

# *Implementation Statement, covering the Scheme Year from 1 April 2020 to 31 March 2021*

The Trustee of the MITIE Group plc Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (“SIP”) during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information on the last review of the SIP is provided in Section 1 and on the implementation of the SIP in Sections 2-10 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 11 below.

This Statement is based on and uses the same headings as the Scheme’s SIP which was in place during the Scheme Year - dated 5 September 2019. This Statement should be read in conjunction with the SIP which can be found here: [https://www.mitie.com/wp-content/uploads/2020/05/Mitie\\_SIP\\_20190926.pdf](https://www.mitie.com/wp-content/uploads/2020/05/Mitie_SIP_20190926.pdf).

## **1. Introduction**

No review of the SIP was undertaken during the Scheme Year. The last time the SIP was formally reviewed was 5 September 2019.

The Trustee has, in its opinion, followed the policies in the Scheme’s SIP during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

## **2. Investment objectives**

Progress against the long-term journey plan is reviewed as part of the quarterly performance monitoring reports. The Trustee is also able to view the progress on an ongoing basis using Risk Analyzer (a tool provided by the Scheme Actuary which show key metrics and information on the Scheme).

## **3. Investment strategy**

The Trustee did not formally review the DB investment strategy over the period.

The Trustee monitors the asset allocation quarterly and compares this to the strategic asset allocation. The Scheme has a benchmark allocation in place for the growth assets on L&G’s platform, which are readjusted on a quarterly basis if the different asset classes breach the control ranges set out. The Trustee did not undertake any further rebalancing action as the Scheme’s assets did not deviate significantly from the target asset allocation.

Disinvestments to meet the Scheme’s cash flow requirements were predominantly taken from excess cash in the L&G Sterling Liquidity Fund.

The Trustee is also to commence a review of the Scheme’s investment strategy in 2021. As part of this, the Trustee is to consider introducing a de-risking switching mechanism which would switch assets from growth assets to matching assets over time as the Scheme matures.

The SIP will be revised once these changes are made.

## **4. Considerations in setting the investment arrangements**

When the Trustee last reviewed its investment strategy in March 2019, it considered the investment risks that are set out in Appendix 2 of the SIP. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustee last reviewed its investment beliefs in September 2019, including evidence of the financial materiality of Environmental, Social and Governance (“ESG”) risks, including climate-related risks. As a result, the Trustee updated the investment beliefs in the SIP. It added two new investment beliefs to the SIP: “environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors” and; “long-term environmental, social and

economic sustainability is one factor that trustees should consider when making investment decisions". The Trustee was sufficiently satisfied that its investment manager mandates align with these beliefs.

The Trustee will continue to question its investment managers on the incorporation of ESG factors when it meets with them at Trustee meetings.

## **5. Implementation of the investment arrangements**

The Trustee has not made any changes to its manager arrangements over the period, although the Trustee did agree to appoint a fiduciary manager, River and Mercantile, to manage all of the Scheme's assets. The fiduciary manager was appointed formally after the Scheme year end.

The Scheme's investment adviser, Land Clark & Peacock ("LCP"), assists the Trustee in monitoring investment managers on an ongoing basis. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of with regard to the Scheme's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification in the fund.

The Trustee was content with all of its investment manager arrangements and management fees over the Scheme Year.

The Trustee monitors the performance of the Scheme's investment managers on a quarterly basis, using a Scheme specific quarterly performance monitoring report. The report shows the performance, where available, of each manager over the quarter, one year and three years. Performance is considered in the context of the manager's benchmark return and objectives.

The most recent quarterly report shows that all managers have produced performance broadly in line with expectations over the long-term.

## **6. Realisation of investments**

The Trustee reviews the Scheme's net current and future cashflow requirements on a regular basis. The Trustee's policy is to have access to sufficient liquid assets in order to meet benefit outflows by maintaining a portfolio which is appropriately diversified across a range of industries and geographies, including suitable exposure to both liquid and illiquid assets.

Over the Scheme Year, the Trustee used cashflow to help rebalance the Scheme's assets towards the strategic asset allocation. Over the period, there were deficit contributions totalling £10.6m received and invested in the L&G Sterling Liquidity Fund, which helped to meet cashflow requirements.

The Trustee receives investment income directly from IFM Global Infrastructure Fund. This is retained in the Trustee's bank account and used to help pay benefit payments.

## **7. Financially material considerations and non-financial matters**

As part of its advice to the Trustee on the selection and ongoing review of the investment managers, LCP incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

During the fiduciary manager selection exercise in 2020, the Trustee asked several questions about the managers' ESG, voting and engagement practices and were satisfied with the answers they received from River and Mercantile.

## **8. Investment governance, responsibilities, decision-making and fees (Appendix 1 of SIP)**

As mentioned in Section 5, the Trustee assesses the performance of the Scheme's investments on an ongoing basis as part of the quarterly monitoring reports it receives.

The performance of the professional advisers is considered on an ongoing basis by the Trustees.

The Trustee has put in place formal objectives for its investment adviser and will review the adviser's performance against these objectives on a regular basis. As part of previous reviews, the Trustee provided feedback to the investment adviser and was satisfied with its performance.

## 9. Policy towards risk (Appendix 2 of SIP)

Risks are monitored on an ongoing basis with the help of LCP.

The Trustee maintains a risk register and this is discussed at quarterly meetings.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of LCP or information provided to the Trustee by the Scheme's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

The Scheme's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. Over the period the Scheme's hedging levels were broadly in line with the target levels.

With regard to collateral adequacy risk, the Trustee holds investments in the L&G Sterling Liquidity Fund and the Insight Bonds Plus Fund alongside the LDI portfolio, to be used should the LDI manager require cash to be posted for a deleverage event. As at 31 March 2021 the Scheme held more than enough liquid assets to meet the next capital call on the LDI funds.

Together, the investment and non-investment risks set out in Appendix 2 of the SIP give rise generally to funding risk. The Trustee reviews the Scheme's funding position formally as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustees reviews the funding position allowing for membership and other experience. The Trustee also monitors the funding position more regularly, on a quarterly basis at Trustee meetings.

The following risks are covered earlier in this Statement: diversification risk in Sections 3 and 5:

- investment manager risk and excessive charges in Section 5;
- illiquidity/marketability risk in Section 6; and
- ESG risks in Section 7.

## 10. Investment manager arrangements (Appendix 3 of SIP)

There are no specific policies in this Section of the Scheme's SIP.

## 11. Description of voting behaviour during the Scheme Year

All of the Scheme's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, on the Scheme's funds that hold equities as follows:

- L&G UK Equity Index Fund
- L&G North America Equity Index Fund
- L&G North America Equity Index Fund GBP Hedged
- L&G Europe (ex UK) Equity Index Fund
- L&G Europe (ex UK) Equity Index Fund GBP Hedged
- L&G Japan Equity Index Fund
- L&G Japan Equity Index Fund GBP Hedged
- L&G Asia Pac (ex Japan) Equity Index Fund
- L&G Asia Pac (ex Japan) Equity Index Fund GBP Hedged
- Capital Group Emerging Markets Total Opportunities Fund
- Baillie Gifford Multi Asset Growth Fund
- Ruffer Absolute Return Fund

In addition to the above, the Trustee contacted the Scheme's other asset managers that don't hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period. In Section 11.4, we have included commentary provided by Aegon in respect of the Scheme's property fund. None of the other pooled funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.

## **11.1 Description of the voting processes**

### **L&G**

All decisions are made by L&G's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures its stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the voting decision process, therefore sending consistent messaging to companies.

L&G's Investment Stewardship team uses proxy provider, Institutional Shareholder Services ("ISS")'s ProxyExchange' electronic voting platform to electronically vote clients' shares. However, all voting decisions are made by L&G and the use of ISS recommendations is solely to augment its research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that are received from ISS for UK companies when making specific voting decisions. To ensure that the proxy provider votes in accordance with L&G's position on ESG, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G consider are minimum best practice standards (irrespective of whether the local regulation or practice in that market is below this standard). L&G also retains the ability in all markets to override any vote decisions, which is based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows L&G to apply a qualitative overlay to its voting judgement.

### **Capital**

Capital state that all of its U.S. proxies are voted. Proxies for companies outside the U.S. also are voted, provided there is sufficient time and information available. After a proxy is received, a summary of the proposals contained in the proxy is prepared. A discussion of any potential conflicts of interest also is included in the summary. For proxies of securities managed by a particular investment division, the initial voting recommendation is made by one or more of the division's investment analysts familiar with the company and industry. A second recommendation is made by a proxy coordinator (an investment analyst with experience in corporate governance and proxy voting matters) or other individual within the appropriate investment division, based on knowledge of these Principles and familiarity with proxy related issues. The proxy summary and voting recommendations are made available to the appropriate proxy voting committee for a final voting decision. Proxies for the funds are voted by the appropriate investment committee of Capital's equity investment divisions under delegated authority. Therefore, if more than one fund invests in the same company, certain funds may vote differently on the same proposal.

### **Baillie Gifford**

Baillie Gifford's Governance and Sustainability Principles and Guidelines document describe its approach to proxy voting and company engagement. Whilst the guidelines are intended to provide an insight into how it approaches voting and engagement on its clients' behalf, Baillie Gifford notes that it assesses every company individually. With respect to voting, it will always evaluate proposals on a case-by-case basis, based on what it believes to be in the best long-term interests of its clients, rather than rigidly applying a policy. Where possible, it votes all of its clients' shares globally and votes against proposals where it feels that these are not in its clients' interests. When Baillie Gifford does not vote in line with management's recommendation, it endeavours to discuss its concerns and communicate its decision with the company prior to submitting its vote. Baillie Gifford's Governance and Sustainability team, in collaboration with the relevant investment teams, is responsible for making voting decisions whilst taking account of these guidelines.

### **Ruffer**

Ruffer has internal voting guidelines as well as access to proxy voting research, currently from ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer note that it is cognisant of proxy advisers' voting recommendations, in general, they do not delegate or outsource their stewardship activities when deciding how to vote on clients' shares. Research analysts are responsible, supported by the responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the

Head of Research or the Chief Investment Officer. Ruffer will look to discuss with companies any relevant or material issue that could impact an investment. If it is decided to vote against the recommendations of management, they will endeavour to communicate this decision to the company before the vote along with the explanation for doing so.

## 11.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the period is provided in the table below.

	Fund 1	Fund 2	Fund 3
Manager name	L&G	L&G	L&G
Fund name	UK Equity Index Fund	North America Equity Index Fund	North America Equity Index Fund GBP Hedged
Total size of fund at end of reporting period	£21,983m	£41,197m	£17,354m
Value of Scheme assets at end of reporting period (£)	£29,069,055	£2,155,325	£9,417,875
Number of holdings at end of reporting period	598		662
Number of meetings eligible to vote	943		794
Number of resolutions eligible to vote	12,574		9,495
% of resolutions voted	100.0%		100.0%
Of the resolutions on which voted, % voted with management	92.9%		71.8%
Of the resolutions on which voted, % voted against management	7.1%		28.2%
Of the resolutions on which voted, % abstained from voting	0.0%		0.0%
Of the meetings in which the manager voted, % with at least one vote against management	3.3%		7.8%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.8%		0.3%

	Fund 4	Fund 5	Fund 6	Fund 7
Manager name	L&G	L&G	L&G	L&G
Fund name	Europe (ex UK) Equity Index	Europe (ex UK) Equity Index GBP Hedged	Japan Equity Index	Japan Equity Index GBP Hedged
Total size of fund at end of reporting period	£13,714m	£4,914m	£7,626m	£2,715m
Value of Scheme assets at end of reporting period (£)	£2,767,052	£9,458,468	£865,096	£3,114,007
Number of holdings at end of reporting period	461		509	
Number of meetings eligible to vote	686		551	
Number of resolutions eligible to vote	11,412		6,518	
% of resolutions voted	99.9%		100.0%	
Of the resolutions on which voted, % voted with management	84.2%		86.1%	
Of the resolutions on which voted, % voted against management	15.3%		13.9%	
Of the resolutions on which voted, % abstained from voting	0.5%		0.0%	
Of the meetings in which the manager voted, % with at least one vote against management	4.4%		5.9%	
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.4%		0.2%	

	Fund 8	Fund 9	Fund 10
Manager name	L&G	L&G	Capital Group
Fund name	Asia Pacific (ex Japan) Equity Index Fund	Asia Pacific (ex Japan) Equity Index Fund GBP Hedged	Emerging Markets Total Opportunities Fund
Total size of fund at end of reporting period	£6,055m	£1,745m	\$1,087m
Value of Scheme assets at end of reporting period (£)	£958,356	£2,524,469	£22,965,877
Number of holdings at end of reporting period		404	113
Number of meetings eligible to vote		534	154
Number of resolutions eligible to vote		3,774	1,542
% of resolutions voted		100.0%	100.0%
Of the resolutions on which voted, % voted with management		74.2%	88.4%
Of the resolutions on which voted, % voted against management		25.8%	8.0%
Of the resolutions on which voted, % abstained from voting		0.0%	3.6%
Of the meetings in which the manager voted, % with at least one vote against management		10.1%	33.77%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor		0.2%	N/A

	Fund 11	Fund 12
Manager name	Baillie Gifford	Ruffer
Fund name	Multi Asset Growth Fund	Absolute Return Fund
Total size of fund at end of reporting period	£2,266m	£5,018m
Value of Scheme assets at end of reporting period (£)	£10,436,171	£10,453,913
Number of holdings at end of reporting period	94	85
Number of meetings eligible to vote	69	86
Number of resolutions eligible to vote	749	1,144
% of resolutions voted	97.7%	97.0%
Of the resolutions on which voted, % voted with management	91.5%	90.9%
Of the resolutions on which voted, % voted against management	7.0%	9.3%
Of the resolutions on which voted, % abstained from voting	1.5%	1.6%
Of the meetings in which the manager voted, % with at least one vote against management	20.3%	43.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A	7.9%

### 11.3 Most significant votes over the Scheme Year

Commentary on significant votes over the period, from the Scheme's asset managers who hold listed equities, is set out below. We have generally selected one vote for each fund, which relates to a range of ESG factors.

#### L&G North America Equity Index Fund and L&G North America Equity Index Fund GBP Hedged

**Company: The Proctor & Gamble Company; Date of vote: 13 October 2020; L&G voted for; outcome of the vote: 67.7% for.**

##### Summary of resolution

Resolution 5 - Report on effort to eliminate deforestation.

##### Rationale for the voting decision

Procter & Gamble ("P&G") uses both forest pulp and palm oil as raw materials within its household goods products. The company has only obtained certification from the Roundtable on Sustainable Palm Oil for one third of its palm oil supply, despite setting a goal for 100% certification by 2020. Two of their Tier 1 suppliers of palm oil were linked to illegal deforestation. Finally, the company uses mainly Programme for the Endorsement of Forest Certification (PEFC) wood pulp rather than Forestry Stewardship Council (FSC) certified wood pulp. Palm oil and Forest Pulp are both considered leading drivers of deforestation and forest degradation, which is responsible for approximately 12.5% of greenhouse gas emissions that contribute to climate change. The fact that Tier 1 suppliers have been found to have links with deforestation calls into question due diligence and supplier audits. Only FSC certification offers guidance on land tenure, workers', communities and indigenous people's rights and the maintenance of high

conservation value forests. L&G engaged with P&G to hear its response to the concerns raised and the requests raised in the resolution. They spoke to representatives from the proponent of the resolution, Green Century. In addition, they engaged with the Natural Resource Defence Council to fully understand the issues and concerns. Following a round of extensive engagement on the issue, L&G decided to support the resolution. Although P&G has introduced a number of objectives and targets to ensure their business does not impact deforestation, L&G felt it was not doing as much as it could. The company has not responded to CDP Forest disclosure; this was a red flag to L&G in terms of its level of commitment. Deforestation is one of the key drivers of climate change. Therefore, a key priority issue for L&G is to ensure that companies they invest their clients' assets in are not contributing to deforestation. L&G has asked P&G to respond to the CDP Forests Disclosure and continue to engage on the topic and push other companies to ensure more of their pulp and wood is from FSC certified sources.

#### Implications of the outcome

L&G will continue to engage with P&G on the issue and will monitor its CDP disclosure for improvement.

#### The criteria on which this vote is assessed to be "significant"

It is linked to L&G's five-year strategy to tackle climate change and attracted a great deal of client interest.

### **L&G Europe (ex UK) Equity Index Fund and L&G Europe (ex UK) Equity Index Fund GBP Hedged**

**Company: Lagardère; Date of vote: 05 May 2020; L&G voted for resolutions H, J, K, L, M, and against resolutions B, C, E, F, G; outcome of the vote: 30-40% support for the resolutions.**

#### Summary of resolution

Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardère, as well as to remove all the incumbent directors (apart from two 2019 appointments).

#### Rationale for the voting decision

Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. The company continues to have a limited partnership structure, which means that the managing partner has a tight grip on the company, despite only having 7 % share capital and 11% voting rights. L&G engages with companies on their strategies, any lack of challenge to these, and with governance concerns. The company strategy had not been value-enhancing and the governance structure of the company was not allowing the SB to challenge management on this. Where there is a proxy contest, L&G engages with both the activist and the company to understand both perspectives. L&G engaged with both Amber Capital, where they were able to speak to the proposed new SB Chair, and also Lagardère, where they spoke to the incumbent SB Chair. This allowed them to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management.

#### Implications of the outcome

L&G will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.

#### The criteria on which this vote is assessed to be "significant"

L&G noted significant media and public interest on this vote given the proposed revocation of the company's board.

### **L&G Japan Equity Index Fund and L&G Japan Equity Index Fund GBP Hedged**

**Company: Olympus Corporation; Date of vote: 30 July 2020; L&G voted against; outcome of vote: 94.9% for.**

## Summary of resolution

Resolution 2.1 - Elect Director Yanai Tadashi.

## Rationale for the voting decision

Japanese companies in general have trailed behind European and US companies, as well as companies in other countries in ensuring more women are appointed to their boards. A lack of women employed is also a concern below board level. L&G has for many years promoted and supported an increase of appointing more women on boards, at the executive level and below. On a global level, L&G consider that every board should have at least one female director - they deem this a de minimis standard. Globally, L&G aspire to all boards comprising 30% women. In the beginning of 2020, L&G announced that they would vote against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for companies included in the TOPIX100 where these standards were not upheld. L&G opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, to signal that the company needed to act on this issue.

## Implications of the outcome

L&G will continue to engage with and require increased diversity on all Japanese company boards.

## The criteria on which this vote is assessed to be "significant"

This vote is deemed significant as L&G considers it imperative that the boards of Japanese companies increase their diversity.

## **L&G Asia Pacific (ex Japan) Equity Index Fund and L&G Asia Pacific (ex Japan) Equity Index Fund GBP Hedged**

**Company: Whitehaven Coal; Date of vote: 22 November 2020; L&G voted for; outcome of vote: against**

## Summary of resolution

Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.

## Rationale for the voting decision

The role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation: in Q4 2020 alone three of Australia's main export markets for coal – Japan, South Korea and China – have announced targets for carbon neutrality around 2050. LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets.

## Implications of the outcome

The environmental profile of the company continues to remain in the spotlight: in late 2020 the company pleaded guilty to 19 charges for breaching mining laws that resulted in 'significant environmental harm'. As the company is on LGIM's Future World Protection List of exclusions, many of its ESG-focused funds were not invested in the company. L&G will continue to monitor the company.

## The criteria on which this vote is assessed to be "significant"

The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism.

## **Capital Group Emerging Markets Total Opportunities Fund**

**Company: Abbott Laboratories; Date of vote: 24 April 2020; Capital voted for; outcome of vote: against.**

### Summary of resolution

Increase Disclosure of Compensation Adjustments.

### Rationale for the voting decision

The size of proposed share issuance is too high.

### Implications of the outcome

Capital will continue to engage with the company regarding their vote rationale, in order to provide better outcomes for shareholders.

### The criteria on which this vote is assessed to be "significant"

Shareholder proposal

## **Baillie Gifford Multi Asset Growth Fund**

**Company: ADO Properties; Date of vote: 29 September 2020; Baillie Gifford voted against; outcome of the vote: for.**

### Summary of resolution

Amendment of share capital.

### Rationale for the voting decision

Baillie Gifford opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.

### Implications of the outcome

Baillie Gifford opposed the request to increase authorised capital which would permit share issuance without pre-emptive rights, given shares are currently trading at a high discount to NAV and there is no NAV commitment. Baillie Gifford have since sold out of the stock.

### The criteria on which this vote is assessed to be "significant"

This resolution is significant because it received greater than 20% opposition.

## **Ruffer Absolute Return Fund**

**Company: Aena S.M.E; Date of vote: 29 October 2020; Ruffer voted for the three resolutions; outcome of the vote: all three resolutions passed with 99.2%, 98.1% and 96.5% support for.**

### Summary of resolution

Company's climate transition plan.

### Rationale for the voting decision

Ruffer voted for three shareholder resolutions requesting that the company submits its climate transition plan to a shareholder advisory vote at its 2021 AGM and provides updates to its plan on an annual basis from 2022. Ruffer believe that climate change-related risks may be significant for the long-term performance of Aena, and therefore supported these resolutions.

## Implications of the outcome

Management have committed to giving shareholders an annual vote on its climate transition plan, a significant step and Aena is the first company to do so. Ruffer are likely to see more 'Say on Climate' votes filed in 2021 and would expect to support them, particularly in cases where they believe there are long term performance implications from the business proactively addressing climate change related risks.

## The criteria on which this vote is assessed to be "significant"

Ruffer believe this vote will be of particular interest to their clients. The shareholder resolutions aimed to increase the transparency of the company's climate transition planning and outcomes.

## **11.4 Votes in relation to assets other than listed equity**

The following comments were provided by the Scheme's asset managers who don't hold listed equities, but invest in assets that could have had voting opportunities over the period:

### **Aegon – Active Beta UK Property Fund:**

Aegon actively seeks seats on advisory boards and makes every effort to attend unit holder meetings. In addition, Aegon has a policy of actively using its votes at AGMs and EGMs and, whilst it will inform managers beforehand, and explain its stance, it aims to vote in a consistent way and will vote against any proposals that it believes do not accord with the interests of the clients or funds it represents. Aegon will only abstain from a vote where that abstention has the effect of either 'approving' or 'rejecting' a proposal. Aegon does not publish its voting history in respect of unlisted property but reports all voting and corporate actions on a quarterly basis to its clients. However, within the pooled property fund, the holdings are in effect insurance policies and as such there is no associating voting. Aegon believes that in this circumstance, significant votes are very rare.