

Implementation Statement

RC Treatt & Co Limited Pension & Assurance Scheme

This Implementation Statement has been prepared for the Trustees of the R C Treatt & Co Limited Pension & Assurance Scheme (the "**Scheme**") and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 31 December 2020.

How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such, delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

Investment rights (including voting rights) have been exercised by the investment managers in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the UK Stewardship Code, and which are provided to the Trustees from time to time, taking into account the financial interests of the beneficiaries. The Trustees also expect the investment managers to have engaged with companies in relation to ESG matters, and to take these into account in the selection, retention and realisation of investments where appropriate.

The Trustees are comfortable with the investment managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximize shareholder value as a long-term investor. Through preparation of the Implementation Statement, the Trustees reviewed the stewardship and engagement activities of their investment managers on an ongoing basis during the year, and were satisfied that the policies followed by the managers were reasonable and in alignment with the Trustees' own policies. No remedial action was required during the period.

The Trustees intend to receive and review voting and engagement information provided by their asset manager as well as how ESG issues are taken into account for each mandate, to ensure broad alignment with their own policies.

Voting Data

Voting only applies to funds that hold equities within their portfolio. As such, the LGIM Core Plus Fund does not participate in voting activities as this fund holds no equities. The Scheme's equity investments are all held through pooled funds. The investment managers for these funds vote on behalf of the Trustees and the votes made over the year are summarised in the following tables. The first table summarises the voting activity undertaken by each manager over the year to 31 December 2020 while the others go into detail about significant votes each fund was involved with.

Manager	LGIM	Aberdeen Standard	Barings
Fund name	Global Equity Fixed Weights (50:50) Index	Global Absolute Return Strategies	Dynamic Asset Allocation Fund
Structure	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	Limited*	Limited*	Limited*
Number of company meetings the manager was eligible to vote at over the year	3,533	243	101
Number of resolutions the manager was eligible to vote on over the year	43,630	3,354	1,049
Percentage of resolutions the manager voted on	99.97%	98.18%	97.10%
Percentage of resolutions the manager abstained from	0.10%	0.12%	0.39%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	83.72%	87.94%	91.94%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	16.19%	12.06%	7.67%
Percentage of resolutions voted <i>contrary to the recommendation of the proxy advisor</i>	0.41%	5.01%	0.40%

*The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.

Significant votes

For the first year of implementation statements we have delegated to the investment managers to define what a "significant vote" is. The Trustees' ESG policy leaves determining the key votes to their asset managers. The Scheme's investment adviser requested key voting data from the asset managers.

For the Aberdeen Standard Global Absolute Return Strategies Fund, the manager has not defined a significant vote, and consequently were unable to provide us significant votes over the year. The Trustees' investment consultants are working with them to improve the process and they plan to be able to provide something more substantive next year.

A summary of the data provided by the Scheme's remaining managers is set out below.

LGIM Global Equity Fixed Weights (50:50) Index (Table 1 of 3)

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	Barclays	Amazon	ExxonMobil	International Consolidated Airlines Group
Date of vote	7 May 2020	27 May 2020	27 May 2020	7 September 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.47	0.71	0.13	0.05
Summary of the resolution	Resolution 29: Approve Barclays' commitment in tackling climate change. Resolution 30: Approve ShareAction requisitioned resolution.	Shareholder resolutions 5 to 16.	Elect director Darren W. Woods.	Approve remuneration report.
How the manager voted	Resolution 29: For Resolution 30: For	Resolutions 5-10 and 13-16: For Resolutions 11 and 12: Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.			
Rationale for the voting decision	The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers.	Of 12 shareholder proposals, LGIM voted to support 10. They looked into the individual merits of each individual proposal, and there are two main areas which drove their decision-making: disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16) and governance structures that benefit long-term shareholders (resolutions 9 and 14).	Under LGIM's annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, they announced that they will be removing ExxonMobil from their Future World fund range, and will be voting against the chair of the board.	LGIM encouraged the board to demonstrate restraint with its executive remuneration. There was concern about the level of bonus payments for current executives and the departing CEO. LGIM expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience.
Outcome of the vote	Resolution 29: supported by 99.9% of shareholders. Resolution 30: supported by 23.9% of shareholders.	Resolutions 5-8 and 14-16: supported by approx. 30% of shareholders. Resolutions 9 and 10: supported by 16.7 and	Re-election of Darren Woods: supported by 93.2% of shareholders.	Opposed by 28.4% of shareholders.

	Vote 1	Vote 2	Vote 3	Vote 4
		15.3% of shareholders respectively.		
		Resolution 11-13: supported by 6.1%, 1.5% and 12.2% of shareholders respectively.		
Implications of the outcome	LGIM's focus will now be to help Barclays on the detail of their plans and targets. LGIM plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change.	Despite shareholders not giving majority support to the raft of shareholder proposals, the sheer number and focus on these continues to dominate the landscape for the company. LGIM's engagement with the company continues as they push it to disclose more and to ensure it is adequately managing its broader stakeholders and its human capital.	LGIM believe this sends an important signal, and will continue to engage, both individually and in collaboration with other investors, to push for change at the company. Their voting intentions were the subject of over 40 articles in major news outlets across the world, with a number of asset owners in Europe and North America also declaring their intentions to vote against the company.	LGIM will continue to engage closely with the renewed board.
Criteria on which the vote is considered "significant"	Throughout 2020 there has been significant client interest in LGIM's voting intentions and engagement activities in relation to the 2020 Barclays AGM. LGIM consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as their clients.	The market attention was significant leading up to the AGM, with 12 shareholder proposals on the table (the largest number of any major US company this proxy season), diverse investor coalitions submitting and rallying behind the proposals, substantial press coverage with largely negative sentiment and lastly multiple state treasurers speaking out and even holding an online targeted pre-annual meeting investor forum. Anecdotally, the Stewardship team received more inquiries related to Amazon than any other company this season.	LGIM voted against the chair of the board as part of their 'Climate Impact Pledge' escalation sanction.	This vote illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis.

LGIM Global Equity Fixed Weights (50:50) Index (Table 2 of 3)

	Vote 5	Vote 6	Vote 7
Company name	Pearson	Plus500 Ltd	Olympus Corporation
Date of vote	18 September 2020	16 September 2020	30 July 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.10	0.04	0.04
Summary of the resolution	Amend remuneration policy.	Approve special bonus payment to CFO Elad Even-Chen.	Elect Director Yasuo Takeuchi.
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	<p>Pearson issued a series of profit warnings under its previous CEO. The company decided to put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy. Shareholders were not able to vote separately on the two distinctly different items, and felt forced to accept a less-than-ideal remuneration structure for the new CEO.</p>	<p>LGIM does not support one-off discretionary bonuses as these are outside the normal bonus structure. Moreover, discussions with tax authorities and the obtaining of preferential tax structures for the company are seen as part of a CFO's day-to-day job and should not be remunerated separately.</p>	<p>Japanese companies in general have trailed behind European and US companies in ensuring more women are appointed to their boards. At the beginning of 2020, LGIM announced that they would commence voting against the chair of the nomination committee or the most senior board member for those companies included in the TOPIX100. LGIM opposed the election of this director in order to signal that the company needed to take action on this issue.</p>
Outcome of the vote	Opposed by 33% of shareholders.	<p>Given the level of shareholder dissent, the resolution was withdrawn ahead of the AGM, while all the other resolutions were passed.</p> <p>The company stated that: 'The board and the remuneration committee consider that a bonus is appropriate given the outstanding efforts of [the CFO]. As such, Plus500 intends to again propose the resolution for shareholder approval at the EGM to cover 2021 director pay (as is required under Israeli law).</p>	Supported by 94.90% of shareholders.

	Vote 5	Vote 6	Vote 7
Implications of the outcome	Such significant dissent demonstrates the scale of investor concern with the company's approach. It is important that the company has a new CEO; but key governance questions remain which will now need to be addressed through continuous engagement.	LGIM will continue to monitor the company.	LGIM will continue to engage with and require increased diversity on all Japanese company boards.
Criteria on which the vote is considered "significant"	The unusual approach taken by the company and LGIM's outstanding concerns. Also Pearson has had strategy difficulties in recent years and is a large and well-known UK company.	The level of media interest regarding the withdrawal of the resolution as well as the other shortcomings of this company in relation to the expectations of a company listed in London, make this a significant vote. Shareholder dissent to the resolution was sufficiently high that the proposal was withdrawn ahead of the AGM; this will result in the company being included in the UK Investment Association's Public Register.	LGIM considers it imperative that the boards of Japanese companies increase their diversity.

LGIM Global Equity Fixed Weights (50:50) Index (Table 3 of 3)

	Vote 8	Vote 9	Vote 10
Company name	Lagardère	SIG plc	Whitehaven Coal
Date of vote	5 May 2020	9 July 2020	22 October 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.00	0.01	Not provided
Summary of the resolution	Shareholder resolutions A-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).	Approve one-off payment to Steve Francis.	Approve capital protection.
How the manager voted	LGIM voted in favour of five of the Amber-proposed candidates (resolutions H, J, K, L, and M). LGIM voted off five of the incumbent Lagardère SB directors (resolutions B, C, E, F, and G).	Against	For

	Vote 8	Vote 9	Vote 10
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
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. LGIM 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.	LGIM does not generally support one-off payments. They believe that the remuneration committee should ensure that executive directors have a policy in place that is appropriate for their role. The size of the payment was a concern because it was for work carried over a two-month period, yet was equivalent to 65% of his annual salary. Also, £225,000 was to be paid in cash at a time when the company's liquidity position was so poor that SIG plc needed to raise additional funding through a highly dilutive share issue.	The role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy as well as increased regulation. 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.
Outcome of the vote	Resolutions A-P: supported by approx. between 30-40% of shareholders.	Opposed by 44% of shareholders.	Supported by 4% of shareholders.
Implications of the outcome	LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term.	LGIM intend to engage with the company over the coming year to find out why this payment was deemed appropriate and whether they made the payment despite the significant opposition.	LGIM will continue to monitor this company.
Criteria on which the vote is considered "significant"	LGIM noted significant media and public interest on this vote given the proposed revocation of the company's board.	The vote is high-profile and controversial.	The vote received media scrutiny and is emblematic of a growing wave of green shareholder activism.

Barings Dynamic Asset Allocation Fund (Table 1 of 2)

Barings did not explain the definition of significance they used, and as such no reasoning for these votes being deemed significant has been provided.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Doric Nimrod	JPEL Private Equity	East Japan Railway Company	Toyota	Tui AG
Date of vote	10 December 2020	25 November 2020	23 June 2020	11 June 2020	11 February 2020

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<0.2	<0.3	<0.5	<0.5	<0.5
Summary of the resolution	Re-election of Charles Wilkinson, Geoffrey Hall, Suzie Procter and Andreas Tautscher.	Re-election of Chris Spencer, John Loudon, Tony Dalwood and Sean Hurst.	Appointment of director.	Appointment of director.	Board remuneration.
How the manager voted	For	For	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	Yes	Yes	Yes
Rationale for the voting decision	No significant concerns have been identified.	No significant concerns have been identified.	Board is not sufficiently independent.	Board is not sufficiently independent.	Questionable remuneration for incoming CEO.
Outcome of the vote	Accepted	Accepted	Accepted	Accepted	Accepted
Implications of the outcome	Barings continue to actively engage with companies and vote in the best interest of their clients.				
Criteria on which the vote is considered "significant"	Barings review their votes for the year and look at the ones we deem most significant.				

Barings Dynamic Asset Allocation Fund (Table 2 of 2)

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Company name	Diploma plc	LG Chem Ltd	Nissan Chemical Corporation	Greencoat UK Wind plc	Johnson Matthey plc
Date of vote	15 January 2020	20 March 2020	25 June 2020	30 April 2020	23 July 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<0.5	<0.5	<0.5	<0.5	<0.5
Summary of the resolution	Board remuneration.	Election of a non-permanent director: Kwon Young Soo.	Appoint a director: Kojiro Kinoshita.	Re-election of directors.	Re-election of directors.
How the manager voted	Against	Against	Against	For	For

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	Yes	Yes	Yes
Rationale for the voting decision	The amendment is not in the best interests of shareholders.	Board is not sufficiently independent.	Insufficient gender diversity, no diversity policy.	Happy to re-elect the directors.	Happy to re-elect the directors.
Outcome of the vote	Accepted	Accepted	Accepted	Accepted	Accepted
Implications of the outcome	Barings continue to actively engage with companies and vote in the best interest of their clients.				
Criteria on which the vote is considered "significant"	Barings review their votes for the year and look at the ones we deem most significant.				

Fund level engagement

Data Limitations

Information relating to fund level engagement policies was requested from LGIM, Aberdeen Standard and Barings. LGIM and Aberdeen Standard were unable to supply us with engagement information at a fund level, so we have provided information their data at a firm level instead.

Manager	LGIM	Aberdeen Standard	Barings
Fund name	Applicable for all of the Scheme's LGIM funds	Global Absolute Return Strategies	Dynamic Asset Allocation Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	n/a	n/a	69
Number of engagements undertaken at a firm level in the year	891	2,271	> 180
Examples of engagements undertaken with holdings in the fund	<p>The top engagement topics over 2020 were:</p> <ul style="list-style-type: none"> • Climate change • Remuneration • Diversity • Covid-19 	<p>Frequent engagement topics over 2020 were:</p> <ul style="list-style-type: none"> • Reporting • Board matters • Strategy • Environment 	<p>Some of Barings' engagements over the year favoured climate impacts.</p> <p>This can be seen in their work with a US chemicals company.</p>

Manager	LGIM	Aberdeen Standard	Barings
	<ul style="list-style-type: none"> • Strategy • Board composition • LGIM ESG Score • Disclosures • Public health <p>An example is LGIM's engagement regarding Barclays' AGM, in which there has been significant client interest. LGIM endorsed Barclays' ESG target, to shrink its carbon footprint to zero-neutral by 2050, and are focussing on helping Barclays develop plans and achieve their target.</p>	<ul style="list-style-type: none"> • Climate change • Risk/risk management structure • Corporate structure • Labour practices/issues & human capital <p>An example of their engagement is with Volkswagen. Volkswagen is now the first car manufacturer to aim to cut carbon emissions of its fleet by 30% by 2025 and become zero-neutral by 2050. The company is focussing on electric cars as a replacement for the combustion engine. This could be influential in achieving change as Volkswagen could then encourage other car manufacturers to follow this path.</p>	<p>Barings pushed this company to shift more of their business towards improving the production of carbon-neutral fertiliser products. Their engagement with the company is to push for this transition to be as rapid as possible. Doing so would create a very exciting possibility that would dramatically cut their carbon footprint.</p> <p>Another example is provided by their engagement with a Norwegian company. Barings met with the CEO to discuss the emergence of chemical recycling technologies. This discussion led to the CEO developing the understanding that Barings had on these ideas.</p>