

Jarvis Group Limited Pension Plan Implementation Statement for the year ended 31 July 2020

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Jarvis Group Limited Pension Plan (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 31 July 2020 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

In September 2019, the Trustees updated the Statement of Investment Principles (SIP) in relation to environmental, social and corporate governance (ESG) matters and voting issues which, up until that point, had simply been a broad reflection of the investment managers’ own equivalent policies.

The Trustee’s new policy was documented in the Statement of Investment Principles dated September 2020.

The Trustees’ updated policy

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s investment managers. The Trustees require the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees’ requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees’ views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to public equities and investments in equities will also form part of the strategy for the Schroders Diversified Growth Fund in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below.

Legal & General Investment Management World (ex UK) Equity Index Fund

Voting Information

Legal & General Investment Management World (ex UK) Equity Index Fund

The fund manager has not provided stewardship code data at present

The manager voted on 99.83% of resolutions of which they were eligible out of 27,125 votes.

Investment Manager Client Consultation Policy on Voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all clients. Voting policies are reviewed annually and take into account feedback from clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure it continues to help clients in fulfilling their reporting obligations. LGIM also believe public transparency of vote activity is critical for clients and interested parties to hold LGIM to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what was deemed were 'material votes'. LGIM are evolving its approach in line with the new regulation and are committed to provide clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM provide information on significant votes in the format of detailed case studies in the quarterly ESG impact and annual active ownership publications.

LGIM will provide information on significant votes in the format of detailed case studies in its quarterly ESG impact report and annual active ownership publications.

If you have any additional questions on specific votes, please note that LGIM publicly disclose votes for the major markets on its website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page:
<https://www.lgim.com/uk/en/capabilities/corporate-governance/policies-and-voting-disclosures-uk-en/>

Does the manager utilise a Proxy Voting System? If so, please detail

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that it receives from ISS for UK companies when making specific voting decisions

To ensure its proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what it considers are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM have strict monitoring controls to ensure votes are fully and effectively executed in accordance with voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
AMAZON	Shareholder resolutions 5 to 16	Of 12 shareholder proposals, we voted to support 10. We looked into the individual merits of each individual proposal, and there are two main areas which drove our decision-making: disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16) and governance structures that benefit long-term shareholders (resolutions 9 and 14).	Resolution 5 to 8, and 14 to 16 each received approx. 30% support from shareholders. Resolutions 6 and 10 received respectively 16.7 and 15.3% support. Resolution 11 received 6.1% support. Resolution 12 received 1.5 % support. Resolution 13 received 12.2% support. (Source: ISS data)
<p>Despite shareholders not giving majority support to the raft of shareholder proposals, the sheer number and focus on these continues to dominate the landscape for the company. Our engagement with the company continues as we push it to disclose more and to ensure it is adequately managing its broader stakeholders, and most importantly, its human capital.</p>			
EXXONMOBIL	Resolution 1.10 - Elect Director Darren W. Woods	Against	93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods. Approximately 30% of shareholders supported the proposals for independence and lobbying. (Source: ISS data)
<p>We believe this sends an important signal, and will continue to engage, both individually and in collaboration with other investors, to push for change at the company.</p> <p>Our voting intentions were the subject of over 40 articles in major news outlets across the world, including Reuters, Bloomberg, Les Échos and Nikkei, with a number of asset owners in Europe and North America also declaring their intentions to vote against the company.</p>			

Baillie Gifford UK Alpha Fund

Voting Information

Baillie Gifford UK Equity Alpha Fund

The fund manager has not provided stewardship code data at present

The manager voted on 100% of resolutions of which they were eligible out of 613 eligible votes.

Investment Manager Client Consultation Policy on Voting

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. Baillie Gifford do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then they will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Investment Manager Process to determine how to Vote

Thoughtful voting of their clients' holdings is an integral part of Baillie Gifford's commitment to stewardship. They believe that voting should be investment led, because how they vote is an important part of the long-term investment process, which is why their strong preference is to be given this responsibility by their clients. The ability to vote their clients' shares also strengthens their position when engaging with investee companies. Baillie Gifford's Governance and Sustainability team oversees their voting analysis and execution in conjunction with their investment managers. Unlike many of their peers, they do not outsource any part of the responsibility for voting to third-party suppliers. They utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their Governance & Sustainability Principles and Guidelines and they endeavour to vote every one of their clients' holdings in all markets.

How does this manager determine what constitutes a 'Significant' Vote?

- The list below is not exhaustive, but exemplifies potentially significant voting situations:
- Baillie Gifford's holding had a material impact on the outcome of the meeting
 - The resolution received 20% or more opposition and Baillie Gifford opposed
 - Egregious remuneration
 - Controversial equity issuance

- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
 - Where there has been a significant audit failing
 - Where they have opposed mergers and acquisitions
- Where they have opposed the financial statements/annual report
- Where they have opposed the election of directors and executives.

Does the manager utilise a Proxy Voting System? If so, please detail

Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford also have specialist proxy advisors in the Chinese and Indian markets to provide them with more nuanced market specific information.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Jupiter Fund Management	M&A Activity	Abstain	Pass
After consideration, it was felt that the acquisition of Merian Global Investors as the transaction is not identifiably in the interest of long-term shareholders. Baillie Gifford have since sold out of the holding.			
Keller	Amendment of Share Capital	For	Pass
Baillie Gifford have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment. They will monitor this at next year's AGM.			
Standard Chartered	Remuneration - Report	Against	Pass

Baillie Gifford's investors consider that FPAs do not comply with the spirit of what was intended when bonus caps were introduced. For them to consider supporting the remuneration report in future, Baillie Gifford would encourage the company to reconsider the use of FPAs.			
Aggreko	Amendment of Share Capital	For	Pass
Baillie Gifford have previously opposed the authority to issue an additional 5% of issued share capital with pre-emption rights. However, they have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment. They will continue to monitor the situation.			
HomeServe	Amendment of Share Capital	For	Pass
Baillie Gifford have previously opposed the authority to issue an additional 5% of issued share capital with pre-emption rights. However, they have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment. Baillie Gifford will continue to monitor the situation.			

Schroders Diversified Growth Fund

Voting Information
Schroders Diversified Growth Fund
The fund manager has not provided stewardship code data at present
The manager voted on 98.7% of resolutions of which they were eligible out of 17,858 eligible votes.
Investment Manager Client Consultation Policy on Voting
In order to maintain the necessary flexibility to meet client needs, local offices of Schroders may determine a voting policy regarding the securities for which they are responsible, subject to agreement with clients as appropriate, and/or addressing local market issues. Clients in the UK will need to contact their usual client services person(s) on whether or not this is available for the type of investment(s) they hold with Schroders.
Investment Manager Process to determine how to Vote

Schroders evaluate voting issues arising at their investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what they deem to be the interests of their clients. They utilise company engagement, internal research, investor views and governance expertise to confirm their intention. Further information can be found in their Environmental, Social and Governance Policy for Listed Assets policy:
<https://www.schroders.com/en/sysglobalassets/global-assets/english/campaign/sustainability/integrity-documents/schroders-esg-policy.pdf>

How does this manager determine what constitutes a 'Significant' Vote?

Schroders consider "most significant" votes as those against company management.

Schroders are not afraid to oppose management if they believe that doing so is in the best interests of shareholders and their clients. For example, if they believe a proposal diminishes shareholder rights or if remuneration incentives are not aligned with the company's long term performance and creation of shareholder value. Such votes against will typically follow an engagement and they will inform the company of their intention to vote against before the meeting, along with their rationale. Where there have been ongoing and significant areas of concerns with a company's performance Schroders may choose to vote against individuals on the board.

However, as active fund managers they usually look to support the management of the companies that they invest in. Where they do not do this they classify the vote as significant and will disclose the reason behind this to the company and the public.

Does the manager utilise a Proxy Voting System? If so, please detail

Schroders receive research from both ISS and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into their voting decisions. In addition to relying on policies, Schroders will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.

It is important to stress that their own research is also integral to final voting decisions; this will be conducted by both financial and ESG analysts. For contentious issues, Corporate Governance specialists will be in deep dialogue with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders continue to review their voting practices and policies during ongoing dialogue with portfolio managers.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Egis Technology, Inc.	Proposal 3 - Amend Procedures Governing the Acquisition or Disposal of Assets	Against	Voted against Company Management

The proposed amendments, once approved, would grant chairman greater authority in making transaction decisions without any check and balance from the board and independent directors.			
Gamania Digital Entertainment Co. Ltd.	Proposal 7 - Amend Procedures for Lending Funds to Other Parties and Procedures for Endorsement and Guarantees	Against	Voted against Company Management
The proposed increase of caps in endorsement and guarantee provision may expose the company to unnecessary risks.			
The Western Union Company	Proposal 4 - Report on Political Contributions Disclosure	For	Voted against Company Management
Support is warranted at this time as shareholders would benefit from additional disclosure regarding the company's political contributions and its management of associated risks.			
Verizon Communications Inc.	Proposal 6 - Report on Lobbying Payments and Policy	For	Voted against Company Management
Additional reporting on the company's lobbying-related practices, such as its trade association payments and oversight mechanisms, would benefit shareholders in assessing its management of related risks.			
Bristol-Myers Squibb Company	Proposal 4 - Require Independent Board Chairman	For	Voted against Company Management
As the LID role could be more robust (excessive tenure) and there are mounting risks facing the company and the broader healthcare industry, shareholders would benefit from the most robust form of independent board oversight			

Schroders define significant as any 'key vote' where they have gone against the voting recommendation of management. To determine which of these votes were most significant, XPS filtered down the list of votes provided by Schroders. The list was condensed to 9 votes, all of which involved sales, acquisitions, mergers as well as votes where Schroders felt that their voting decision would lead to the management and reduction of risks. The 5 most recent votes are included in this report.