

# **Greenwood & Coope Limited Pension and Assurance Scheme**

## **Annual Engagement Policy Implementation Statement**

### **Year ending 31 August 2021**

#### **Introduction**

The Trustees of the Scheme has prepared this annual implementation statement covering the period from 1 September 2020 to 31 August 2021 (“Scheme Year”) in relation to the Scheme's Statement of Investment Principles (“SIP”).

This statement sets out how, and the extent to which, the Engagement Policy in the SIP produced by the Trustees have been followed during the Scheme Year. This statement has been produced in accordance with the following pension legislation and guidance: The Occupational & Personal Pension Schemes (Disclosure of Information) Regulations 2013, as amended by The Occupational Pension Schemes (Investment & Disclosure) (Amendment) Regulations 2019, and The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

#### **Investment objectives of the Scheme**

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The primary objectives of the Scheme included in the SIP are as follows:

- to ensure that assets are available to meet all liabilities as and when they fall due.
- That, overall, there is a high level of security of benefits.

In March 2021, the Scheme entered into a bulk annuity contract issued by Aviva in respect of the Scheme’s liabilities, following consultation with the Sponsoring Company. Under the contract, the pension liabilities remain liabilities of the Scheme, and the contract is held as an asset of the Scheme. Aviva make payments equal to the benefit payments due to members as specified in the data provided to Aviva.

Following the purchase of the bulk annuity policy, the Trustees’ objective is to ensure an efficient progression towards an insurer buy-out of the Scheme’s known liabilities and Scheme wind-up, with the aim of achieving an appropriate discharge of liability in respect of known obligations in accordance with the Scheme’s governing documentation and relevant legislation.

#### **Policy on ESG, Stewardship and Climate Change**

The Scheme’s SIP includes the Trustees’ policy on Environmental, Social and Governance (“ESG”) factors, stewardship and climate change. The SIP was last updated in March 2022. The Trustees believe that ESG factors may have a material impact on investment risk and return outcomes (and so are considered to be financially material), and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustees consider these issues and takes advice on them when setting its asset allocation. However, the nature of the investments, consisting of the bulk annuity contract and a liquidity fund, limits the scope for the Trustees to incorporate views on ESG, stewardship and climate change within the Scheme’s investment strategy.

In October 2020, prior to the purchase of the bulk annuity, the Trustees, advised by the Investment Consultant (Mercer), agreed to disinvest from the growth funds on which the Scheme invested in.

## Engagement, Stewardship and Voting Activity

During the Scheme Year, up to the entrance in the bulk annuity contract, the Scheme's investment performance reports were reviewed by the Trustees on a quarterly basis – this includes ratings (both general and ESG-specific) from the investment consultant.

The Trustees have given its investment managers full discretion in evaluating ESG factors, including climate change considerations, exercising voting rights and stewardship obligations attached to the Scheme's investments, in accordance with their own corporate governance policies, and current best practice, including the UK Corporate Governance Code and the UK Stewardship Code.

Newton Investment Management and Legal & General Investment Management are signatories of the current UK Stewardship Code (the "Code"). Artisan Partners also confirmed to be signatory of the code and has published a stewardship statement which addresses the UK Stewardship Code principles. Pictet Asset Management ("Pictet"), Ardevora Asset Management, Columbia Threadneedle Investments, Ninety One and BMO are not currently signatories of the Code, despite supporting its aim.

The Trustees have delegated their voting rights to the investment managers, principally through being invested in pooled funds (noting that in this case votes are cast on behalf of the pooled fund, not the Trustees, as the Trustees do not directly own the underlying assets that comprise the funds). As a result, the Trustees do not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustees.

Investment managers are expected to provide voting summary reporting on a regular basis, at least annually.

A summary of the investment managers' voting activity over the Scheme Year under review is summarised below. Fixed income and LDI investments have no voting rights and are excluded from the voting activity reporting.

- **Ardevora Global Long-only Equity Fund**

- Ardevora Asset Management uses Glass Lewis & Co ("GL") as a proxy administrator to vote proxies on behalf of the various funds and accounts they manage. They vote in line with GL's proxy voting guidelines.
- In summary, GL provides voting recommendations. Ardevora, reviews the submitted votes and may engage in a dialogue with GL regarding proxy voting guidelines and specific future voting recommendations when they deem it necessary to vote contrary to what the guidelines may suggest.
- Ardevora considers a vote to be "significant" for a number of reasons. The primary situation where a vote would be categorised as "significant" is when a resolution in which they opposed, receives >20% total opposition. Ardevora is currently undertaking a review of their voting policy and procedure, therefore Ardevora's current definition of "significant vote" may be subject to change.
- There was 240 votable meetings over the period, in which there was 3,113 votable resolutions. Ardevora voted with management on 2,890 resolutions, against management on 207 and abstained from voting on 16 resolutions.
- Example of a significant vote over the relevant period:  
  
Company: Davide Campari  
  
Resolution: Elect Fabio Facchini to the Board of Directors  
  
Voting: Ardevora voted against management resolution.

Rationale: Lack of board gender diversity

- **Artisan Global Opportunities Fund**

- Artisan typically uses the recommendations of ISS Institutional Shareholder Services (“ISS”) and GL to inform voting decisions but they reserve the right to deviate from third party voting.
- Artisan defines a significant vote as a vote that has been casted against management and/or where the issuer carries a material weighting on the portfolio.
- There was 42 votable meetings over the period, in which there was 787 votable resolutions. Artisan voted with management on 697 resolutions, against management on 36 and abstained from voting on 18 resolutions.
- No significant votes were cast during the period the Scheme was invested in the fund, within the 12 months period ending on 31 August 2021.

- **Threadneedle Life Multi Asset Fund**

- Columbia Threadneedle uses research issued by ISS, GL and MSCI ESG Research. Proxy voting is effected via ISS.
- Although the manager subscribes to proxy advisors research, votes are determined under their own custom voting policy, which is regularly updated.
- Columbia Threadneedle considers a significant vote to be any dissenting vote i.e. where a vote is cast against (or where they abstain/withhold from voting) a management-tabled proposal, or where they support a shareholder-tabled proposal not endorsed by management. Columbia Threadneedle reports annually on their reasons for applying dissenting votes via their website.
- There was 88 votable meetings over the period, in which there was 1,121 votable resolutions. Columbia Threadneedle voted with management on 988 resolutions, against management on 111 and abstained from voting on 14 resolutions.
- Example of a significant vote over the relevant period:

Company: DS Smith Plc

Resolution: Re-elect Gareth Davis as Director

Voting: Columbia Threadneedle abstained from voting the management resolution.

Rationale: The nominee serves as chairman of the nominating committee and an executive director sits on the committee.

- **Pictet Multi Asset Portfolio**

- To assist in performing proxy voting responsibilities, Pictet Asset Management uses the services of third party specialists, ISS, to provide research and to facilitate the execution of voting decisions at all relevant company meetings worldwide.
- Pictet Asset Management typically uses the recommendations of ISS to inform voting decisions but they reserve the right to deviate from third party voting.

- Pictet considers a vote to be significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or they hold an important stake in the company.
- There was 61 votable meetings over the period, in which there was 650 votable resolutions. Pictet voted with management on 597 resolutions, against management on 43 and abstained from voting on 2 resolutions.
- Example of a significant vote over the relevant period:

Company: Alibaba Group Holding Limited

Resolution: Elect Maggie Wei Wu as Director

Voting: Pictet voted against management resolution.

The managers' approaches are aligned with the Trustee's policy outlined in the SIP.