

# Christie, Manson & Woods Limited Pension and Life Assurance Scheme

## Implementation Statement

This statement sets out how the Trustee's policies on voting rights and engagement activities, as set out in the Statement of Investment Principles, have been followed over the year to 30 September 2020.

## How the Trustees' voting and engagement policies have been met over the year

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, with input from their investment consultant, annually receives and reviews (through their Implementation Statement and ESG monitoring report), the voting information and engagement policies of their investment managers to ensure alignment with their own policies. This exercise was undertaken at the annual investment governance meeting on 18 November 2020 and subsequently in March 2021 once further voting data was available.

Based on the data presented below and also included in the Scheme's annual ESG monitoring report, the Trustee is comfortable that the actions of the investment managers are in alignment with the Scheme's stewardship policies. However, the Trustee has asked for further information on Invesco's approach to challenging management and in particular, to provide examples of where they have voted against management.

## Voting data

The Scheme invests entirely in pooled funds and therefore the Scheme's investment managers vote on behalf of the Scheme's holdings in the pooled funds.

Voting is not applicable to the Scheme's Liability Driven Investment ("LDI") holdings with BMO as these funds invest only in fixed income assets, which have no voting rights. The Newton, Ruffer and Invesco funds invest across a diverse range of asset classes and are therefore included below as the equity holdings carry voting rights. Please note that both the BMO Synthetic Equity Portfolio and the Invesco Balanced Risk Pension Fund invest in equities through derivatives and have no exposure to physical equities. Therefore, these funds do not have voting rights attached and for that reason, no voting information has been shown below.

Manager	Newton Investment Management	Ruffer LLP	Invesco Asset Management
<b>Fund name</b>	Newton Real Return Fund	Ruffer Absolute Return Fund	Invesco Global Targeted Returns Fund
<b>Asset Class</b>	Diversified Growth	Diversified Growth	Diversified Growth
<b>Funds Structure</b>	Pooled	Pooled	Pooled

Manager	Newton Investment Management	Ruffer LLP	Invesco Asset Management
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
<b>Number of resolutions the manager was able to vote at over the year</b>	1,179	1,047	4,904
<b>Percentage of eligible resolutions the manager voted on</b>	99%	97%	98%
<b>Percentage of eligible resolutions the manager abstained from</b>	0%	1%	1%
<b>Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on</b>	15%	9%	6%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor (if applicable)</b>	10%	8%	4%

Source: Newton Investment Management, Ruffer LLP, Invesco Asset Management

## Significant votes

The Trustee's ESG policy leaves determining the key votes to their investment managers. The Scheme's investment consultant requested key voting data from the investment managers. 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 on the following page.

## Newton Investment Manager, Newton Real Return Fund<sup>1</sup>

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
<b>Company name</b>	LEG Immobilien AG	Microsoft Corporation	Linde plc	NIKE, Inc.	Mastercard Incorporated
<b>Date of vote</b>	19 August 2020	4 December 2019	27 June 2020	17 September 2020	16 June 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.3%	1.2%	1.1%	1.1%	0.9%
<b>Summary of the resolution</b>	Remuneration policy	Advisory Vote to Ratify Named Executive Officers' Compensation, Elect Board Directors (members of the compensation committee), Ratify PricewaterhouseCoopers LLP as Auditors and Shareholder Proposal to report on Gender Pay Gap.	Executive compensation arrangements and election of directors.	Advisory Vote to Ratify Named Executive Officers' Compensation, Ratify PricewaterhouseCoopers LLP as Auditors and Report on Political Contributions Disclosure.	Transact Other Business (Voting)
<b>How the manager voted</b>	Against	Against management proposals and for the shareholder proposal	Against	Against management proposals and for shareholder proposal	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	No
<b>Rationale for the voting decision</b>	Newton voted against the proposed pay arrangements on account of their lack of alignment with performance. The executive long-term	Despite improvements to executive remuneration practices over recent years, the company failed to justify a 40% increase in total compensation for the CEO,	Newton decided to vote against the advisory vote on executive compensation, and against the members of the remuneration	Newton voted against management on a number of resolutions. They voted against the appointment of the external audit firm owing	Newton supported two shareholder resolutions which management recommended voting against. The first resolution related to improving

<sup>1</sup>Newton provided information on a further five significant votes, more details of these votes are available on request.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
	<p>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, Newton 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>	<p>which included a significant increase in basic salary. In addition, Newton remained concerned that approximately half of long-term pay awards vest irrespective of performance. Newton voted against the executive compensation arrangements and against the three members of the compensation committee. Newton also voted against the re-appointment of the company's external auditor given it had served in this role for 36 consecutive years. A shareholder resolution proposed that the company report on its gender pay gap. In contrast to the recommendation of management, they supported this resolution in view of the insights a company can benefit from by undertaking such an exercise.</p>	<p>committee members. A majority of long-term pay awards vest based on time served, which means executive pay is not subject to rigorous performance conditions and 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>	<p>to it serving the company for 46 consecutive years. Newton believe this compromises independence and objectivity. Votes were also instructed against the ratification of the executive compensation arrangements. Their chief concern was that fewer than 50% of long-term pay awards were subject to the achievement of performance conditions. Finally, 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, Newton 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.</p>	<p>minority shareholder rights by allowing the right to act through written consent. This would provide an opportunity for matters to be raised and approved outside regularly held AGMs. The second resolution was a 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 Newton 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. Newton 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>
<b>Outcome of the vote</b>	22.2% voted against	23.3% vote against pay, 3.5% vote against the auditor, 29.6% vote for gender pay gap.	1.8%, 7.6%, 2.1%, 8.2%, 9.8% and 40% against elect Directors; 9.6% against Advisory Vote to Ratify Named Executive Officers' Compensation.	46% against Advisory Vote to Ratify Named Executive Officers' Compensation; 3.6% against Ratify PricewaterhouseCoopers LLP as Auditors; 34.4% for Report	2.0%, 3.3%, 1.1%, 1.1%, 0.3% and 0.2% against compensation committee members; 3.7% against ratification of PwC; 4.5% against executive compensation.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
				on Political Contributions Disclosure.	
<b>Implications of the outcome</b>	<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>Newton considered the vote outcome on the pay resolutions to be material and of a level where the company is expected to address concerns to avoid further dissent in future years. They have been encouraged by the company's improvements and momentum. Debate surrounding long tenured auditors is not well developed in the US but Newton expect this to change.</p>	<p>Newton 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. Newton expect to encourage improvements through their voting decisions.</p>	<p>Newton 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>
<b>Criteria on which the vote is considered "significant"</b>	<p>Newton believe 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>Newton expect 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>	<p>Newton expect 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>The company's approach was a breach of the UK's corporate governance code, including the absence of an explanation justifying the move.</p>

## Ruffer LLP, Ruffer Absolute Return Bond Fund<sup>2</sup>

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
<b>Company name</b>	Walt Disney	Exxon Mobil	Exxon Mobil	Exxon Mobil	National Oilwell Varco
<b>Date of vote</b>	11 March 2020	27 May 2020	27 May 2020	27 May 2020	20 May 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.5%	0.4%	0.4%	0.4%	0.4%
<b>Summary of the resolution</b>	Shareholder resolution requesting additional disclosures on lobbying activities.	Votes for re-election of non-executive directors	Shareholder resolution for further disclosure of the company's lobbying activities	Shareholder resolution for an independent board Chair	Votes for re-election of non-executive directors
<b>How the manager voted</b>	For	Against all non-executive re-elections	For	For	Against 4 non-executive directors
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Yes, this was part of an ongoing engagement with the company	Yes, this was part of an ongoing engagement with the company	Yes, this was part of an ongoing engagement with the company. Ruffer spoke to the company's newly appointed Head of IR prior to the AGM and followed up with a letter to the CEO to explain their rationale.		Yes
<b>Rationale for the voting decision</b>	Ruffer voted for a shareholder resolution in 2018 and 2019 requesting additional disclosure on lobbying and the company's memberships of trade associations. While the company has responded to these resolutions by increasing its disclosure, this	Ruffer stressed that they would like ExxonMobil to further align its strategy with the goals of the Paris Agreement and accept responsibility for its scope 3 emissions. They discussed the progress the European oil and gas companies have made in	This is an important issue, particularly in the US due to the nature of the political system, given the effectiveness of trade associations in lobbying governments around the world. The additional information would allow	Ruffer stressed that they would like ExxonMobil to further align its strategy with the goals of the Paris Agreement and accept responsibility for its scope 3 emissions. Ruffer discussed the progress the European oil and gas companies have	Taking into account the average tenure of members of the board, the regions in which the company is domiciled and the sector in which the company operates, Ruffer did not support the re-election of a number of directors in the period

<sup>2</sup>Ruffer provided information on a further six significant votes, more details of these votes are available on request.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
	only includes trade associations based in the US. As the framework has been established, and the analysis already conducted for these associations, they do not think it is onerous for the company to expand this to cover all trade associations of which it is a member. Ruffer stated this clearly to the company and supported the shareholder resolution in 2020.	recent months and suggested that the company join the Energy Transition Commission. As one of the largest oil and gas companies in the world, Ruffer emphasised that they would like to see ExxonMobil helping to address the issues facing the sector. Due to the limited progress since the 2019 AGM, they decided again to vote against the re-election of all non-executive directors because they do not think they have been representing the best interests of shareholders owing to the slow progress of the engagement with the Climate Action 100+ initiative.	Ruffer to make a better-informed investment decision and so they supported the resolution.	made in recent months and suggested that the company join the Energy Transition Commission. As one of the largest oil and gas companies in the world, Ruffer emphasised that they would like to see ExxonMobil helping to address the issues facing the sector. Due to the limited progress since the 2019 AGM, they supported a shareholder resolution for an independent Chair of the Board.	because of concerns that they were not independent.
<b>Outcome of the vote</b>	Proposal failed with 65.7% votes against.	Re-election proposals passed with a range of 83-98% shareholder approval for votes.	Proposal failed with 62.5% votes against.	Proposal failed with 67.3% votes against.	Re-election proposals passed with a range of 88-95% shareholder approval for votes.
<b>Implications of the outcome</b>	Ruffer's internal voting policy states that companies should be transparent about the use of political and lobbying organisations to further their own objectives. They support resolutions that aim at increased disclosure and transparency of these payments. For the purpose of these resolutions, a	Ruffer voted against the non-executive directors due to the inflexibility the company has shown in relation to shareholder engagement on the topic of climate change. They have since sold down the equity considerably.	The company has committed to regularly review their memberships in trade association and reports some of the results publicly. Ruffer's internal voting policy states that companies should be transparent about the use of political and lobbying organisations to further their own objectives. They support	Ruffer voted for the separation of CEO and Chair as they believe that the effectiveness of the board could be improved. Ruffer have since sold down the equity considerably.	Ruffer's holding in this company is now de minimis.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
	<p>"grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation, regulation, or government policy (b) reflects a view on the legislation, regulation or policy and (c) encourages the recipient of the communication to take action with respect to the legislation, regulation or policy. "Indirect lobbying" is lobbying engaged in by a trade association or other organization for which the Company is a member. Ruffer will further engage with the company on the issue of lobbying and use their voting rights to underline this issue.</p>		<p>resolutions that aim at increased disclosure and transparency of these payments. For the purpose of these resolutions, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation, regulation, or government policy (b) reflects a view on the legislation, regulation or policy and (c) encourages the recipient of the communication to take action with respect to the legislation, regulation or policy. "Indirect lobbying" is lobbying engaged in by a trade association or other organization for which the Company is a member. Ruffer will further engage with the company on the issue of lobbying and use their voting rights to underline this issue.</p>		
<p><b>Criteria on which the vote is considered "significant"</b></p>	<p>This was part of an ongoing engagement with the company, including on remuneration issues. It was a vote against management for a major holding.</p>	<p>Votes against the election of directors for material holdings are significant. Ruffer believe this vote will be of particular interest to their clients. The votes against management were in the context of an ongoing engagement with the company and the result of extensive internal discussions.</p>	<p>Ruffer believe this vote will be of particular interest to their clients. The votes against management were in the context of an ongoing engagement with the company and the result of extensive internal discussions.</p>	<p>Ruffer believe this vote will be of particular interest to their clients. The votes against management were in the context of an ongoing engagement with the company and the result of extensive internal discussions.</p>	<p>Votes against the election of directors for material holdings are significant. These arise after discussion between members of the research, portfolio management and responsible investment teams</p>



### Invesco Asset Management, Invesco Global Targeted Return Fund<sup>3</sup>

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
<b>Company name</b>	Bayer AG	Citigroup Inc.	China Oilfield Services Limited	Booking Holdings Inc.	AerCap Holdings NV
<b>Date of vote</b>	28 April 2020	21 April 2020	28 May 2020	4 June 2020	22 April 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	More than 1%	More than 1%	More than 1%	More than 1%	More than 1%
<b>Summary of the resolution</b>	Ratify Deloitte GmbH as Auditors for Fiscal 2020	Report on Lobbying Payments and Policy	Approve Provision of Guarantees for Other Parties	Provide Right to Act by Written Consent	Authorise Board to Exclude Pre-emptive Rights from Share Issuances Under Item 9.a
<b>How the manager voted</b>	In line with management	In line with management	In line with management	In line with management	In line with management
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	No	No	No	No
<b>Rationale for the voting decision</b>	Invesco believe that a vote for is warranted because there are no concerns regarding this proposal. ISS is not aware of any issues that would impact the suitability of the proposed auditor.	Invesco believe that a vote against this resolution is warranted, as 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.	At this time Invesco supported this proposal as there were no significant known issues concerning the nominees and the company.	Invesco supported this proposal as providing shareholders with the right to act by written consent would make it possible for the holders of a majority of shares to take significant corporate actions without giving prior notice to the company or other shareholders.	Invesco believe that a vote for this proposal is warranted because it is in line with commonly used safeguards regarding volume and duration.
<b>Outcome of the vote</b>	The vote was passed	The vote was passed	The vote was passed	The vote was passed	The vote was passed

<sup>3</sup>Invesco provided information on a further six significant votes, more details of these votes are available on request.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
<b>Implications of the outcome</b>	Invesco did not provide any information on the implications of the outcome for all votes.				
<b>Criteria on which the vote is considered "significant"</b>	As the company makes up over 1% proportion of the fund's portfolio and as this company is on Invesco's ESG watch list.				

## Engagement data

The Trustee considers it a part of their investment managers' role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Manager	Newton Investment Management	Ruffer LLP	Invesco Asset Management	BMO Global Asset Management
Fund name	Newton Real Return Fund	Ruffer Absolute Return Fund	Invesco Global Targeted Returns Fund	LDI funds
Does the manager perform engagement on behalf of the holdings of the fund?	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	38	20	Data not provided at fund level	20
Number of engagements undertaken at a firm level in the year	269	31	1,825	1,503

Source: Newton Investment Management, Ruffer LLP, Invesco Asset Management, BMO Global Asset Management