

Rubbolite Retirement and Death Benefits Scheme (“the Scheme”)

Implementation Statement for the year ending 5 April 2021

This is the Implementation Statement prepared by the Trustee of the Rubbolite Retirement and Death Benefits Scheme (“the Scheme”) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement have been followed over the year to 31 March 2021.
- The voting and engagement behaviour of the Trustee, or that undertaken on their behalf, over the year.

How voting and engagement policies have been followed

Over the year to 5 April 2021 the Scheme was invested predominantly (c.80%) in a segregated mandate, which has some underlying holdings in pooled funds. The remainder of the Scheme assets are invested in pooled funds. The Trustees have delegated the responsibility for carrying out voting and engagement activities to the Scheme’s fund managers.

The Trustees have not explicitly reviewed the stewardship and engagement activities of their current investment managers during the year to 5 April 2021, but carried out a full investment strategy review for the Scheme during the year which concluded with the appointment of Legal and General Investment Management (“LGIM”) and the investment of the Scheme assets entirely in pooled funds. The Trustees, with assistance from their investment advisers, considered LGIM’s stewardship and engagement activities as part of the exercise to appoint them.

Voting undertaken on behalf of the Trustees

Voting only applies to equities held by the Scheme. The Scheme’s equity investments are held through pooled funds as well as directly through their segregated mandate. Voting on behalf of the Trustees is delegated to the segregated mandate fund manager and the investment managers of the pooled funds.

AXA Investment Managers (“AXA IM”) provided the below voting data for the AXA Distribution Fund as well as the Fund’s key votes included in the appendix. FACET were unable to provide data on specific key votes made over the period on request, as information at this level was not readily available. Our investment consultants are in discussion with the Scheme’s new single investment manager, LGIM, to whom the assets were being transferred following the year end, around how this data will be provided in future statements.

Below is a summary of the voting activity undertaken by each manager that holds equities during the year, together with information on any key priorities and information on the use of proxy voting advisors by the managers.

Voting Data

Manager	AXA IM
Fund name	AXA IM Distribution Fund
Structure	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.
Number of company meetings the manager was eligible to vote at over the year	74
Number of resolutions the manager was eligible to vote on over the year	1,195
Percentage of resolutions the manager voted on	100%
Percentage of resolutions the manager abstained from	0%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	97%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	3%
Percentage of resolutions voted <i>contrary</i> to the recommendation of the proxy advisor	0%

FACET Investment Management

FACET have stated they are not an active investor, and generally they only buy into a company when satisfied that the company has sound corporate governance, considers diversity on the Board and within the workforce, considers their impact on the society and the environment that they operate in. The company has a statement regarding sustainability of the business model.

In general, FACET will vote in line with the management of the company.

FACET will consider voting against management if the company does not have good reasons for the following:

- Separation of Chair and CEO roles
- Does not have two independent non-executive directors
- If any breach of bribery & corruption rules took place, FACET will vote against any Board member that did not act when it occurred
- Executive pay: will vote against contracts over 1 year, if increases are far above that of the workforce and/or if incentive schemes are not simple and clearly defined.

Significant votes

We are currently trying to get this information from managers in a consistent manner.

We have delegated to the investment manager(s) to define what a "significant vote" is. A summary of the data they have provided is set out in the appendix.

Fund level engagement

Manager	AXA IM	FACET
Fund name	AXA IM Distribution Fund	Various
Does the manager perform engagement on behalf of the holdings of the fund	Yes	No
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	No
Number of engagements undertaken on behalf of the holdings in this fund in the year	8 entities engaged with	Not provided
Number of engagements undertaken at a firm level in the year	295 entities engaged with	1 entity engaged with
Examples of engagements undertaken with holdings in the fund	<p>BP and Rio Tinto – Climate change relating to operational emissions reporting, target setting and alignment of targets with decarbonisation pathways.</p> <p>Astrazeneca – Social and environmental topics including access to medicine, drug pricing, Covid-19 and environmental management.</p>	Not provided

Aviva Investors

This holding only represents a very small proportion of total scheme assets <0.5%. Therefore, it was not deemed material to obtain engagement data on behalf of the GM Sterling Bond Fund, especially given the forthcoming disinvestment from the fund.

Appendix – Significant votes data

AXA IM, AXA IM Distribution Fund – table 1 of 3

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	SEGRO Plc	SEGRO Plc	Hostelworld Group Plc	Barclays Plc
Date of vote	21 April 2020	21 April 2020	27 April 2020	7 May 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		Not provided		
Summary of the resolution	Approve Remuneration Report	Re-elect Sue Clayton as Director	Re-elect Michael Cawley as Director	Approve ShareAction Requisitioned Resolution
How the manager voted	Against	Against	Against	Abstain
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No	Yes
Rationale for the voting decision	The manager updated their corporate governance and voting policy to ensure that the largest companies have some element of ESG targets tied to executive remuneration and they vote against companies where they do not see a sufficient target.	The number of directorships assumed by the proposed candidates exceeds the manager's policy.	The board does not include the necessary level of diversity under the manager's voting policy.	Though the manager supported the board's proposed climate resolution, they abstained on the shareholder sponsored resolution to signal the improvements that can still be made to the current transition strategy.
Outcome of the vote	Accepted with 4% dissent	Accepted with 10% dissent.	Accepted with 4% dissent.	Rejected with 24% support.
Implications of the outcome	The manager will continue opposing remuneration arrangements unless ESG performance is taken into consideration in remuneration arrangements or a clear commitment by the company towards it.	The manager will continue opposing directors with significant directorships unless the company demonstrates a strong policy to manage this at board level and director demonstrates sufficient time commitment.	The manager will continue withholding support unless board diversity improves or a clear commitment is made towards improving board diversity.	The manager will continue engaging with Barclays in order to ensure that climate commitments are as ambitious and science-based as the urgency and significance of the challenge.
Criteria on which the vote is considered "significant"	Material governance risk	Material governance risk	Thematic engagement (human capital and diversity) focus.	Thematic engagement (Climate change) focus.

AXA IM, AXA IM Distribution Fund – table 2 of 3

	Vote 5	Vote 6	Vote 7	Vote 8
Company name	Domino's Pizza Group Plc	JD Sports Fashion Plc	JD Sports Fashion Plc	Informa Plc
Date of vote	17 June 2020	31 July 2020	31 July 2020	23 December 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		Not provided		
Summary of the resolution	Elect Matt Shattock as Director	Approve Remuneration Report	Re-elect Andrew Leslie as Director	Adopt the Informa Equity Revitalisation Plan
How the manager voted	Against	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No	No
Rationale for the voting decision	The board does not include the necessary level of diversity under the manager's voting policy.	The manager has concerns around the remuneration quantum and remuneration structure, which they do not consider to be aligned with long-term shareholder interests.	Given the continued level of dissent against remuneration arrangements at the company, along with new and ongoing concerns over remuneration identified, there is limited evidence to indicate that the Committee has appropriately responded to shareholder feedback.	The company replaced performance shares with restricted shares which creates an alignment issue with shareholder interests and increases remuneration quantum.
Outcome of the vote	Accepted with 5% dissent.	Accepted with 31% dissent.	Accepted with 18% dissent.	Accepted with 40% dissent.
Implications of the outcome	The manager will continue withholding support unless board diversity improves or a clear commitment is made towards improving board diversity.	The manager will continue escalating against the company's remuneration arrangements due to lack of response to shareholder concerns.	The manager will continue escalating against the company's remuneration arrangements due to lack of response to shareholder concerns.	The manager will continue opposing non-performance based elements unless significant assurances on quantum and shareholder alignment are brought forward.
Criteria on which the vote is considered "significant"	Thematic engagement (human capital and diversity) focus.	Material governance risk	Insufficient response to shareholder concerns.	Material governance risk

AXA IM, AXA IM Distribution Fund – table 3 of 3

	Vote 9	Vote 10
Company name	Speedy Hire Plc	Berkeley Group Holdings Plc
Date of vote	10 September 2020	4 September 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not provided	
Summary of the resolution	Re-elect David Shearer as Director	Re-elect Adrian Li as Director
How the manager voted	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No
Rationale for the voting decision	The board does not include the necessary level of diversity under the manager's voting policy.	The number of directorships assumed by the proposed candidates exceeds the manager's policy.
Outcome of the vote	Accepted with 5% dissent.	Accepted with 21% dissent.
Implications of the outcome	The manager will continue withholding support unless board diversity improves or a clear commitment is made towards improving board diversity.	The manager will continue opposing directors with significant directorships unless the company demonstrates a strong policy to manage this at board level and director demonstrates sufficient time commitment.
Criteria on which the vote is considered "significant"	Thematic engagement (human capital and diversity) focus.	Material governance risk

Prepared by the Trustees of the Rubbolite Retirement and Death Benefits Scheme

July 2021