

# Colthrop Board Mill Pension Scheme

## Implementation Statement Year Ending 31 March 2022

### Glossary

DWS	DWS Investments UK Limited
ESG	Environmental, Social and Governance
Investment Adviser	Deutsche Bank
Scheme	Colthrop Board Mill Pension Scheme
Scheme Year	1 April 2021 to 31 March 2022
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

### Introduction

The Trustee has reviewed the extent to which its 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:

- iShares FTSE 100 UCITS ETF (BlackRock)
- iShares MSCI Japan Equity Index (BlackRock)
- iShares MSCI Far-East (ex-Japan) UCITS ETF (BlackRock)
- Vanguard S&P 500 UCITS ETF
- Xtrackers S&P 500 Equal Weights UCITS ETF (DWS / Deutsche Bank)
- Xtrackers Euro Stoxx 50 SICAV (DWS / Deutsche Bank)
- Xtrackers MSCI Emerging Markets UCITS ETF (DWS / Deutsche Bank)

There were also other funds with allocations to equities, however the allocation to these funds is very small and we do not feel they are material enough to be included in this paper.

## 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.

A summary of the Trustee's policy in relation to the exercise of the rights (including voting rights) attaching to the investments is as follows:

- The Trustee believes that ESG factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that may apply over the appropriate time horizon.
- The Trustee invest 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 manager's 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 its Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- 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 its 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 its 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.
- During the Scheme Year, the Trustee selected a number of pooled funds. As part of the selection process, the Trustee considered the investment manager's voting policy. Pooled funds are selected from the Trustee's Investment Advisers approved list and internal due diligence is carried out by the Investment Adviser.
- During the Scheme Year, the Trustees considered the voting records of the investment manager over the period ending 31 March 2021
- Since the end of the Scheme Year, an updated analysis of the voting records of the investment manager based on the period ending 31 March 2022 has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.

## The Investment Managers' Voting Records

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 / withheld
<b>BlackRock</b>	160,000	87%	11%	2%
<b>DWS</b>	36,000	71%	25%	4%
<b>Vanguard</b>	180,000	92%	Split not shown	Split not shown

### Notes

*These voting statistics are based on manager's full voting record over the 12 months to 31 March 2022 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?
<b>BlackRock</b>	Several Advisers	Proxy advisers provide information but voting is determined by BlackRock
<b>DWS</b>	No proxy voting adviser for directly held stocks	N/A
<b>Vanguard</b>	Several Advisers	Proxy advisers provide information but voting is determined by Vanguard

## The Investment Managers' Voting Behaviour

The Trustee has reviewed the voting behaviour of the investment manager by considering the following:

- broad statistics of its voting record 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 it cast in the year to 31 December 2021 on the most contested proposals in nine categories across the UK, the US and Europe (this therefore only includes 4 of the 8 equity funds listed earlier);
- the investment manager's policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustee has also compared the voting behaviour of the investment manager with its 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 nine 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 nine categories based on shares held by the Scheme's investment manager are listed in the Appendix. In addition, the Trustee considered the 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

### **BlackRock**

Last year we were dissatisfied with BlackRock's voting behaviour. In particular, we observed that the manager's voting record did not appear to be consistent with its public statements which had indicated a desire to address climate change issues.

BlackRock have been put under pressure to change their voting behaviour by a range of parties. In response, BlackRock's voting behaviour does appear to have changed for the better.

We now see evidence that BlackRock is using voting rights to tackle climate change issues, and we also identify that the manager has generally been more supportive of shareholder proposals aimed at tackling ESG issues.

### **Vanguard**

We have been provided with a comparison of Vanguard's voting behaviour with its peers, including BlackRock. Vanguard's voting behaviour is out of kilter with their peers and has consistently not supported shareholder proposals aimed at tackling ESG issues.

### **DWS**

We observed that DWS were less likely to vote with management and where they voted against the manager's recommendation, they have outlined clear methodology of the reasons behind this decision. The manager's voting policy is also detailed.

DWS opposed directors in 25% of votes during the year and showed a tendency to do this in some of the contentious votes which we examined. This suggests that DWS is taking its stewardship responsibilities seriously.

## **Conclusions**

Based on the analysis undertaken, and as per the descriptions above, the Trustee has no material concerns regarding the voting records of BlackRock and DWS.

The Trustee had hoped that, in this year's voting record, the voting habits of Vanguard would have improved. However, this has not been the case. The Trustee will therefore consider any action they may wish to take given this.

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

J Tomkins

Date: 18 August 2022

Signed on behalf of the Trustee of the Colthrop Board Mill Pension Scheme

## Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustee.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	BlackRock	Vanguard	DWS
<b>Audit &amp; Reporting</b>							
PHILLIPS 66	12/05/2021	Ratify Ernst & Young LLP as Auditors	50	49	Not held	For	For
ACTIVISION BLIZZARD INC	21/06/2021	Ratify PricewaterhouseCoopers LLP as Auditors	54	43	Not held	For	Against
INTEL CORPORATION	13/05/2021	Appoint the Auditors	38	61	Not held	For	Against
LABORATORY CORPORATION OF AMERICA	12/05/2021	Ratify Deloitte & Touche LLP as Auditors	37	62	Not held	For	For
INVESTEC PLC	05/08/2021	Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company	71	29	For	Not held	Not held
<b>Shareholder Capital &amp; Rights</b>							
HENDERSON SMALLER COMPANIES I.T. PLC	01/10/2021	Authorise Share Repurchase	42	56	For	Not held	Not held
KERING SA	22/04/2021	Authorize Capital Issuances for Use in Employee Stock Purchase Plans	32	68	Not held	Not held	For
FLUTTER ENTERTAINMENT PLC	29/04/2021	Issue Shares with Pre-emption Rights	70	30	For/Abstain	Not held	For
PETROPAVLOVSK PLC	30/06/2021	Issue Shares with Pre-emption Rights	29	70	For	Not held	Not held
SHAFTESBURY PLC	04/02/2022	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital	70	29	For	Not held	Not held
<b>Pay &amp; Remuneration</b>							
AT&T INC.	30/04/2021	Advisory Vote on Executive Compensation	48	50	Not held	For	Against
INTERNATIONAL BUSINESS MACHINES CORPORATION	27/04/2021	Advisory Vote on Executive Compensation	48	51	Not held	For	Against
NETFLIX INC	03/06/2021	Advisory Vote on Executive Compensation	51	49	Not held	Against	Against
DXC TECHNOLOGY COMPANY	17/08/2021	Advisory Vote on Executive Compensation	46	51	Not held	Against	Not held
CHIPOTLE MEXICAN GRILL INC	18/05/2021	Advisory Vote on Executive Compensation	51	49	Not held	Against	Against
<b>Constitution of Company, Board &amp; Advisers</b>							
BERKSHIRE HATHAWAY INC.	01/05/2021	Elect Meryl B. Witmer - Non-Executive Director	50	50	Not held	For	Withhold
SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY	20/10/2021	Elect Jay L. Geldmacher - Non-Executive Director	50	50	Not held	For	For
CORTEVA INC	07/05/2021	Elect Janet P. Gisselman - Non-Executive Director	50	50	Not held	For	For
APPLE INC	04/03/2022	Elect Alex Gorsky - Non-Executive Director	50	50	Not held	For	Against
PEOPLES UNITED FINANCIAL INC.	16/12/2021	Elect William F. Cruger, Jr. - Non-Executive Director	50	50	Not held	For	Not held
<b>Merger, Acquisition, Sales &amp; Finance</b>							
FIRSTGROUP PLC	27/05/2021	Approve Sale of First Student and First Transit	61	39	For	Not held	Not held
VONOVIA SE	16/04/2021	Issue Bonds/Debt Securities	79	21	Not held	Not held	Against
HERMES INTERNATIONAL	04/05/2021	Approve Demerger	91	9	Not held	Not held	Against
VINCI	08/04/2021	Issue Debt Securities	92	8	Not held	Not held	For
SAP SE	12/05/2021	Issue Bonds/Debt Securities	93	7	Not held	Not held	Abstain
<b>Climate Related Resolutions</b>							
TOTALENERGIES SE	28/05/2021	Approve the Company's Sustainable Development and Energy Transition	83	7	Not held	Not held	Abstain
GLENCORE PLC	29/04/2021	Approve Climate Action Transition Plan	89	5	For	Not held	Not held
NINETY ONE PLC	04/08/2021	Approve Climate Related Financial Reporting	91	2	For	Not held	Not held
MOODYS CORPORATION	20/04/2021	Say on Climate	93	1	Not held	For	For
UNILEVER PLC	05/05/2021	Approve Climate Transition Action Plan	99	1	For	Not held	Not held
<b>Other Company Resolutions</b>							
PEARSON PLC	30/04/2021	Meeting Notification-related Proposal	55	45	Against	Not held	Not held
PETROPAVLOVSK PLC	30/06/2021	Meeting Notification-related Proposal	61	38	For	Not held	Not held
TE CONNECTIVITY LTD	09/03/2022	Allow Proxy Solicitation	62	38	Not held	For	Against
TELEDYNE TECHNOLOGIES INC	13/05/2021	Adjourn Meeting	76	24	Not held	For	For
SSP GROUP PLC	04/02/2022	Meeting Notification-related Proposal	79	21	For	Not held	Not held
<b>Governance &amp; Other Shareholder Resolutions</b>							
BORGWARNER INC	28/04/2021	Shareholder Resolution: Written Consent	50	50	Not held	Against	For
GENERAL MOTORS COMPANY	14/06/2021	Shareholder Resolution: Written Consent	50	50	Not held	Against	For
APPLIED MATERIALS INC	10/03/2022	Shareholder Resolution: Right to Call Special Meetings	49	49	Not held	Against	For
COLGATE-PALMOLIVE COMPANY	07/05/2021	Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call	51	49	Not held	Against	For
APPLE INC	04/03/2022	Shareholder Resolution: Report on Concealment Clauses	49	49	Not held	Against	For
<b>Environmental &amp; Socially Focussed Shareholder Resolutions</b>							
CATERPILLAR INC.	09/06/2021	Shareholder Resolution: Report on Climate Policy	47	51	Not held	Against	For
APPLE INC	04/03/2022	Shareholder Resolution: Civil Rights Audit	53	46	Not held	Against	For
EXXON MOBIL CORPORATION	26/05/2021	Shareholder Resolution: Issue Audited Report on Financial Impacts	47	49	Not held	Against	For
TESLA INC	07/10/2021	Shareholder Resolution: Report on Diversity and Inclusion Efforts	55	41	Not held	For	For
THE KROGER CO.	24/06/2021	Shareholder Resolution: Assess Environmental Impact of Non-	45	54	Not held	Against	For

### Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.