturgy Energy Group SA
Meeting date	01/04/2020	25/11/2020	09/03/2021
Summary of the resolution	Proposal 4.1.1: Re-elect Albert Baehny as Director and Board Chairman.	Proposal 7: Authorise issue of equity	Proposal 6: Approve Remuneration Policy for Financial Year: 2021, 2022 and 2023
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Schroders look to inform the company of their intention to vote against management (along with their rationale) before the meeting.		
Rationale for the voting decision	Overboarding concerns, i.e. Albert holds two executive roles.	Proposal deemed to cause issues of excessive dilution.	Remuneration policy subject to large discretionary element.
Criteria on which the vote is considered "significant"	Schroders consider the "most significant" votes as those where they vote against company management. Typically, these votes against management will be followed by engagement.		

Source: Schroders

The Trustee has shown a subset of the voting data that Schroders have provided for ease of reporting. All of the provided data is available on request from the Scheme's investment advisors and further information is available on Schroders' website here: <https://www.schroders.com/en/sustainability/active-ownership/voting/>.

Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds. The information is given over the year to 31 March 2021.

Manager	BlackRock Investment Management	BMO Global Asset Management	Schroders Investment Management
Fund name	BIJF Dynamic Diversified Growth Fund	Global Absolute Return Bond Fund	Diversified Growth Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes
Number of entities engaged, relevant to the fund/strategy	502*	56	362**

Source: BlackRock, Schroders, BMO

* number of individual companies engaged

** excluding all collaborative engagements

The Trustee believes that there is less scope for engagement in relation to the Liability Driven Investment ("LDI"), and therefore there is no information shown above for these assets. Similarly, the assets held by the Schroder Life Cash Fund have less scope for engagement and therefore that fund is not included.

Summary

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme's stewardship policies.

The Trustee and the investment consultant are working with the investment managers to provide additional information in the future in order to enhance their ability to assess the investment managers' actions.

Prepared by the Trustee of the Selwood Group Pension Scheme

August 2021