

## **William Lockie & Company Limited Retirement Benefits Scheme (the 'Scheme') – Engagement Policy Implementation Statement**

### **Introduction**

This statement sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance (“ESG”) factors and climate change set out in the Statement of Investment Principles (‘SIP’) have been followed during the year to 30 June 2021. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

### **Investment Objectives of the Scheme**

The Trustees believe it is important to consider the policies in place in the context of the investment objectives it has set. As set out in the SIP, the Trustee’s primary investment objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustees also aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

The objectives set out above provide a framework for the Trustees when making investment decisions.

### **Policy on ESG, Stewardship and Climate Change**

The Scheme’s SIP includes the Trustee’s policies on ESG factors, stewardship and climate change. The policies in question were last approved on 24 August 2020.

In order to establish these policies, the Trustees discussed ESG and the latest regulatory requirements governing the inclusion of ESG policies and agreed a new SIP setting these policies out on 3 September 2019. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

### **Scheme’s Investment Structure**

The Scheme’s only investment is a Trustee Investment Policy (‘TIP’) with Mobius Life Limited (‘Mobius’). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. As such, the Trustees has no direct relationship with the Scheme’s underlying investment managers.

### **Trustee Engagement**

In the relevant year the Trustees have not engaged with either Mobius or the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change.

The Trustees are working with their investment consultant, Mercer, to consider actions that can be taken to engage with their underlying fund managers going forward. This includes ESG specific ratings within performance reporting (with ratings derived by the investment consultant) which will help to determine whether further action should be taken in respect of specific funds.

### **Voting Activity**

As noted earlier, the Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustees have therefore effectively delegated its voting rights to the managers of the funds the Scheme's investments are ultimately invested in.

The Trustees have not been asked to vote on any specific matters over the Scheme year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Scheme's assets are ultimately invested.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of next years' Statement.

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
<b>Aberdeen Standard</b> Global Absolute Return Strategies Fund	Aberdeen Standard makes use of the services of <b>ISS</b> and provides them with house guidelines to establish a custom policy, which ISS is required to follow when making voting recommendations. Additionally, IVIS research is also used to provide a more efficient method of gathering relevant information. When making decisions for UK companies, IA's Institutional Voting Information Service is used.	2,416 resolutions eligible for (99% cast)	13%	0%	Aberdeen Standard Investment views all votes as significant and vote all shares globally for which we have voting authority. Significant votes are dependent on the client. Aberdeen Standard instead disclose all voting information for all equity holdings.	N/A
<b>Baillie Gifford</b> Diversified Growth Fund	<b>ISS</b> and <b>Glass Lewis</b> – for voting recommendations, but do not delegate or outsource any of its stewardship activities or follow or rely upon their recommendations when deciding how to vote on its clients' shares. All client voting decisions are made in-house. They vote in line with their in-house policy and not with the proxy voting providers' policies.	1,486 resolutions eligible for (97% cast)	4%	1%	The list below exemplifies potentially significant voting situations: <ul style="list-style-type: none"> <li>— Baillie Gifford's holding had a material impact on the outcome of the meeting;</li> <li>— The resolution received 20% or more opposition and Baillie Gifford opposed;</li> <li>— Egregious remuneration;</li> <li>— Controversial equity issuance;</li> <li>— Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders;</li> <li>— Where there has been a significant audit failing;</li> <li>— Where we have opposed mergers and acquisitions;</li> </ul>	<b>DP Aircraft I Limited</b> – Vote "AGAINST" resolution 7.72 for the approval of the Remuneration report.  <b>Rationale:</b> Baillie Gifford opposed the resolution, as they did not feel the proposed fee rises were appropriate given the current operating environment for the business.  <b>Outcome:</b> Pass  <b>Implications:</b> In light of COVID-19 Baillie Gifford opposes the increase to director's fees. Whilst very modest, given the suspension of dividends, dilution

					<ul style="list-style-type: none"> <li>— Where we have opposed the financial statements/annual report;</li> <li>— Where we have opposed the election of directors and executives.</li> </ul>	<p>to shareholders through capital raising and concerns around the business generally, the rationale is that it is inappropriate to raise director's fees.</p> <p><b>Significance:</b> This resolution is significant because Baillie Gifford opposed remuneration.</p>
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