

Implementation Statement, covering 1 April 2019 to 31 March 2020

The Trustees of the JO Plowright & Co (Holdings) Limited Pension & Assurance Scheme (the “Scheme”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles (“SIP”) during the year. This policy is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the 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 3 below.

1. Introduction – Last review of the voting and engagement policies

The voting and engagement policies in the SIP were reviewed and updated during the Scheme year on 30 September 2019 to reflect the Trustees’ policies on financially material considerations (including ESG issues and climate change), the extent to which non-financial matters are considered, and stewardship (ie voting and engagement) practices.

Whilst the Trustees do not monitor or engage directly with issuers or other holders of debt or equity, they have delegated this responsibility to their investment managers, who they expect to exercise ownership rights and undertake monitoring and engagement in line with the managers’ general policies on stewardship. The Trustees seek to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees reviews how these are implemented in practice.

Further detail on the Trustees’ approach to voting and engagement is set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

2. Voting and engagement

As part of its advice on the selection and ongoing review of the investment managers, the Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

In May 2020, the Trustees reviewed LCP’s responsible investment (RI) scores for the Scheme’s existing managers and funds, along with LCP’s qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the managers’ approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP’s ongoing manager research programme and it is these that directly affect LCP’s manager and fund recommendations. The manager scores and red flags are based on LCP’s Responsible Investment Survey 2020.

The Trustees were satisfied with the results of the review, with the Scheme’s investment managers scoring very strongly overall and amongst the top ranked managers LCP surveyed. As such, no further action was taken.

When the Trustees’ investment managers present at Trustee meetings, the Trustees look to ask questions about the managers’ voting and engagement practices. Where available, the Trustees also review reports from their managers on voting and engagement activities undertaken on their behalf.

3. Description of voting behaviour during the year

All of the Trustees’ holdings in listed equities are held within Newton’s pooled diversified growth fund (ie the Newton Real Return Fund), and the Trustees have delegated to Newton the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year.

3.1 Description of Newton’s voting processes

Overall, Newton prefer to retain discretion in relation to exercising clients voting rights and have established policies and procedures to ensure the exercise of global voting rights. It believes the value of its client’s portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights. Newton’s understanding of a company’s

fundamental business enables it to assess the appropriate balance between the strict application of corporate governance policies and taking into account a company's unique situation.

3.2 Summary of voting behaviour over the year

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

Newton Real Return Fund	
Approximate value of trustees' assets at year end	£8.7m
Average number of equity holdings	79
Number of meetings eligible to vote	70
Number of resolutions eligible to vote	953
% of resolutions voted	97.0%
% of resolutions voted with management	90.2%
% of resolutions voted against management	9.8%
% of resolutions abstained	0%
% of meetings with at least one vote against management	30%

3.3 Most significant votes over the year

We have been provided commentary on ten of the most significant votes undertaken by Newton within the Real Return Fund over the period. We have provided three examples of these below. Details of other significant votes are available upon request.

1) Microsoft Corporation, December 2019. Vote: against management

Summary of resolution: Advisory Vote to Ratify Named Executive Officers' Compensation, ratify external auditors and report on gender pay gap

Rationale: Despite improvements to executive remuneration practices over recent years, the company failed to justify a 40% increase in total compensation for the CEO, which included a significant increase in basic salary. In addition, Newton remained concerned that approximately half of long-term pay awards vest irrespective of performance. Newton voted against the executive compensation arrangements and against the three members of the compensation committee.

Newton also voted against the reappointment of the company's external auditor given it had served in this role for 36 consecutive years.

2) Eversource Energy, May 2019. Vote: against management

Summary of resolution: Advisory Vote to Ratify Named Executive Officers' Compensation

Rationale: Newton voted against executives' compensation arrangements and the long-standing members of the compensation committee owing to the predominant use of long-term pay awards that vest subject only to time served.

3) Suzuki Motor Corp, June 2019. Vote: against management

Summary of resolution: Approve Allocation of Income and Dividends, Elect Directors and Appoint Internal Statutory Auditor(s) and Approve Auditor's/Auditors' Remuneration

Rationale: Newton voted against the board chair and company president owing to concerns surrounding the company's approach to quality control. Newton considered that the board chair and president should be held accountable as they had served on the board for 55 and 16 years respectively.