

Colthrop Board Mill Pension Scheme (the Scheme)
Implementation Statement
9 June 2021

Glossary

BlackRock	BlackRock Investment Management (UK) Limited
DWS	DWS Investments UK Limited
ESG	Environmental, Social and Governance
ETF	Exchange Traded Fund
Investment Adviser	Deutsche Bank
Scheme	Colthrop Board Mill Pension Scheme (the Scheme)
Scheme Year	1 April 2021 to 31 March 2021
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment
Vanguard	The Vanguard Group

Introduction

The Trustee has reviewed the extent to which their 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 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:

- BlackRock iShares FTSE 100 ETF
- BlackRock iShares FTSE 250 ETF
- DWS Xtrackers Euro Stoxx 50 ETF
- Vanguard S&P 500 ETF

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. The SIP was updated during the Scheme Year to comply with new legislation which required additional information to be stated about the nature of the arrangements in place with investment managers. Part of the new wording provided a more detailed explanation of the Trustee's policy relating to the exercise of rights.

A summary of the Trustee's policy 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 invests 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 managers' 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 their 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 their investment adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustee's opinion is that their 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 Trustees' belief regarding the importance of good stewardship.
- The Scheme's equity 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 our Investment Advisers approved list and internal due diligence is carried out by the Investment Adviser.
- Whilst the Trustees did not consider the voting records of the investment managers during the Scheme Year, that analysis has now been undertaken. As part of the work required to prepare this Implementation Statement, the Trustees, in conjunction with their investment adviser, have considered the voting record over the Scheme Year of the investment managers over the Scheme Year.

A summary of the key findings from that analysis is provided below. The summary includes details of concerns the investment adviser has raised with investment managers.

- All investment managers used by the Scheme are UNPRI signatories.

The Investment Managers' Voting Record

A summary of the investment managers' voting records

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/ abstained
BlackRock	160,769	91%	9%	0%
DWS	47,783	74%	22%	4%
Vanguard	176,834	93%	Combines to 7%	

Notes

Split of votes may not sum to 100% due to rounding

These voting statistics are based on each manager's full voting record over the 12 months to 31 December 2020 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Investment Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
BlackRock	Several Advisers	Proxy advisers provide information but voting is determined by BlackRock
DWS	No proxy voting adviser for directly held stocks	N/A
Vanguard	Several Advisers	Proxy advisers provide information but voting is determined by Vanguard

Our fund managers’ voting behaviour

We have reviewed the voting behaviour of our fund managers by considering the following:

- broad statistics of their 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 they cast to in the year to 31 December 2020 on the most contested proposals in eight categories across the UK, the US and Europe
- our fund manager’s policies and statements on the subjects of stewardship, corporate governance and voting

We have also compared the voting behaviour of our fund managers with their peers over the same period.

Our key observations are below along with actions we have taken as a result of our review of the fund managers’ voting behaviour

Voting in Significant Votes

Based on information provided by the Trustee’s investment adviser, the Trustee has identified significant votes in eight 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 eight categories based on shares held by the Scheme’s investment managers are listed in the Appendix. In addition, the Trustee considered each investment managers’ 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

We observed that BlackRock had a strong tendency to vote with management. In line with this, but in contrast to their peers, they voted against contested shareholder resolutions designed to address issues such as climate change, human rights and forced labour.

In January 2020, BlackRock made public commitments to vote against management when they are failing to make progress on climate change issues. However, our review of the voting behaviour of BlackRock did not suggest any material improvement.

We find this to be unsatisfactory and our Investment Consultant has raised these concerns with BlackRock.

Vanguard

We have not performed as detailed analysis on Vanguard as for BlackRock, however we have observed that Vanguard had a strong tendency to vote with management. From the selection of votes that we examined, the most common instance of Vanguard not voting with management was for 'Advisory Votes to Ratify Named Executive Officers' Compensation'.

We have not yet been in touch with Vanguard to raise these 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 managers voting policy is also detailed.

DWS opposed directors in 22% 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, the Trustee has no concerns regarding the voting records of DWS.

The Trustee hopes that, in next year's analysis, the voting record of Vanguard will compare more favourably with their peers, and if this is not the case, more detailed analysis could be done, and the Trustee's Investment Adviser may raise these concerns with the manager.

The Trustee has some concerns regarding BlackRock's voting record and the Trustee's Investment Adviser has raised these concerns with the manager.

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

Signed by J.C.Tomkins Date: 9 June 2021
For and on behalf of CBML Pension Trustees Limited

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
Audit & Reporting							
THE MOSAIC COMPANY	21/05/2020	Appoint the Auditors	65	32	Not held	For	Not held
NORTHROP GRUMMAN CORPORATION	20/05/2020	Appoint the Auditors	24	75	Not held	For	Not held
VIVENDI SA	20/04/2020	Approval of the Information set out in the Corporate Governance Report	74	23	Not held	Not held	Against
INVESTEC PLC	06/08/2020	Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company	78	22	For	Not held	Not held
UNITED CONTINENTAL HOLDINGS INC	20/05/2020	Appoint the Auditors	74	18	Not held	For	Not held
Shareholder Capital & Rights							
TI FLUID SYSTEMS PLC	14/05/2020	Approve the Dividend	43	57	For	Not held	Not held
NIELSEN HOLDINGS PLC	12/05/2020	Authorise Share Repurchase	58	42	Not held	For	Not held
JUST EAT TAKEAWAY.COM N.V.	14/05/2020	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	60	40	Against	Not held	Not held
BIFFA PLC	16/07/2020	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	63	36	For	Not held	Not held
PETROPAVLOVSK PLC	30/06/2020	Issue Shares with Pre-emption Rights	64	35	For	Not held	Not held
Pay & Remuneration							
ALTRIA GROUP INC.	14/05/2020	Advisory Vote on Executive Compensation	49	50	Not held	Against	Not held
WIZZ AIR HOLDINGS PLC	28/07/2020	Approve the Remuneration Report	48	52	Against	Not held	Not held
PAYCOM SOFTWARE INC.	27/04/2020	Advisory Vote on Executive Compensation	45	53	Not held	Against	Not held
FIDELITY NATIONAL INFORMATION SERVICES INC.	28/05/2020	Advisory Vote on Executive Compensation	44	53	Not held	Against	Not held
MGM RESORTS INTERNATIONAL	06/05/2020	Advisory Vote on Executive Compensation	50	47	Not held	For	Not held
Constitution of Company, Board & Advisers							
CONTOURGLOBAL PLC	27/05/2020	Re-elect Marian Gheorghie	50	50	For	Not held	Not held
PETROPAVLOVSK PLC	30/06/2020	Elect Ekaterina Ray	53	47	For	Not held	Not held
EASYJET PLC	23/12/2020	Re-elect Julie Southern as Director	56	43	For	Not held	Not held
GLOBAL PAYMENTS INC	29/04/2020	Elect Director Robert H.B. Baldwin, Jr.	57	43	Not held	For	Not held
THE BOEING COMPANY	27/04/2020	Elect Susan C. Schwab	56	43	Not held	For	Not held
Merger, Acquisition, Sales & Finance							
AJ BELL PLC	22/01/2020	Approve Waiver on Tender-Bid Requirement Pursuant to the Grant of Options to AJ Bell Trust	79	20	For	Not held	Not held
OCCIDENTAL PETROLEUM CORPORATION	29/05/2020	Approval of Issuance of Common Stock Underlying the Berkshire Hathaway Warrant	83	16	Not held	For	Not held
CALEDONIA INVESTMENTS PLC	29/07/2020	Approve Rule 9 Waiver	84	16	For	Not held	Not held
MITIE GROUP PLC	23/11/2020	Approve Acquisition of Interserve Facilities Management	87	13	For	Not held	Not held
MUENCHENER RUECK AG (MUNICH RE)	29/04/2020	Issue Bonds/Debt Securities	93	7	Not held	Not held	For
Other Company Resolutions							
SHAFESBURY PLC	31/01/2020	Meeting Notification-related Proposal	68	32	For	Not held	Not held
TE CONNECTIVITY LTD	11/03/2020	Adjourn Meeting	69	31	Not held	For	Not held
VIVENDI SA	20/04/2020	Approve Additional Pension Scheme Agreement with Herve Philippe, Management Board Member	70	27	Not held	Not held	Against
OCCIDENTAL PETROLEUM CORPORATION	29/05/2020	Approve the Rights Agreement	74	26	Not held	For	Not held
ELEMENTIS PLC	29/04/2020	Meeting Notification-related Proposal	80	20	For	Not held	Not held
Governance & Other Shareholder Resolutions							
NETAPP INC	10/09/2020	Shareholder Resolution: Written Consent	50	49	Not held	Against	Not held
HP INC	12/05/2020	Shareholder Resolution: Written Consent	50	50	Not held	Against	Not held
CHIPOTLE MEXICAN GRILL INC	19/05/2020	Shareholder Resolution: Report on Employment-Related Arbitration	51	49	Not held	Against	Not held
CHEVRON CORPORATION	27/05/2020	Shareholder Resolution: Report on Lobbying Payments and Policy	49	43	Not held	Against	Not held
KIMBERLY-CLARK CORPORATION	29/04/2020	Shareholder Resolution: Written Consent	49	49	Not held	Against	Not held
Environmental & Socially Focussed Shareholder Resolutions							
JPMORGAN CHASE & CO.	19/05/2020	Shareholder Resolution: Climate Change Targets	49	49	Not held	Against	Not held
EXPEDITORS INTERNATIONAL OF WASHINGTON INC	05/05/2020	Shareholder Resolution: Board Diversity	53	47	Not held	Against	Not held
ORACLE CORPORATION	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	46	54	Not held	For	Not held
HUNT J B TRANSPORT SERVICES INC	23/04/2020	Shareholder Resolution: Climate Change Initiatives	54	45	Not held	For	Not held
TRANSIDGM GROUP INCORPORATED	29/06/2020	Shareholder Resolution: Environmental Issues	45	55	Not held	For	Not held

Note

Where the voting record has not been provided at the fund level, we have based our analysis on the shares held within the Scheme's pooled funds as at 31 March 2021. 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.