

The Amtico Company Pension Scheme

Implementation Statement

This is the Implementation Statement prepared by the Trustee of the Amtico Company Pension Scheme (“the Scheme”) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement, as set out in the Statements of Investment Principles (“the SIPs”) for the Scheme dated June 2019 and September 2020, have been followed over the Scheme year to 31 March 2021.
- The voting and engagement behaviour of the Trustee, or that undertaken on its behalf, over the Scheme year.

This Implementation Statement covers the Defined Benefit Section of the Scheme and does not cover the Defined Contribution Section of the Scheme, which has now been transferred out of the Scheme.

As explained below, in the Trustee’s opinion, the relevant sections of the SIPs have been followed during the Scheme year.

How voting and stewardship/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 manager. In the event that the fund manager’s voting and engagement activities were not meeting the Trustee’s expectations, the Trustee would normally review the fund manager’s appointment.

The Trustee undertook an initial review of the stewardship and engagement activities of the current manager at the 21 February and 6 June 2019 meetings. The fund manager’s ESG statement was reviewed and, at the 6 June 2019 meeting, the fund manager presented their ESG policy to the Trustee. As a result of this review, the Trustee was satisfied that its policies were reasonable and no remedial action was required at that time. For example, the fund manager confirmed that it had recently expanded its ESG team from 40 to 60 people, that it rates businesses and funds against ESG factors and shares the metrics on-line, that it actively uses its market position to influence good practice and behaviours, and that its priority is to vote at shareholder meetings as this is deemed to be in the best long term economic interests of shareholders.

The Trustee receives voting information and engagement policies from the asset manager, which it reviews on an annual basis to ensure alignment with its own policies. The Trustee also asks the fund manager to give updates on these policies as part of their regular presentations to the Trustee.

Having reviewed the above in accordance with their policies, the Trustee is comfortable that the actions of the fund manager are in alignment with the Scheme’s stewardship policies.

Data limitations

Where information is not included in this statement, it has been requested but has not been provided in a useable format or at all by the investment manager. For example, the fund manager has not provided information on the number of engagements undertaken at a firm level during the Scheme year. The Trustee’s investment consultants are in discussion with the managers around how this data will be provided for future statements.

Voting Data

Voting only applies to funds that hold equities within their portfolio. The investment manager of these funds votes on behalf of the Trustee and information on the votes made over the year is summarised over the next few pages.

Voting Data

Manager	BlackRock	
Fund name	Aquila Life MSCI World Index Fund	Aquila Life GBP Hedged MSCI World Index Fund
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
Number of company meetings the manager was eligible to vote at over the year	1,091	
Number of resolutions the manager was eligible to vote on over the year	15,759	
Percentage of resolutions the manager voted on	90.67% ¹	
Percentage of resolutions the manager abstained from	0.72%	
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	92.72%	
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	7.28%	
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	n/a	

¹ Further information has been requested from the manager in relation to the resolutions not voted on

Significant votes

For the first year of implementation statements we have delegated to the investment manager to define what a “significant vote” is. In this case, the manager has provided details of the 10 votes during the Scheme year that they consider to be the most significant for the Scheme, three of which are summarised below.

BlackRock, Aquila Life MSCI World Index Fund and Aquila Life GBP Hedged MSCI World Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell plc	Exxon Mobil Corporation	Santander Consumer USA Holdings, Inc.
Date of vote	19 May 2020	27 May 2020	10 June 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	The manager has not provided this information	The manager has not provided this information	The manager has not provided this information
Summary of the resolution	Request Shell to set and publish targets for Greenhouse Gas (GHG) Emissions	Introduction of a requirement to have an independent Board Chair	Report on the risk of racial discrimination in vehicle lending
How the manager voted	Against	For	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	n/a	The manager has not provided this information	The manager has not provided this information
Rationale for the voting decision	The manager has engaged with the company over several years on a range of topics, including climate-related disclosures. Shell's disclosures are already consistent with the manager's expectations and the manager believes that the company's targets are among the most ambitious in its industry. The company also updated its targets between the submission of the proposal and the time of the	The manager has a history of intensive engagements with the company and uses engagement with board members and general business outcomes to gather evidence of independent board oversight and leadership. The manager feels that the board needs to try a different approach to governance and therefore supported the motion.	The manager noted that discriminatory lending practices (of all forms) are a material risk to the company's business and felt that shareholders would benefit from increased and improved disclosure on compliance programs, processes and procedures.

	Vote 1	Vote 2	Vote 3
	vote, leading the manager to conclude that the request in the resolution had been delivered.		
Outcome of the vote	The manager has not provided this information	The manager has not provided this information	The manager has not provided this information
Implications of the outcome	The manager has not provided this information	The manager has not provided this information	The manager has not provided this information
Criteria on which the vote is considered "significant"	The manager believes that as companies face material climate risks, they must demonstrate that management have assessed how climate may impact operations and determined an appropriate business strategy.	The manager typically defers to the board to establish the appropriate structure of governance and their voting guidelines do not normally necessitate an Independent Chair. However, the company has not made progress on concerns raised by the manager so the manager has escalated their approach.	The issues raised in the proposal have a high degree of reputational and litigation risks.

Fund level engagement

Manager	BlackRock		
Fund name	Aquila Life MSCI World Index Fund	Aquila Life GBP Hedged MSCI World Index Fund	Ascent UK Long Corporate Bond Fund
Does the manager perform engagement on behalf of the holdings of the fund		Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?		Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year		1,636	The manager has not provided this information
Number of engagements undertaken at a firm level in the year		The manager has not provided this information	The manager has not provided this information
Examples of engagements undertaken with holdings in the fund		Climate risk management, board composition and effectiveness, operational sustainability.	Public policy engagement, engagement with industry bodies.

Trustee's conclusions on voting and engagement

In the Trustees' opinion, the voting and engagement policies as set out in the SIPs have been followed over the Scheme year, in the following ways:

- The Trustee initially considered the ESG capabilities of the Scheme's fund manager at the meetings in February and June 2019 and agreed that the managers' policies were reasonable at that time. No action was taken as a result of this exercise.
- The Trustees review the ESG capabilities of the managers as part of the monitoring process on an annual basis. The Trustee also asks the fund manager to give updates on these policies as part of their regular presentations to the Trustee.
- The Trustees have made no new manager appointments over the year.