

# Implementation Statement



**STONEPORT**  
PENSIONS

## Implementation Statement

### The Stoneport Pension Scheme

This is the Implementation Statement prepared by the Trustees of Stoneport Pension Scheme (“the Scheme”) and sets out:

- How the Trustees’ policies on exercising rights (including voting rights) and engagement have been followed over the year to 31 December 2022.
- The voting and engagement behaviour of the Trustees, or that undertaken on their behalf, over the year.

#### Stewardship policy

The Trustees’ Statement of Investment Principles (SIP) in force at 31 December 2022 describes the Trustees’ stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in October 2020 and has been made available online here:

<https://www.stoneport.co.uk/wp-content/uploads/2020/10/Statement-of-Investment-Principles.pdf>

There were no changes made to the stewardship policy over the year.

The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Fund’s investment managers.

At this time, the Trustees have not set stewardship priorities or themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

#### How voting and engagement policies have been followed

##### Voting and engagement policies

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Scheme. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights, on the basis that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns.

Where the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the Investment Managers. Where the Scheme invests in segregated mandates the Trustees will have greater influence on the policies and practices of the companies in which the Investment Managers invest. The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectations, then the Trustees may consider terminating the relationship with that Investment Manager.

## Policy implementation

The Scheme's assets currently consist of an Investment Fund, invested in growth assets, and a Matching Fund invested in protection assets. The Investment Fund is now fully managed by Baillie Gifford & Co ("Baillie Gifford") and is administered by Mobius Life via their platform. Over the year, the Investment Fund was previously managed by Canaccord Genuity Wealth Management ("Canaccord"), a trading name of Punter Southall Wealth Limited, however the Scheme disinvested in November 2022. The Matching Fund is invested in underlying funds managed by Legal and General Investment Management ("LGIM") and Insight Investment Management ("Insight"). The Matching Fund assets are administered by Mobius Life via their platform.

Before the Investment Fund was managed by Baillie Gifford, Canaccord implemented their strategy entirely through investing in underlying externally-managed pooled funds. The responsibility for carrying out voting and engagement activities was therefore delegated to the underlying fund managers. In this way, the Trustees had an indirect relationship with the underlying fund managers, and relied on Canaccord to consider the appropriateness of the external managers' stewardship policies.

As Canaccord did not have any voting or engagement rights (given they invested in a range of pooled vehicles), data has been collated from underlying pooled fund managers with the largest holdings. The Trustees believe these funds/managers to be the most significant in terms of voting and engagement given their relative size. Further information on underlying voting was not available from Canaccord given the nature of their holding arrangements.

When appointing Baillie Gifford, the Trustees' investment consultant provided a fund manager recommendation paper which covered ESG and stewardship matters. Based on this report, the Trustees were comfortable that the fund manager's overall approach to these matters was reasonable in the context of their own policies.

The Matching Fund with Mobius is invested in a mix of LDI, gilts and cash funds. There are no voting rights attached to these investments and the scope for engagement is extremely limited given the nature of these asset classes.

The Trustees have reviewed the stewardship and engagement activities of their managers through the preparation of this Implementation Statement. They are satisfied that their stewardship policy has been followed and that no further action is required as a result.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are broadly in alignment with the Scheme's stewardship policies.

**Prepared by the Trustees of the Stoneport Pension Scheme  
June 2023**

## Voting Data

Voting only applies to equities held in the portfolio. The Scheme's equity investments at the year-end were held through a pooled fund with Baillie Gifford, and as such Baillie Gifford votes on behalf of the Trustees.

As noted in the previous section, Canaccord did not hold any voting rights when they managed the Investment Fund. The information shown below relates to the available information from underlying pooled fund managers with the highest allocations (LGIM, Artemis and River and Mercantile) within the Canaccord portfolio at the time of disinvestment in November 2022. The voting data shown is as at 31 December 2022.

Manager	Baillie Gifford	LGIM*	Artemis	River and Mercantile
<b>Fund name</b>	Diversified Growth Fund	UK Equity Index Fund	Artemis Income Fund	Global Recovery Fund
<b>Structure</b>	Pooled			
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.			
<b>Number of company meetings the manager was eligible to vote at over the year</b>	106	759	55	548
<b>Number of resolutions the manager was eligible to vote on over the year</b>	1,140	10,854	970	7,249
<b>Percentage of resolutions the manager voted on</b>	96%	100%	100%	98%
<b>Percentage of resolutions the manager abstained from</b>	1%	0%	0%	1%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	96%	95%	99%	78%
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	3%	5%	0%	22%
<b>Percentage of resolutions voted <i>contrary</i> to the recommendation of the proxy advisor</b>	n/a	4%	0%	14%

NB – figures may not sum to 100% due to rounding. \*Voting and engagement information shown for the LGIM UK Equity Index Fund as opposed to the Legal & General UK Index Trust (which was the actual holding).

The use of proxy voting is summarised below:

- Baillie Gifford – Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource stewardship activities or follow or rely upon their recommendations when deciding how to vote. All client voting decisions are made in-house. Baillie Gifford votes in line with their in-house policy and not with the proxy voting providers' policies.
- LGIM – LGIM use Institutional Shareholder Services' ("ISS") proxy voting service and all voting decisions are made by the internal team at LGIM.

- Artemis – Artemis’ voting is informed and carried out by ISS. Together, they have developed guidelines which take into account Artemis’ expectations for corporate governance for the businesses they invest in.
- River and Mercantile - River and Mercantile use ISS to implement their voting policy, overriding the recommended action when it differs from their General Principles on standards for good corporate governance and management of environmental and social issues.

## Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2022 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. Recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities or themes. At this time, the Trustees have not set stewardship priorities or themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. As a result, for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a “significant vote”. The Trustees have not communicated voting preferences to their investment managers over the period, including in relation to what they considered to be significant votes prior to these votes taking place. This is because the Trustees are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities or themes.

Baillie Gifford have provided a selection of 10 votes which they believe to be significant. In the absence of agreed stewardship priorities or themes, the Trustees have selected 3 votes that cover a range of themes to represent what they consider the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

The data shown which relates to the previously held Canaccord portfolio is for the underlying managers with the largest holdings (and voting rights). The managers provided a selection of at least 10 votes which they believe to be significant and the Trustees have selected 2 votes of the largest holdings for each manager. Please note that all information has been provided by the underlying pooled managers and represents their views.

### Baillie Gifford, Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Galaxy Entertainment Group Ltd	Booking Holdings Inc.	CBRE Group, Inc.
<b>Date of vote</b>	12 May 2022	9 June 2022	18 May 2022
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	6.1%	5.8%	6.2%
<b>Summary of the resolution</b>	Amendment of Share Capital	Remuneration	Shareholder Resolution - Governance
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	No	No

<b>Rationale for the voting decision</b>	Baillie Gifford opposed two resolutions which sought authority to issue equity because they believed the potential dilution levels were not in the interests of shareholders.	Baillie Gifford opposed executive compensation due to concerns with adjustments made to the plan and the granting of retention awards.	Baillie Gifford opposed a shareholder resolution to lower the threshold for shareholders to call a special meeting as they consider that the existing threshold is appropriate.
<b>Outcome of the vote</b>	Pass	Fail	Fail
<b>Implications of the outcome</b>	Baillie Gifford have opposed similar resolutions in previous years and will continue to advise the company of their concerns and seek to obtain proposals that they can support.	Baillie Gifford engaged with the company in advance of the AGM, specifically discussing executive compensation. They outlined their concerns that the adjustments to executive pay and the special payments do not align with shareholders' experience or provide appropriate incentives for management. Following that engagement they decided to oppose the executive compensation resolution and communicated their decision to the company. They intend to re-engage with the company to learn how it intends to respond to the vote outcome and shareholders' concerns.	Ahead of voting, Baillie Gifford had an engagement call with the company to discuss the proposed agenda. They were satisfied to learn about the company's efforts to engage with their holders, including the proponent, who according to the company, did not have any particular concerns over CBRE but backs a lower threshold out of principle. Baillie Gifford intend to follow up with the company later in a year to speak about governance developments.
<b>Criteria on which the vote is considered "significant"</b>	Baillie Gifford have deemed the resolution significant because it received greater than 20% opposition.		

## Canaccord portfolio

	Vote 1	Vote 2	Vote 3
<b>Fund affected</b>	River and Mercantile Global Recovery Fund		LGIM UK Equity Index Fund
<b>Company name</b>	Citigroup Inc.	PayPal	Royal Dutch Shell Plc
<b>Date of vote</b>	26 April 2022	2 June 2022	24 May 2022
<b>Approximate size of underlying fund's holding as at the date of the vote (as % of portfolio)</b>	0.7%	0.7%	6.7%
<b>Summary of the resolution</b>	Report on civil rights and non-discrimination audit	Shareholders to Call Special Meeting	Resolution 20 - Approve the Shell Energy Transition Progress Update
<b>How the manager voted</b>	For	For	Against
<b>If the vote was against management, did the manager communicate their</b>	No	No	LGIM publicly communicates its vote instructions in monthly regional vote reports on its

<b>intent to the company ahead of the vote?</b>			website with the rationale for all votes against management. It is their 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
<b>Rationale for the voting decision</b>	Support for racial equality	Lowering the ownership threshold for shareholders to call a special meeting from 20% to 10% would enhance shareholders' rights.	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.
<b>Outcome of the vote</b>	Fail	Fail	Pass
<b>Implications of the outcome</b>	River and Mercantile will continue to support shareholder resolutions requesting a racial equity audit.	River and Mercantile will continue to support, where appropriate, shareholder proposals that empower shareholders.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
<b>Criteria on which the vote is considered "significant"</b>	Large holding in portfolio and importance of social issue.	Large holding in portfolio.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.

	<b>Vote 5</b>	<b>Vote 6</b>	<b>Vote 7</b>
<b>Fund affected</b>	LGIM UK Equity Index Fund	Artemis Income Fund	
<b>Company name</b>	BP Plc	Corbion NV	Ebro Foods SA
<b>Date of vote</b>	12 May 2022	18 May 2022	29 June 2022

<b>Approximate size of underlying fund's holding as at the date of the vote (as % of portfolio)</b>	3.0%	1.3%	0.9%
<b>Summary of the resolution</b>	Resolution 3 - Approve Net Zero - From Ambition to Action Report	Grant Board Authority to Issue Shares Up to 10 Percent of Issued Capital in Case of Mergers, Acquisitions, or Strategic Alliances	Advisory Vote on Remuneration Report
<b>How the manager voted</b>	For	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	In monthly regional vote reports on its website with the rationale for all votes against management. It is their 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.	This is occasionally done on a case-by-case basis (data requested but not available in these individual cases).	
<b>Rationale for the voting decision</b>	Climate change: A vote for the resolution is applied, though not without reservations. While LGIM note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is LGIM's view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, LGIM remain committed to continuing their constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.	A vote against is warranted because Artemis believe the resolution it is not in line with commonly used safeguards regarding volume.	A vote against is warranted because the vesting period is less than 3 years and due to a lack of disclosure provided by the company in Artemis' opinion.
<b>Outcome of the vote</b>	Pass	Pass	Pass
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their	No further comments provided	



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position on this issue and monitor company and market-level progress.

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**Criteria on which the vote is considered “significant”**

LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.

Vote against management

## Fund level engagement

The table below provides a summary of available engagement information for Baillie Gifford and the underlying managers within the previously held Canaccord portfolio with the largest holdings.

<b>Manager (fund names)</b>	<b>Baillie Gifford</b> Diversified Growth Fund	<b>LGIM</b> LGIM UK Equity Fund	<b>Artemis</b> Artemis Income Fund	<b>River and Mercantile</b> Global Recovery Fund	<b>TwentyFour Asset Management</b> Maitland Inst. TwentyFour Core Corp Bond/ Asset Backed/ Focus Bond
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	37	247	103	130	<b>Core Corporate Bond:</b> 45 ESG engagements, +42 issuer update meetings <b>Asset Backed Fund:</b> 43 ESG engagements, +84 issuer update meetings <b>Focus Bond Fund:</b> 153 ESG engagements, +92 issuer update meetings
<b>Number of engagements undertaken at a firm level in the year</b>	1,255	711	1,496	175	241

## Examples of engagement undertaken

The table below summarises examples of engagement activity undertaken across all funds held by the Scheme during the year.

Fund	Engagement example
Baillie Gifford Diversified Growth Fund	<p><b>Rexford Industrial Realty</b> - Rexford Industrial Realty is a logistics and industrial warehousing provider concentrating on the Southern Californian market. Baillie Gifford met with the CFO of Rexford, Laura Clark, to hear her thoughts on the current market environment and what this means for the company's strategy. The main objective of the engagement was to find out more about its decarbonisation plan, physical risk exposure and adaptation planning alongside broader sustainability discussions. This engagement helped Baillie Gifford to communicate and assess priority sustainability topics. The discussion enhanced their knowledge and added context to Rexford's reporting. Baillie Gifford updated the milestone and priority engagement tracker. When they next meet management, they will ask about further progress to SBTi target setting and improvements to supplier code compliance.</p>
LGIM UK Equity Fund	<p><b>The top engagement topics at a fund level over the year were:</b></p> <ul style="list-style-type: none"> <li>• Climate Change</li> <li>• Remuneration</li> <li>• Board Composition</li> <li>• Corporate Strategy</li> <li>• Energy</li> </ul>
Artemis Income Fund	<p><b>BP Plc</b> – Artemis met with the company after an announcement concerning the acceleration of its net zero plan. The company has marked out clear timelines, with 2022 onwards focusing on the delivery of their decarbonisation plans set out last year. BP's renewables pipeline has also increased to 50GW, and they are currently working with regulators in an attempt to reduce the time taken for wind projects to start delivering electricity after permits have been granted. The timely manner in which BP wrote down its Rosneft stake was another topic of conversation.</p>
River and Mercantile Global Recovery Fund	<p><b>The top engagement topics at a firm level over the year were:</b></p> <ul style="list-style-type: none"> <li>• Climate Action</li> <li>• Remuneration</li> <li>• Employees</li> <li>• Board Diversity</li> <li>• Board Structure</li> </ul>
TwentyFour Asset Management Maitland Inst. Example shown for Core Corporate Bond Fund	<p><b>Southern Company</b> - TwentyFour had a call with the firm's investor relations team to understand its emissions reduction and net zero plans, and its timelines for exiting coal and full Scope 3 emissions disclosure. This was a very constructive and honest call with management. Regulation differs between the US and Europe, so while the plan is to exit coal as soon as possible, local commissions have the final say and they have pushed back and actually extended the decommissioning timeline due to the ongoing energy crisis – this is outside the issuer's control. Overall, on coal the desire and the plan is to exit but external factors are hindering this. Southern Company plans to make a more formal net zero commitment in the near future and disclose Scope 3 emissions in 2023. Many factors are unfortunately out of management's control but there is a lot of work ahead to catch up with European peers. TwentyFour will continue to monitor progress.</p>