

## Implementation Statement

### Bidwells Life and Assurance Pension Scheme

#### Purpose of this statement

This implementation statement has been produced by the Trustees of the Bidwells Life and Assurance Pension Scheme ("**the Scheme**") to set out the following information over the year to 31 October 2021:

- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year to 31 October 2021 (or where available); and
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 31 October 2021 (or where available), including information regarding the most significant votes.

The voting behaviour is not given over the Scheme year end to 31 October 2021 because investment managers only report on this data quarterly, we have therefore given the information over the year to 30 September 2021.

#### Trustee policies on voting and engagement

The Trustees' Statement of Investment Principles (SIP) currently in force describes the Trustees' policy on the exercise of rights (including voting rights) and engagement activities as follows:

*"The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted returns.*

*The Trustees delegate the exercise of rights (including voting rights) attaching to the Scheme's investments to the investment managers. Managers are expected to exercise voting powers with the objective of preserving and enhancing long-term stakeholder value. The Trustees will monitor how these delegated powers are exercised by the managers.*

*The Trustees also expects investment managers to engage with key stakeholders (which may include issuers of debt or equity, corporate management, regulators and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance and social and environmental impact to mitigate financial risks. The Trustees assess the investment managers' approach to engagement and voting rights with the support of their investment consultant and consider these to be of a satisfactory standard."*

The Trustees' SIP was reviewed in September 2021 and has been made available online here:

<https://www.bidwells.co.uk/globalassets/policy-docs/bidwells-sip-db-and-avc-for-website3.pdf>

## How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's investment managers.
- The Trustees have reviewed the stewardship and engagement activities of the current investment managers during the year and were satisfied that their policies were reasonable and no remedial action was during the period.
- Annually the Trustees receive and review voting information and engagement policies from the investment managers, which we review to ensure alignment with our own policies.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the investment managers are in alignment with the Scheme's stewardship policies.

## Summary

Based on the information received, the Trustees believe that the investment managers have acted in accordance with the Scheme's stewardship policies. The Trustees are supportive of the key voting action taken by the applicable investment managers over the period to encourage positive governance changes in the companies in which the managers hold shares.

**Agreed by the Trustees of the Bidwells Life and Assurance Pension Scheme  
February 2022**

## Voting Data

This section provides a summary of the voting activity undertaken by the investment managers on behalf of the Trustees over the year. The Scheme's portfolio is invested through pooled diversified growth funds managed by Columbia Threadneedle Investments and Ruffer LLP, as well as pooled liability-driven funds managed by Aberdeen Standard Investments and BMO Investment Management. At the start of the year, there was also an investment in a pooled diversified growth fund managed by Baring Asset Management, which has now been fully disinvested by the Scheme.

The investment managers of these funds vote on behalf of the Trustees. The BMO equity-linked LDI funds do have equity market exposure but this is achieved via equity futures held with the fund. Equity futures do not provide voting rights to the holders. Similarly, the Aberdeen Standard Life Liability Aware Absolute Return III Nominal Profile Fund, though having some equity exposure, does not hold any voting rights. The equity exposure in the portfolio is achieved synthetically, i.e. via derivative positions rather than physically holding the shares. As a result, there are no voting rights associated with the equity exposure.

Manager	Barings Asset Management	Columbia Threadneedle Investments	Ruffer LLP
<b>Fund name</b>	Dynamic Asset Allocation Fund	Dynamic Real Return Fund	Absolute Return Fund
<b>Structure</b>	Pooled	Pooled	Pooled
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
<b>Number of company meetings the manager was eligible to vote at over the year</b>	87	369	95
<b>Number of resolutions the manager was eligible to vote on over the year</b>	817	4719	1257
<b>Percentage of resolutions the manager voted on</b>	96.2%	100.0%	100.0%
<b>Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on</b>	0.0%	2.6%	2.2%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	95.4%	90.5%	91.3%

Manager	Barings Asset Management	Columbia Threadneedle Investments	Ruffer LLP
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on*</b>	4.6%	6.5%	6.4%
<b>Proxy voting advisor employed</b>	Institutional Shareholder Services (ISS)	Institutional Shareholder Services (ISS) and Glass Lewis & Co	Institutional Shareholder Services (ISS)
<b>Percentage of resolutions voted <i>contrary</i> to the recommendation of the proxy advisor</b>	0.5%	n/a	7.2%

Barings Asset Management data is from 1 July 2020 to 30 June 2021, as Barings provide data at quarter end and the Scheme disinvested from the respective fund on 22 June 2021.

Data covers the period from 1 October 2020 to 30 September 2021, as the managers provide data at quarter end dates.

\*Note that voting statistics may not sum to 100% due to rounding.

## Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote, so for this Implementation Statement the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. Ruffer LLP and Columbia Threadneedle have provided a selection of 10 votes which they believe to be significant over the year to 30 September 2021. In the interest of concise reporting the tables below show the votes after the Scheme’s investment date for each of these funds.

A summary of the significant votes provided is set out below.

### Ruffer, Absolute Return Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Royal Dutch Shell	Fuji Electric	Token Corp
<b>Date of vote</b>	18/05/2021	25/06/2021	29/07/2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.33%	0.32%	0.06%
<b>Summary of the resolution</b>	Vote on management resolution relating to the company's climate transition plan	Governance – vote on election of independent director	Governance – board structure & independence/effectiveness. Vote on election of CEO/Chairman
<b>How the manager voted</b>	For	Against	Against
<b>If the vote was against management, did the manager communicate</b>	n/a	Following engagements before and after the 2020 AGM at which Ruffer voted against three	Ruffer emailed management ahead of the AGM outlining their intentions to vote against Mr

	Vote 1	Vote 2	Vote 3
<b>their intent to the company ahead of the vote?</b>		directors, they reiterated their stance ahead of the 2021 AGM and their intention to vote against the re-election of one director.	Souda and their justifications for doing so.
<b>Rationale for the voting decision</b>	Ruffer supported Royal Dutch Shell's first Energy Transition Strategy plan. The decision was made in the context of the progress Shell has made as a result of engagement and the commitment of the company leadership to continue to meaningfully engage on the remaining areas of Climate Action 100+.	Ruffer explained that they only consider two out of nine directors to be independent outsiders, and if including the statutory auditors, three out of 14 as truly independent outsiders. This does not align with the current Corporate Governance Code rules and will not meet the one-third minimum for Prime Market listed companies under the proposed Code revisions taking effect later this year ahead of the Tokyo Stock Exchange changes in April 2022.	Ruffer deliberated about the merits of voting for the re-election of the CEO/Chairman who is also the Chair of the Board. Whilst they acknowledge the importance of the CEO/Chairman to the business, there are aspects of the business where it is operating more like a private company than a public one. They hold the CEO/Chairman accountable for this. In addition, if the statutory auditors are included, there are only 2 out of 7 Board members who are independent outsiders and one of those has a tenure of 29 years and they would therefore also consider them as non-independent.
<b>Outcome of the vote</b>	The resolution passed with 88.7% votes in favour.	The resolution passed with 89.3% votes in favour.	The resolution passed with 71.5% votes in favour.
<b>Implications of the outcome</b>	Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives.	Ruffer will continue to vote against the re-election of directors where they have concerns about their independence.	Ruffer will continue to vote against the re-election of directors where they have concerns about their regressive influence over board composition and independence.
<b>Criteria on which the vote is considered "significant"</b>	They believe this vote will be of particular interest to their clients. The management resolutions aimed to increase the transparency of the company's climate transition planning and outcomes.	Votes against the election of directors for material holdings are significant. These arise after discussion between members of the research, portfolio management and responsible investment teams.	

*All Ruffer significant votes mentioned above are from the date of the Scheme's investment in the Fund (11 May 2021) to 30 September 2021.*

### **Columbia Threadneedle, Dynamic Real Return Fund**

	Vote 1
<b>Company name</b>	Burberry Group Plc
<b>Date of vote</b>	14/07/2021

Vote 1	
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.02%
Summary of the resolution	Approve Remuneration Report
How the manager voted	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No
Rationale for the voting decision	Remuneration concerns
Outcome of the vote	Passed
Implications of the outcome	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.
Criteria on which the vote is considered "significant"	Vote against management

From the 10 significant votes provided to us from Columbia Threadneedle, only the one above is from the date of the Scheme's investment in the Fund (22 June 2021) to 30 September 2021.

## Barings, Dynamic Asset Allocation Fund

	Vote 1	Vote 2	Vote 3
Company name	APQ Global Ltd.	LG Chem Ltd.	Global MENA Financial Assets Ltd.
Date of vote	13/10/2020	25/03/2021	07/12/2020
Summary of the resolution	Approve Remuneration of Directors and/or Committee Members	Elect director	Authorise Board to Fix Remuneration of Auditors
How the manager voted	against/abstain/withhold	votes against management	votes against management

Note: The Scheme is no longer invested in the Barings Fund and Barings did not provide detailed information on the significant votes.

## Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Aberdeen Standard Investments	Arcmont Asset Management	BMO Global Asset Management	Barings Asset Management	Cheyne Capital Management	Columbia Threadneedle Investments	Ruffer LLP
<b>Fund name</b>	Liability Aware Absolute Return III Nominal Profile Fund	Direct Lending Fund III	Equity-Linked Nominal LDI Fund, Equity-Linked Real LDI Fund, Sterling Liquidity Fund	Dynamic Asset Allocation Fund	European Strategic Value Credit Fund	Dynamic Real Return Fund	Absolute Return Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	n/a	n/a	92	70 entities	n/a	n/a	28
<b>Number of engagements undertaken at a firm level in the year</b>	2451	n/a	1958	415 entities	n/a	244	38

Based on the data received from the Managers:

Barings Asset Management data is over the year to 30 June 2021. Barings count the number of entities engaged with rather than the number of engagements.

BMO Global Asset Management data is over the year to 30 June 2021 as data is only reported half-yearly. Fund engagements are for LDI only. Over the year there was a period when Arcmont Asset Management did not track all engagements, however they should be tracking them going forward.

Some managers were not able to provide the full table of engagement data above.

## Examples of engagement activity undertaken over the year, written by the corresponding Manager

### Aberdeen Standard Investments

#### Impax Asset Management

On Sustainable Finance Disclosure Regulation, (SFDR), Aberdeen focused on their transition and the relevant due diligence required. The company is well placed with advanced reporting and thus there were no compliance concerns. In fact, Aberdeen see this as a short-term competitive advantage for Impax Asset Management, as this is the domain of expertise with vast array of opportunities. D&I, talent acquisition and development are topics where Aberdeen had an extensive discussion. Impax is seeking to improve its D&I policy by focusing on a comprehensive plan to enhance and better incorporate D&I into the whole business. This is something Aberdeen encouraged and they will be looking to track the progress of over time. Finally, due to the increasing capital inflows into the sustainable investment space, there is a growing demand for associated talent. In response, the company has intensified its recruitment process for middle/junior level employees and increased junior staff training to support their development and growth.

Overall, the responses Aberdeen received from management were satisfactory, reflecting the niche positioning of the company. They hold the underlying portfolio of companies to a higher standard than they hold themselves but aim to work through that and evolve rapidly despite the small size of the business. In their view, the increased focus and development of D&I (specifically the comprehensive plan to better incorporate this into the group at all levels) could allow Impax Asset Management to enhance their ESG profile further and continue being one of the leading companies in the industry.

### BMO Global Asset Management

#### HSBC Holdings PLC

Committed to align the entire financing portfolio to the goals of the Paris Agreement, and to regularly report on progress. As an international bank with substantial Asian lending and underwriting activities in the extractive industries, this commitment shows clear climate leadership. BMO have engaged the company on their environmental and climate risk management practices for their lending portfolio in the past.

### Barings Asset Management

#### Gold

The London Bullion Market Association (LBMA) has a responsibly sourced programme that validates the supply chain quality for gold bars sourced post-2012. The Physical Gold ETC Barings use is run by Amundi and Barings reached out to them to push compliance with these standards, and enrolment in the LBMA programme. Since engaging with Amundi Barings are pleased to confirm that their fund is 100% backed by LBMA gold bars from post-2012 which ensures full compliance with the responsible sourcing guidelines.

### Cheyne Capital Management

As part of a comprehensive balance sheet restructuring transaction, Cheyne SVC engaged with the management of a European Business Process Outsourcing (BPO) company, appointing an independent specialist advisor to assist the executive leadership team in defining ESG objectives and targets. To further incentivise positive progression towards its stated goals, Cheyne SVC incorporated a mechanism within the loan agreement whereby the company can reduce its interest margin if specific ESG KPIs are achieved. In another example, Cheyne SVC (as a minority lender) engaged with the management and shareholders of a European jewellery retailer,



advocating increased transparency into the company's supply chain diligence and monitoring processes. The company has subsequently published its supplier code of conduct along with the company's first CSR strategy statement.

## **Columbia Threadneedle Investments**

### **Electrocomponents PLC**

Columbia Threadneedle are the company's largest shareholder and regularly engage with management and directors as a matter of course. Reviewing Electrocomponents' management of ESG risks was a focus during the quarter.

In addition to meetings with the CEO, CFO and new chairman, Columbia Threadneedle met sustainability experts from within the business.

Although the company is at an early stage of its ESG/sustainability strategy, its disclosures are good, with both absolute and intensity data for its most material environmental and social risks showing an improving trend and associated reduction targets. Corporate governance appears strong. The company is actively classifying its sustainable product portfolio and will better showcase the positive impact its products have on health and safety, industrial efficiency and climate change.

Columbia Threadneedle are satisfied that Electrocomponents' improving approach to ESG risk management compliments our fundamental investment case, seeing it gain share in existing markets and disrupt new ones.

Columbia Threadneedle continue to work with the company to improve its disclosures.

## **Ruffer LLP**

### **Countryside Properties**

Ruffer met with David Howell (Chair of the Board) and Amanda Burton (Chair of the Remuneration Committee) to discuss the company's capital allocation strategy. Ruffer shared their view that the company would benefit from a non-executive director with a proven track record in capital allocation. Given the changing strategy of the business, significant changes need to be made to the remuneration policy to ensure management is incentivised to deliver on the revised strategy and, importantly, to align their interests with shareholders. Ruffer shared their thoughts around this, including a total shareholder return measure, a meaningful shareholding requirement and ensuring post-cessation and vesting requirements are in line with the guidance from the Investment Association. Ruffer attach significant importance to the company's strategy, board composition and executive remuneration as they deem addressing these to be essential for the long-term success of Countryside and all stakeholders.

Consequently, Ruffer decided to abstain on their votes in relation to the re-election of all non-executive directors. Ruffer wrote to the company explaining their decision prior to the AGM. A new chairman has been appointed since the company's AGM. Ruffer will continue to engage ahead of the upcoming remuneration consultation, and they look forward to continuing our discussions.