

Implementation Statement

Fine Tubes Limited Retirement Benefits Scheme

Scheme year ended 5 April 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.

The Trustees undertook training over the year on ESG and Stewardship in relation to the current investments at the time and agreed their policies in relation to these. The Trustees' policies also considered the three new investment managers (Columbia Threadneedle Investments, Baillie Gifford and Janus Henderson Investors), who were appointed later on in the year in October 2019.

As part of the appointment process for the new investment managers, the Trustees were satisfied that the approaches taken by the new managers were consistent with the Trustees' view that ESG factors have the potential to be financially material.

Each year, the Trustees receive and review voting information and engagement policies from the investment managers, which is reviewed to ensure alignment with the Trustees' own policies. This exercise was undertaken in October 2020.

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.

Voting Data

The voting data collated for the Scheme is given over the year to 31 March 2020.

The Scheme has undergone significant strategy changes over the year with the complete disinvestment of the Newton Real Return Fund in October 2019 and subsequent investment in the Baillie Gifford Multi-Asset Growth Fund and Columbia Threadneedle Dynamic Real Return Fund in the same period. The voting data given below is not specific to the date of implementation of these new funds, it instead covers the full year to 31 March 2020.

Manager	Legal & General Investment Management	Legal & General Investment Management	Baillie Gifford	Columbia Threadneedle
Fund name(s)	Passive equities: LGIM UK Equity Index LGIM World (ex UK) Equity Index Fund - GBP Hedged	Diversified Growth: LGIM Dynamic Diversified Fund	Diversified Growth: Baillie Gifford Multi Asset Growth Fund	Diversified Growth: Columbia Threadneedle Dynamic Real Return Fund
Structure	Pooled		Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.			
Percentage of resolutions the manager voted on*	99%		98%	99%
Percentage of resolutions the manager abstained from*	1%		2%	3%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	17%		5%	10%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	8%		Data not provided	Data not provided

*as a percentage of possible votes

Source: Legal and General Investment Management, Baillie Gifford, Columbia Threadneedle

There are no voting rights attached to the other assets held by the Scheme, which include LDI, Cash and Multi-Asset Credit, and therefore there is no voting information shown above for these assets.

Significant votes

For the first year of implementation statements we have delegated to the investment manager(s) to define what a "significant vote" is. A summary of the key voting action they have provided is set out below.

Manager	Key voting action over the year
	<p>From 1 January 2020 LGIM announced that they would be voting against the largest 100 companies in the S&P500 Index that have less than 25% women on the board, and have announced that they will strengthen this policy to include all companies in the S&P500 from 2021.</p> <p>LGIM announced their decision to vote against all companies where the Board chair also acts as CEO from 1 January 2020 (excluding Japan due to unique structure).</p>
LGIM Funds:	
LGIM Dynamic Diversified Fund	<p>LGIM announced their decision to vote against all companies in the Japanese large-cap TOPIX 100 Index that do not have at least one female board member. This policy also took effect from 1 January 2020.</p>
LGIM Equity Index funds	<p>Ahead of the 2019 Metro Bank annual general meeting, LGIM publicly pre-announced their intention to vote against the board chair, members of the audit committee, and directors over whom they had independence concerns.</p> <p>LGIM have also signed up to a climate impact pledge under which they divest from companies that do not meet their requirements following a period of engagement. Over 2019, this involved LGIM taking action against 11 companies.</p> <p>LGIM co-filed their first ever shareholder resolution over the year to 31 March 2020. LGIM and other major shareholders put forward a proposal calling on BP to explain how its strategy is consistent with the Paris Agreement on climate change.</p>

Data on significant votes was requested from Baillie Gifford and Columbia Threadneedle. However, this has not been provided in a usable format. The Trustees' investment consultant is liaising with the managers to improve delivery of the data in future, and we understand that the managers are working to improve their disclosures.

There are no voting rights attached to the other assets held by the Scheme and therefore no key voting information is shown above for these assets.

Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustees. The table below provides a summary of the engagement activity undertaken by each manager during the year for the relevant funds. The information is given over the year to 31 March 2020.

Manager	Legal & General Investment Management	Baillie Gifford	Columbia Threadneedle	Janus Henderson		
Fund name	Passive equities: LGIM UK Equity Index Fund LGIM World (ex UK) Equity Index Fund - GBP Hedged	Cash: LGIM Sterling Liquidity Fund	Diversified Growth: LGIM Dynamic Diversified Fund	Diversified Growth: Baillie Gifford Multi Asset Growth Fund	Diversified Growth: Columbia Threadneedle Dynamic Real Return Fund	Multi Asset Credit: Janus Henderson Multi Asset Credit Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes	
Number of engagements undertaken on behalf of the holdings in this fund in the year	Data provided at a firm level	25	86	Data not provided		
Number of engagements undertaken at a firm level in the year	1,110	383	266	Data not provided		

Source: Legal and General Investment Management, Baillie Gifford, Columbia Threadneedle

Janus Henderson have stated that although they can't vote like shareholders, due to the nature of its investments, they engage on ESG issues to better understand a company and positively influence outcomes. They engage through credit analyst dialogue with companies, on a firm wide level with the Responsible Investment Team and industry initiatives.

The Trustees believe that there is less scope for engagement in relation to the Liability driven investment ("LDI") funds, and therefore there is no information shown above for these assets.

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 fund managers over the period to encourage positive governance changes in the companies in which the managers hold shares.

The Trustees and their investment consultant are working with the investment managers to provide additional information in the future, including where indicated above, in order to enhance their ability to assess the investment managers' actions.

Prepared on behalf of the Trustees of the Fine Tubes Limited Retirement Benefits Scheme

October 2020