

# Samworth Brothers Ltd Superannuation Scheme ('Scheme')

## Implementation Statement

### 1. Introduction

The Trustee is required to make publicly available online a statement ("the Implementation Statement") covering the Samworth Brothers Ltd Superannuation Scheme ('Scheme') in relation to the Scheme's Statement of Investment Principles (the "SIP").

The SIP was amended once during the year ending 5 April 2021, and the changes made were predominantly for regulatory changes relating to ESG factors, corporate governance and voting. This updated SIP came into force from 14 September 2020 which was subsequently updated post the Scheme Year end in June 2021. The latest version of the SIP can be found here <https://schemedocs.com/samworth-brothers-statement-investment-principles.html>. The SIP is reviewed annually.

This first Implementation Statement covers the Scheme year from 6 April 2020 to 5 April 2021. It sets out:

- How, including the extent to which, the Trustee's policies on exercising voting rights and engagement have been followed over the year; and
- The voting by or on behalf of the Trustee, including the most significant votes cast and any use of a proxy during the Scheme year.

The Trustee is responsible for the investment of the Scheme assets. Where it is required to make an investment decision, the Trustee always receives advice from the relevant advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned. The Trustee also sets the investment strategy and general investment policy but has delegated the day-to-day investment of the Scheme's assets, within pre-defined constraints to professional Investment Managers. The Trustee, with advice from their advisers, appoints and monitors the Scheme's Investment Managers.

### 2. How the Trustee's policies on exercising voting rights and engagements have been followed over the Scheme Year

Section 4 of the Scheme's SIP sets out the Trustee's policies in relation to stewardship, corporate governance and Environmental, Social and Governance (ESG) factors.

The Scheme invests in assets with voting rights attached. However, these investments are generally made via pooled investment funds with the Investment Managers where the Scheme's investments are pooled with other investors. Direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is delegated to those underlying Investment Managers.

The Trustee believes it is appropriate to delegate voting and engagements decisions to their Investment Managers in order to achieve an integrated and joined up approach to ESG factors, voting and engagement together. In this way as the Investment Managers consider ESG factors as part of the investment decisions being taken on behalf of the Trustee, the Trustee is satisfied that the Investment Managers can also take account of direct engagement or other factors relating to any voting or engagement and respond to these (as appropriate). The Trustee has therefore not sought to influence voting behaviours and does not intend to change its position at this time.

During the Scheme year the Trustee has carried out the following activity in relation to these policies:

- On behalf of the Trustee, monitoring of the Investment Managers' ESG and stewardship policy was carried out through regular investment and operational due diligence reviews and meetings by the Trustee's investment adviser with any important updates communicated to the Trustee during the Scheme year.
- The Trustee, with the help of their investment adviser, monitored the performance of the Investment Managers against their agreed performance objectives at each of the quarterly Trustee meetings during the Scheme Year.
- The Trustee has reviewed the voting and engagement activity carried out by some of its Investment Managers during the Scheme Year where voting and engagement is most relevant. A summary is provided in the next section.
- Over the period, the Trustee has not held any review meetings with its managers, which it has done in the past, due to a need to prioritise work in relation to the 2020 Actuarial Valuation. However, the Trustee will review its investment manager governance arrangements during an investment strategy meeting later in 2021.
- Following an internal review facilitated by the investment advisor, the Trustee decided in September 2020 to replace two of its Investment Managers as a result of continued performance concerns. This change is expected to improve the long-term prospects for return taking account of the overall level of risk.
- The Trustee will undertake a full investment strategy review post the 2020 Valuation results being finalised later in 2021. As part of this review, the Trustee will consider in detail performance, fees, and the ESG and stewardship policies of its managers.

**Following activity during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the Statement of Investment Principles over the Scheme Year.**

### 3. Voting and Engagement Summary

To ensure all relevant voting and engagement activity is covered, this statement includes information on both

- the underlying investment managers investing in securities; and
- any voting rights retained by the Trustee

Where proxy voting agents have been used, this has been included in the voting information.

#### Summary of voting activity

Due to constraints around management reporting periods which are compiled at quarter end, the data provided below covers the year to 31<sup>st</sup> March 2021.

Source: All data in this section has been provided by the investment managers.

| Equity voting statistics           | BlackRock – UK Smaller Companies Fund | BlackRock – Global Equity Aquila Funds | iShares Emerging Markets Fund | R&M DAA | Newton – Managed Targeted Return* | Newton – BNY Mellon Global Equity Fund | Newton – BNY Mellon Multi-Asset Diversified Fund |
|------------------------------------|---------------------------------------|--|-------------------------------|---------|-----------------------------------|--|--|
| Proportion of total assets         | 1.9%                                  | 19.4%                                  | 4.6%                          | 4.2%    |                                   | 15.8%                                  |  |
| Total meetings eligible to vote    | 189                                   | 658                                    | 709                           | 33      | 5                                 | 65                                     | 137  |
| Total resolutions eligible to vote | 2486                                  | 10315                                  | 6537                          | 199     | 33                                | 1043                                   | 1650   |

|   |       |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|-------|-------|
| % of resolutions did you vote on for which you were eligible?                         | 98.5% | 90.7% | 90.8% | 84.4% | 9.00% | 98.8% | 99.8% |
| % did vote with management?   | 90.8% | 85.2% | 82.3% | 88.7% | 100%  | 81.0% | 87.9% |
| % vote against management?  | 7.7%  | 5.5%  | 8.5%  | 10.7% | 0.00% | 19.0% | 12.1% |
| % abstained   | 0.8%  | 0.7%  | 5.2%  | 0.6%  | 0.00% | 0%    | 0%    |
| % of meetings, for which you did vote, did you vote at least once against management? | 7.0%  | 4.9%  | 7.4%  | 39.4% | 0.00% | 49%   | 36.0% |

\* This Fund is a Fund of Funds. The data provided in the starred column is at the Master level of the Fund. The other Newton columns relate to data provided for some of the underlying Funds within the Managed Targeted Return Fund.

While the managers did not specify if proxy voting agents have been used in providing the voting information set out above, at least R&M DAA and Newton Investment Management use the services of Institutional Shareholder Services amongst other providers to make voting recommendations based on the information provided in their respective voting policies. However, both managers retain the final decision on any vote. BlackRock also utilise proxy voting and their process is led by the BlackRock Investment Stewardship team (BIS).

The Trustee has retained the use of voting (and other) rights in relation to fund resolutions attached to their pooled fund mandates however, there were no votes required during the Scheme year on the Scheme's mandates.

### Trustee's conclusions on voting & engagement

The Trustee has considered the voting behaviour (provided above) along with engagement activity that took place on their behalf during the Scheme Year and is pleased to report that its managers have demonstrated high levels of voting activity, challenge to management and active engagement on a range of relevant topics throughout the Scheme Year. Specifically, the Trustee noted that:

- Most managers were able to provide evidence of high levels of engagement activity.
- The general themes over the Scheme year were around environmental issues, climate strategy in particular, executive pay, board diversity, board independence, and board committee compositions.
- The Scheme's Infrastructure manager's engagement in relation to environmental factors, in particular water stress, as well as engagement on improving social targets.
- The Scheme's Property Fund managers were able to demonstrate good examples of engagement with tenants on ESG related matters. These were largely focused on environmental issues, such as improving building energy efficiency.
- Each relevant manager demonstrated very high levels of voting rights being acted on.
- Challenge to management was demonstrated through votes against management.
- Significant votes provided were typically in relation to board remuneration.
- BlackRock overall has a strong engagement philosophy and has made more commitments to this very recently.
- Proxy voting has been used as described above.