

# Implementation statement – Staff Pension Scheme

for the year ended 31 March 2021

20|21



# This is the Implementation Statement prepared by the Trustees of B&CE Staff Pension Scheme (the Scheme) and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement have been followed over the year to 31 December 2020.
- The voting and engagement behaviour of the Trustees, or that undertaken on their behalf, over the year.

## How voting and engagement policies have been followed

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

The Trustees' policy on voting and engagement is set out in the Scheme's Responsible Investment (RI) Policy, which forms part of the Statement of Investment Principles. To enable the Trustees to make high quality decisions, the fact-finding and analysis is delegated to the Chief Investment Officer of B&CE and the Trustees' independent investment advisers. The Trustees' RI Policy notes a key priority of engaging with companies in an investment portfolio regarding issues believed to have a material impact (both positive and negative) on future returns. The Trustees are looking for fund managers who are prepared to:

- be transparent and accountable
- enhance and evolve ESG practices in markets
- develop long-term partnerships with companies and guide them through the evolution in ESG practices.

In addition, the Trustees will take into account whether their managers are signatories to the UN backed PRI and UK Stewardship Code.

All of the managers are signatories to the UN PRI. All of the managers were signatories to the 2012 UK Stewardship Code. All fund managers except for Ninety One are signatories to the 2020 UK Stewardship Code (noting that the Trustees disinvested from this fund manager over the period) and therefore no action is required.

The Trustees have established agreed ownership/voting principles with their managers. These principles include researching companies, identifying any issues and then engaging with them as necessary. Voting and engagement focuses on a range of themes including:

- election of Directors and Boards
- accounting and audit related issues
- capital structure, reorganisation and mergers
- compensation
- environmental and social issues.

The Scheme invests in private equities and private debt through its holding in the Partners Fund. The Trustee recognises that the manager in relation to the Scheme's investment in the Partners Fund:

- understands the potential impact on markets and industries of sustainability megatrends (eg climate change, demographics and water constraints)
- carries out negative screening of illegal and harmful products/services
- completes ESG assessments
- identifies and mitigates material ESG risks
- uses ESG-related issues to generate value
- reflects the value of ESG programmes in the exit price, where applicable
- identifies and meets ESG-related market requirements (eg IPO sustainability standards) on exit.

As the Trustees invest in funds alongside other investors, they recognise that their chosen managers' prioritisation of issues for engagement and voting may not be the same as their own. As far as practicable, B&CE undertake a formal engagement process with each manager every year to ensure that there is a good alignment of views and issues to prioritise over the coming year. This reflects the relative size of assets of the Scheme compared to the other entities associated with the B&CE Group. The monitoring and reporting on RI is as shown below, along with the actions taken in respect of the year under review.

1. B&CE receives and reviews reports on the voting and engagement activity of the fund managers. They review these to ensure that managers used by the Scheme continue to meet the Trustees' standards in this area. Where any material areas of disagreement are identified these are highlighted to the Trustee.

B&CE has received and reviewed stewardship reporting received from the fund managers. No material areas of disagreement have been identified over the period.

2. To complement the above, the Trustees' investment advisers produce an annual report, including information on voting and engagement, together with their ratings on voting and engagement in action, as well as scores provided by the UN PRI on different asset classes.

The Trustees undertook a review of the stewardship and engagement activities of their fund managers via receipt and review of their investment advisers' report (issued in December 2020). The contents of the report were reviewed and discussed by the B&CE Investment Committee (on behalf of the Trustees) prior to this meeting. These meetings took place in Q1 2021. The result of the review was that the Trustees were satisfied that the actions of their fund managers were reasonably in alignment with the Scheme's stewardship policies and no remedial action was required at that time. This is expected to be an annual review.

3. Where relevant, the Trustees' investment advisers consider a fund manager's stewardship credentials when advising on investment issues.

The Scheme appointed a new fund manager, State Street Global Advisors (SSGA), for an indexed equity and bond mandate over the year and stewardship and voting policies were considered as part of the manager selection exercise, alongside other material factors. Given the use of SSGA as fund manager for other entities associated with the B&CE Group, (and the commonality between the RI Policies of the different entities) the Trustees of the Scheme benefit from an enhanced level of due diligence by B&CE for this fund manager than would otherwise be the case given governance constraints. B&CE holds an open dialogue with State Street on engagement and stewardship priorities.

In terms of voting and engagement data, the Trustees have provided this in the preceding sections for the relevant funds/managers. The Scheme disinvested from the Ninety One Diversified Growth Fund and invested in SSGA indexed equity and bonds over the period. Information for both managers is provided.

## Voting data

The table below provides a summary of the voting activity undertaken by the investment managers over the year to 31 March 2021, together with information on any key voting priorities and information on the use of proxy voting advisors by the managers. Please note that there are no voting rights in relation to underlying assets of the Scheme's holdings with Legal & General Investment management Limited ("LGIM").

Manager	State Street	BNY Mellon	Ninety One
Fund name	International (Developed 100% Hedged) ESG Screened Index Equity Fund	Real Return 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	2,332	84	150
Number of resolutions the manager was eligible to vote on over the year	29,644	1,179	1,794
Percentage of resolutions the manager voted on	99%	99%	91%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	2%	0%	2%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	90%	85.5%	93%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	10%	14.5%	7%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	Not known*	9%**	4%***

\* SSGA contract Institutional Shareholder Services' (ISS) to administer proxy voting, assist in applying SSGA's voting guidelines, provide research and analysis relating to general corporate governance issues and specific proxy items, and provide proxy voting guidelines in limited circumstances. SSGA also has access to Glass Lewis and region specific meeting analysis provided by the Institutional Voting Information Service. All final voting decisions are based on their proxy voting policies and in-house operational guidelines.

\*\* BNY Mellon employ ISS for administering proxy voting and research reports on company meetings. All voting decisions are made by the manager.

\*\*\* Ninety One use ISS to produce custom research reports with vote recommendations that arise from applying Ninety One's voting guidelines. The vote decision is then reached by the relevant investment teams, supported by the Engagement and Voting team.

## Significant votes

For the first year of implementation statements we have delegated to the investment managers to define what a 'significant vote' is. A summary of the data they have provided is set out below.

### State Street, International (Developed 100% Hedged) ESG Screened Index Equity Fund – Table 1 of 2

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
<b>Company name</b>	Facebook, Inc.	Alphabet Inc.	Tesla, Inc.	JPMorgan Chase & Co.	The Procter & Gamble Company
<b>Date of vote</b>	27 May 2020	03 June 2020	22 September 2020	19 May 2020	13 October 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.28	1.00	0.69	0.67	0.67
<b>Summary of the resolution</b>	Require Environmental/Social Issue Qualifications for Director Nominees	Establish Environmental/Social Issue Board Committee	Miscellaneous Proposal – Environmental & Social	Report on Climate Change	Community – Environment Impact
<b>How the manager voted</b>	Against	For	Against	For	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	N/A	No	N/A	No	No
<b>Rationale for the voting decision</b>	The manager did not support this item due to concerns with the terms of the proposal.	In the absence of significant concerns, State Street believe support for this proposal is warranted.	The manager did not support this item due to concerns with the terms of the proposal.	State Street believes this proposal merits support as the company's disclosure and/or practices related to climate change can be improved.	State Street believes this proposal merits support as the company's environmental disclosure and/or practices can be improved.
<b>Outcome of the vote</b>	This information was unavailable.				
<b>Implications of the outcome</b>	This information was unavailable.				
<b>Criteria on which the vote is considered 'significant'</b>	Climate change votes and Environmental and Social resolutions.	Climate change votes and Environmental and Social resolutions.	Climate change votes and Environmental and Social resolutions.	Climate change votes and Environmental and Social resolutions.	Climate change votes and Environmental and Social resolutions.

State Street, International (Developed 100% Hedged) ESG Screened Index Equity Fund – Table 2 of 2

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
<b>Company name</b>	Intel Corporation	Verizon Communications Inc.	AT&T Inc.	The Walt Disney Company	Netflix, Inc.
<b>Date of vote</b>	14 May 2020	07 May 2020	24 April 2020	11 March 2020	04 June 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.61	0.54	0.52	0.47	0.45
<b>Summary of the resolution</b>	Advisory Vote to Ratify Named Executive Officers' Compensation	Link Executive Pay to Social Criteria	Advisory Vote to Ratify Named Executive Officers' Compensation	Advisory Vote to Ratify Named Executive Officers' Compensation	Advisory Vote to Ratify Named Executive Officers' Compensation
<b>How the manager voted</b>	Abstain	Against	Abstain	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	N/A	No	No	No
<b>Rationale for the voting decision</b>	SSGA believes this proposal merits qualified support as they have some concerns with the remuneration structure for senior executives at the company.	The manager did not support this item due to concerns with the terms of the proposal.	SSGA believes this proposal merits qualified support as they have some concerns with the remuneration structure for senior executives at the company.	SSGA believes this item does not merit support as they have concerns with the proposed remuneration structure for senior executives at the company.	SSGA believes this item does not merit support as they have concerns with the proposed remuneration structure for senior executives at the company.
<b>Outcome of the vote</b>	This information was unavailable.				
<b>Implications of the outcome</b>	This information was unavailable.				
<b>Criteria on which the vote is considered 'significant'</b>	Compensation votes	Climate change votes and Environmental and Social resolutions	Compensation votes	Compensation votes	Compensation votes

**BNY Mellon, Real Return Fund – Table 1 of 2**

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
<b>Company name</b>	LEG Immobilien AG	Microsoft Corporation	Linde plc	NIKE Inc.	Medtronic plc
<b>Date of vote</b>	19 August 2020	2 December 2020	27 July 2020	17 September 2020	11 Dec 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.3	1.3	1.1	1.1	1.0
<b>Summary of the resolution</b>	Remuneration policy	<ol style="list-style-type: none"> <li>1. Elect Director and Advisory Vote to Ratify Named Executive Officers' Compensation</li> <li>2. Ratify Deloitte &amp; Touche LLP as Auditors</li> </ol>	Executive compensation arrangements and election of directors	<ol style="list-style-type: none"> <li>1. Advisory Vote to Ratify Named Executive Officers' Compensation</li> <li>2. Ratify PwC LLP as Auditors</li> <li>3. Report on Political Contributions Disclosure</li> </ol>	<ol style="list-style-type: none"> <li>1. Approve PwC LLP as Auditors and Authorize Board to Fix Their Remuneration</li> <li>2. Elect Director, Advisory Vote to Ratify Named Executive Officers' Compensation</li> </ol>
<b>How the manager voted</b>	Against	Against	Against	Against management proposals and For shareholder proposal	Abstain
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	Yes	No	No	No
<b>Rationale for the voting decision</b>	<p>BNY Mellon voted against this resolution on account of their lack of alignment with performance. The executive long-term compensation scheme was entirely cash-based, and although this was indicated to be performance-linked, no disclosures were provided on performance targets. With targets not being disclosed, BNY Mellon were concerned that long-term awards could vest for below-median poor performance. Furthermore, the introduction of special remuneration awards through transaction-based bonuses were not considered to be ideal for promoting talent retention, due to these generally being one-off in nature.</p>	<ol style="list-style-type: none"> <li>1. BNY Mellon voted against these resolutions. Despite improvements to executive remuneration practices over recent years, BNY Mellon remain concerned that approximately half of long-term pay awards vest irrespective of performance.</li> <li>2. BNY Mellon also voted against the re-appointment of the company's external auditor given that its independence was jeopardised by having served in this role for 37 consecutive years.</li> </ol>	<p>BNY Mellon decided to vote against the advisory vote on executive compensation, and against the members of the remuneration committee members. This is because a majority of long-term pay awards vest based on time served, which means executive pay is not subject to rigorous performance conditions and is therefore not aligned with shareholders' interests. In addition, some of the perks to the CEO seem unnecessary and excessive, including the use of company aircraft for personal purposes, financial planning expenditures, and additional years of service credits beyond time served at the company being considered to calculate his pension benefit.</p>	<ol style="list-style-type: none"> <li>1. BNY Mellon voted against the ratification of the executive compensation arrangements. BNY Mellon's chief concern was that fewer than 50% of long-term pay awards were subject to the achievement of performance conditions.</li> <li>2. BNY Mellon voted against the appointment of the external audit firm owing to it serving the company for 46 consecutive years. They believe this compromises independence and objectivity.</li> <li>3. They supported a shareholder resolution requesting enhanced disclosures on political contributions. While the company's disclosures offer some insight into the contributions made and the governance framework surrounding this risk, they felt that the proposal would offer increased transparency of the company's relationships with trade associations and would bring its disclosures in line with better-performing peers.</li> </ol>	<ol style="list-style-type: none"> <li>1. BNY Mellon voted against this owing to the firm having served in this capacity for 57 consecutive years, which jeopardises the firm's ability to exercise independent judgement.</li> <li>2. BNY Mellon voted against the resolutions. A significant proportion of executives' long-term compensation awards vest regardless of performance. Where performance conditions determine vesting, the performance targets are not considered stretching. Additionally, they were also concerned with a further long-term compensation scheme as it allows awards to vest for cash rather than equity.</li> </ol>

**BNY Mellon, Real Return Fund – Table 1 of 2 (continued)**

<p><b>Outcome of the vote</b></p>	<p>22.2% AGAINST Approve Remuneration Policy</p>	<p>1.1%, 0.9%, 0.3%, AGAINST compensation committee members, 5.3% AGAINST executive officers' compensation</p> <p>3.9% AGAINST reappointment of the auditor</p>	<p>9.6% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation</p> <p>1.8%, 7.6%, 2.1%, 8.2%, 9.8%, 40% AGAINST elect Director</p>	<p>46% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation</p> <p>3.6% AGAINST Ratify PwC LLP as Auditors</p> <p>34.4% FOR Report on Political Contributions Disclosure</p>	<p>5.5% AGAINST reappointment of the auditor</p> <p>6.4%, 1.5%, 3.4%, 2.6%, 14.3% AGAINST compensation committee members</p> <p>8.3% AGAINST executive officers' compensation</p>
<p><b>Implications of the outcome</b></p>	<p>The vote outcome is considered significant owing to more than 20% of votes being instructed against its approval. It is likely that the company will seek to address concerns in an effort to avoid similar or higher future dissent.</p>	<p>The vote outcome demonstrates shareholders are not overly concerned with the company's executive pay arrangements. However, BNY Mellon's engagement with the company over multiple years shows that pay arrangements have been improving and are expected to continue to improve. They look forward to supporting the company's executive pay proposals as these improvements are implemented.</p>	<p>BNY Mellon did not consider the vote outcome on the pay resolution to be material and of a level where the company is expected to address concerns. However, the election of one director that received 40% of votes against warrants further consideration.</p>	<p>With close to a majority of shareholders voting against the executive pay practices, the company will need to conduct a fundamental review of its pay practices. In addition, the significant level of support for the company to improve its reporting of political contributions suggests that the company will also need to review its approach to this matter. BNY Mellon expects to encourage improvements through their voting decisions.</p>	<p>The outcome of the pay-related votes is likely to generate discussion within the company, particularly given the level of dissent in relation to the re-election of one board director. BNY Mellon will continue to recognise formally their concern in relation to the pay structure through the exercise of voting rights. While the level of opposition to the long-tenured auditor was minor, they expect this to increase as audit quality rises up the agenda for investors.</p>
<p><b>Criteria on which the vote is considered 'significant'</b></p>	<p>BNY Mellon believes that investor scrutiny of pay arrangements is increasing. The significance of the high vote against is important to note given that a majority of pay proposals from companies rarely see such high levels of dissent.</p>	<p>The company is recognised as a leader among its US peers in terms of its approach to corporate governance. Its executive pay structure is also better than most but there exist fundamental improvements that should be made.</p>	<p>BNY Mellon expects more shareholders will increase their scrutiny of pay versus performance and reflect this in their voting decisions; as such, shareholder dissent may increase and result in unnecessary media attention that can foster both financial and reputational issues. In addition, director election rarely achieve such a high level of dissent as seen by one nominee receiving a 40% vote against.</p>	<p>Only a few companies, globally, receive such a high level of shareholder dissent in relation to pay practices.</p>	<p>BNY Mellon expects more shareholders will increase their scrutiny of pay versus performance and reflect this in their voting decisions; as such, shareholder dissent may increase and result in unnecessary media attention that can foster both financial and reputational issues.</p>

**BNY Mellon, Real Return Fund – Table 2 of 2**

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
<b>Company name</b>	Mastercard Incorporated	The Goldman Sachs Group	Zurich Insurance Group	Alibaba Group Holdings Limited	Unilever NV
<b>Date of vote</b>	16 June 2020	30 April 2020	01 April 2020	30 September 2020	30 April 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.9	0.9	0.9	0.8	0.8
<b>Summary of the resolution</b>	<p>1. Advisory Vote to Ratify Named Executive Officers' Compensation, Elect Board Directors (members of the compensation committee)</p> <p>2. Ratify PwC LLP as Auditors</p>	<p>1. Shareholder Proposal to provide right to act by way of written consent</p> <p>2. Shareholder Proposal that the Directors conduct a review of Statement on the Purpose of a Corporation</p> <p>3. Vote to Ratify PwC LLP as Auditors</p>	Transact Other Business (Voting)	Elect Directors	Advisory Vote to Ratify Named Executive Officers' Compensation and Re-elect non-executive directors
<b>How the manager voted</b>	Against	For shareholder proposals	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	Yes	No	No	Yes
<b>Rationale for the voting decision</b>	<p>1. Votes were instructed against the executive compensation structure and the members of the compensation committee. BNY Mellon were concerned that a significant proportion of the long-term pay awards are subject only to time served and not performance.</p> <p>2. BNY Mellon also voted against the appointment of the auditor as it had been in place for 30 years, which raised concerns surrounding independence.</p>	<p>1. They supported this resolution as it would provide an opportunity for matters to be raised and approved outside of AGMs.</p> <p>2. They also supported this resolution to request that the board of directors conduct a review of the company's governance arrangements in the context of its support of the US Business Roundtable's 'Statement on the Purpose of a Corporation'. While they accept that the company has responded in part to these commitments, it does not have governance documents that detail how trade-offs and prioritisation between different stakeholders are managed, which is a key component of a multi-stakeholder management approach.</p> <p>3. They also voted against the appointment of the auditor owing to long tenure. The firm had been in place since 1922, which brings into question its independence.</p>	They voted against a resolution requesting shareholder approval for "other business" to be transacted at the AGM. No information or comfort was provided ahead of the meeting.	BNY Mellon voted against the two members of the governance committee who were seeking re-election given their concern surrounding the low level of independence on the board.	<p>1. Votes were instructed against this resolution. Their first concern was with the 'co-investment plan', into which directors must invest at least one third of their annual bonus, meaning if no bonuses are awarded, executives have no long-term incentive. Secondly, variable pay awards continue to be determined as a multiple of fixed pay into which other benefits like pensions are bundled.</p> <p>2. Not known.</p>

**BNY Mellon, Real Return Fund – Table 2 of 2 (continued)**

<b>Outcome of the vote</b>	<p>2.0%, 3.3%, 1.1%, 1.1%, 0.3% and 0.2% AGAINST compensation committee members</p> <p>4.5% AGAINST executive compensation</p> <p>3.7% AGAINST ratification of PwC</p>	<p>41.4% FOR shareholder proposal to provide right to act by way of written consent</p> <p>5.8% FOR shareholder proposal to conduct review of Statement on the Purpose of a Corporation</p> <p>4.6% AGAINST auditor</p>	<p>Not reported</p>	<p>19.7%, 18.6% AGAINST elect director</p>	<p>3.6% AGAINST approve remuneration report</p> <p>1.5%, 0.8% AGAINST re-elect non-executive director</p>
<b>Implications of the outcome</b>	<p>BNY Mellon did not consider the vote outcome on the pay resolutions to be material and of a level where the company is expected to address concerns. However, they expect domestic investors voting policies to change over time on this topic.</p>	<p>The near majority support for the shareholder proposal cannot be ignored by the company and should result in this basic right to be introduced. It is unlikely that shareholders will exercise this right but it is considered an additional tool that can help improve the effectiveness of engagement activities.</p>	<p>This is a routine resolution item proposed by Swiss companies. Without comfort provided as to the nature of matters that may be raised and approved under this item, they will continue to vote against its approval.</p>	<p>Given the register of the company's shareholders, a voting outcome of close to 20% is a clear indication of non-domestic investors' concern with the company's board structure. BNY Mellon will continue to demonstrate their concern formally through the exercise of voting rights, and when engaging, should they have the opportunity.</p>	<p>The vote outcome was such that the company is unlikely to instigate further consultation with shareholders on this matter. BNY Mellon will continue to monitor the company's pay structure and exercise their stewardship responsibilities in line with their beliefs and expectations.</p>
<b>Criteria on which the vote is considered 'significant'</b>	<p>The company's approach was a breach of the UK's corporate governance code, including the absence of an explanation justifying the move.</p>	<p>The US Business Roundtable statement on corporate purpose received significant public attention when published and appears to have not been actioned by those companies, including Goldman Sachs that supported the statement.</p>	<p>This highlights a significant insight into the Swiss market and its fundamental approach to protecting the interests of minority investors.</p>	<p>This vote clearly highlighted an area of contention for the company's non-domestic shareholders and a matter where improvements could increase the company's attractiveness to foreign investors.</p>	<p>BNY Mellon considered this a significant vote given the attention the subject receives from investors and wider stakeholders and that certain elements of the pay structure is not in line with established UK best practice.</p>

Ninety One, Diversified Growth Fund – Table 1 of 2

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
<b>Company name</b>	Citigroup Inc.	Bank of America Corporation	Johnson & Johnson	The Walt Disney Company	A-Living Services Co., Ltd.
<b>Date of vote</b>	21 April 2020	22 April 2020	23 April 2020	11 March 2020	17 March 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Not provided				
<b>Summary of the resolution</b>	Report on Lobbying Payments and Policy	Report on Gender Pay Gap	Report on Governance Measures Implemented Related to Opioids	Report on Lobbying Payments and Policy	Approve CMIG PM Agreement and Related Transactions
<b>How the manager voted</b>	Against	Against	For	For	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	N/A – voted with management	N/A – voted with management	N/A – voted with management	N/A – voted with management	N/A – voted with management
<b>Rationale for the voting decision</b>	The company is disclosing adequate information for shareholders to be able to assess its engagement in the political process and its management of related risks.	Global median gender/ racial pay gap report would not produce meaningful information about worker fairness because categories of underrepresented minorities differ from country to country.	Shareholders would benefit from more specific information about proactive steps the board is taking to mitigate risks related to the manufacture and marketing of opioid-related products, and that incentives are aligned with the health of the communities it serves.	Additional disclosure of the company's indirect lobbying-related oversight mechanisms, along with its trade association payments, would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.	Information not provided
<b>Outcome of the vote</b>	Passed	Failed	Passed	Failed	Passed
<b>Implications of the outcome</b>	Information not provided	Information not provided	Ninety One will continue closely monitoring similar issues	Information not provided	Information not provided
<b>Criteria on which the vote is considered 'significant'</b>	Thematic Vote/ Shareholder Proposal - Social	Thematic Vote/ Shareholder Proposal - Social/Diversity	Controversial vote that garnered media interest - Thematic Vote/ Shareholder Proposal	Thematic Vote/ Shareholder Proposal - Social	Significant corporate transactions that have a material impact on future company performance (approval of a merger)

Ninety One, Diversified Growth Fund – Table 2 of 2

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
<b>Company name</b>	JPMorgan Chase & Co.	The Home Depot, Inc.	Coca-Cola European Partners Plc	The TJX Companies, Inc.	Unilever Plc
<b>Date of vote</b>	19 May 2020	21 May 2020	27 May 2020	9 June 2020	12 October 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Not provided				
<b>Summary of the resolution</b>	Report on Climate Change	Report on Congruency Political Analysis and Electioneering Expenditures	Authorise EU Political Donations and Expenditure	Report on Reduction of Chemical Footprint	Approve the Cross-Border Merger between Unilever PLC and Unilever N.V.
<b>How the manager voted</b>	For	For	For	For	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No (did not engage pre-AGM)	No (did not engage pre-AGM)	N/A – voted with management	No (did not engage pre-AGM)	N/A – voted with management
<b>Rationale for the voting decision</b>	Shareholders would benefit from additional information on the company's plans regarding aligning its greenhouse gas emissions with the Paris Agreement climate goals.	The requested report would be beneficial for shareholders in order to help them evaluate how well the company is assessing and mitigating risks related to its political communication expenditures.	The Company states that it does not intend to make overtly political payments but is making this technical proposal in order to avoid inadvertent contravention of EU legislation.	Shareholders would benefit from a better understanding of steps the company is taking to mitigate its risks related to toxic chemicals.	The proposal to unify the Company's structure has a strong strategic rationale, including simplifying Unilever's complex dual-headed structure and the increased optionality it would give the Company in terms of M&A and other business transactions. The Group's listings on the Amsterdam, London and New York stock exchanges will be maintained, and there will be no change to the operations, locations, activities or staffing levels in either the UK or The Netherlands as a result of the proposed unification.
<b>Outcome of the vote</b>	Information not provided	Failed	Passed	Failed	Passed
<b>Implications of the outcome</b>	Information not provided	Information not provided	Information not provided	Ninety One continue to require adequate disclosure	Information not provided
<b>Criteria on which the vote is considered 'significant'</b>	Thematic Vote – Climate	Thematic Vote/ Shareholder Proposal – Social	Thematic Vote/ Shareholder Proposal - Social/Politics	Thematic Vote – Climate	Significant corporate transactions that have a material impact on future company performance (approval of a merger)

## Fund level engagement

The table below provides a summary of the voting activity undertaken by the investment managers over the year to 31 March 2021, together with information on any key voting priorities and information on the use of proxy voting advisors by the managers. Please note that there are no voting rights in relation to underlying assets of the Scheme's holdings with Legal & General Investment management Limited ("LGIM").

Manager	State Street	BNY Mellon	Ninety One
<b>Fund name</b>	International (Developed 100% Hedged) ESG Screened Index Equity Fund	Real Return Fund	Diversified Growth Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	332 Number with Environmental Theme: 157 Number with Social Theme: 260 Number with Governance Theme: 332	32	15
<b>Percentage of entities in the portfolio engagements over the year relate to</b>	Not available	22%	7%
<b>Number of engagements undertaken at a firm level in the year</b>	Not available	99	138
<b>Examples of engagements undertaken with holdings in the fund</b>	Human rights – supply chain management	Governance - remuneration	Environment – climate change within insurance companies.

LGIM have only been able to provide engagement data at a firm level. The data below is a summary of LGIM's global engagement at a firm level for the year to 31 December 2020.

Manager	LGIM
Fund name	Firm level data
Does the manager perform engagement on behalf of the holdings within the funds	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes
Number of engagements undertaken at a firm level in the year	891
Number of companies engaged	796
Number of engagements on environmental topics	416
Number of engagements on governance topics	401
Number of engagements on social topics	241
Number of engagements on other topics (e.g. financial and strategy)	171
Examples of engagements undertaken with holdings in the funds	<p>LGIM's main engagement topics include:</p> <ul style="list-style-type: none"> <li>• Remuneration</li> <li>• Board compensation</li> <li>• Diversity</li> <li>• LGIM ESG Score</li> <li>• Climate Change</li> <li>• Governance score</li> <li>• Strategy</li> <li>• COVID-19</li> <li>• Disclosures</li> <li>• Public health</li> </ul> <p>An example is LGIM's engagement regarding Barclays' AGM, in which there has been significant client interest. LGIM endorsed Barclay's ESG target, to shrink its carbon footprint to net zero by 2050, and are focusing on helping Barclays develop plans and achieve their target.</p> <p>Another example is LGIM's 'Pandemic 50' collaborative engagement. LGIM along with nine other investors engaged with 50 of the world's largest companies about their response to the global pandemic. This identified a variety of weaknesses in economies and gaps in social safety nets. The coalition, representing \$3.7 trillion of assets under management, assessed how the business model, strategies and practices of each company are adapting to strengthen long-term resilience. In particular, they focused on how board oversight and approach to human capital management has evolved.</p>

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