Implementation Statement

2017 Stannah Pension Scheme

Scheme year ended 31 December 2021

Introduction

This statement sets out how, and the extent to which the Statement of Investment Principles ("SIP") produced by the Trustees, has been followed during the year to 31 December 2021. The statement has been produced in accordance with The Penson Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

The 2017 Stannah Pension Scheme has both a Defined Benefit ("DB") section and a Defined Contribution ("DC") section. The DB section has bought out its liabilities; remaining assets are very small and in a cash fund. As such, this document focuses on the DC section, which we refer to throughout this document as the "Scheme" for brevity.

Purpose of this statement

This implementation statement has been produced by the Trustees of the 2017 Stannah Pension Scheme **("the Scheme")** to set out the following information over the year to 31 December 2021:

- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes; and
- A summary of any changes to the Statement of Investment Principles (SIP) over the period;
- A description of how the Trustee's policies, included in their SIP, have been followed over the year.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- The Trustees reviewed the stewardship and engagement activities of the current managers as part of their meetings to discuss the Scheme's triennial investment strategy review, and were satisfied that their policies were reasonable and no remedial action was required at that time.
- The Trustees obtained training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments.
- The Trustees receive and review voting information and engagement policies from the fund managers, which they review to ensure alignment with their own policies. The Trustees believe that the voting and

engagement activities undertaken by the fund managers on their behalf have been in the members' best interests.

- As part of ongoing monitoring of the Scheme's fund managers, the Trustees use ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's fund managers take account of ESG issues.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

How the SIP has been followed over the year

In the Trustees' opinion, the Statement of Investment Principles has been followed over the year in the following ways:

- The Scheme offers a suitable default strategy for members. This was reviewed in July 2021 and appropriate changes made based on the membership profile of the Scheme.
- The Scheme offers a range of self-select fund options which give members a reasonable choice from which to select their own strategy. The self-select fund range is due to be reviewed in 2022.
- The Trustees monitor the performance of the fund managers quarterly to ensure that the funds are meeting their stated objectives. Their Investment Consultant and platform provider, Scottish Widows provide quarterly reports for review.
- The Trustees considered the ESG capabilities of each of the Scheme's fund managers as part of the triennial investment strategy review and agreed that the managers' policies are reasonable.
- The Trustees regularly review the ESG capabilities of the fund managers as part of the quarterly monitoring process.
- The Trustees initiated changes to the default investment strategy in December 2021, which will be implemented over a phased period of around five months. Three new funds were also added to the self-select fund range.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) as at July 2022 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in July 2022 and has been made available online here: https://www.stannah.com/stannah-pension-governance/
No changes were 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 Scheme's investment managers.

Prepared by the Trustees of the 2017 Stannah Pension Scheme
July 2022

Voting Data

This section provides a summary of the voting activity undertaken by the fund managers on behalf of the Trustees. Voting data has been provided by the Scheme's platform provider, Scottish Widows and covers the year to 31 March 2022. The cash fund with BlackRock and the Fixed Income fund with Standard Life (namely the BlackRock Sterling Liquidity Fund and the Standard Life Corporate Bond Fund) have no voting rights and a limited ability to engage with key stakeholders given the nature of the mandate.

Manager	Artemis	Baillie Gifford	LGIM			Meridian	Newton (BNY Mellon)			Schroders
Fund name	Global Equity Fund	UK Equity Fund	Global Equity Market Weights (30:70) Index Fund – GBP 75% Currency Hedged	Diversified Fund	Retirement Income Multi-Asset Fund	Global Equity Fund	Global Equity Fund	Global Balanced Fund	UK Equity Fund	Diversified Growth Fund
Structure	Pooled	Pooled	Pooled	Pooled	Pooled	Pooled	Pooled	Pooled	Pooled	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.									
No. of eligible meetings	179	66	7,142	9,010	10,487	89	58	66	62	1,934
No. of eligible votes	2,298	1,103	72,767	90,252	105,734	1,473	963	1,065	1,134	22,236
% of resolutions voted on	99.4%	100.0%	99.9%	98.8%	99.8%	100.0%	100.0%	96.1%	98.0%	97.6%
% of resolutions abstained from[1]	1.0%	0.2%	1.1%	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	2.1%

Manager	Artemis	Baillie Gifford	LGIM			Meridian	Newton (BNY Mellon)			Schroders
% of resolutions voted with management[1]	90.2%	99.3%	82.0%	78.7%	80.0%	93.4%	80.6%	84.7%	93.1%	97.6%
% of resolutions voted against management[1]	9.3%	0.5%	16.9%	20.5%	19.3%	6.6%	19.4%	15.3%	6.9%	0.3%
Proxy voting advisor employed	Artemis employ Institutional Shareholder Services ("ISS") as their proxy voting advisor, who's input helps facilitate their overall voting policy.	Baillie Gifford employ both ISS and Glass Lewis as proxy advisors, however all decisions are made in-house in line with their own policies.	LGIM use ISS as their proxy advisor however all decisions are made by LGIM in line with their own policies.			Meridian employs ISS as their proxy advisor, however all voting decisions are made in-house.	Newton employs ISS as their proxy advisor. All decisions are made in-house, except in the case where they believe there is a material conflict of interest, in which case they will follow the recommendation from ISS.			Not provided
% of resolutions voted against proxy voter recommendation[1]	0.2%	Not provided	9.2%	12.5%	11.4%	Not provided	12.6%	10.9%	5.8%	Not provided

[1] As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a "significant" vote, so for this Implementation Statement the Trustees have asked the fund managers to determine what they believe to be a "significant vote". The tables below show 3 of these votes for each fund. Schroders were unable to provide this information for the Diversified Growth Fund but we are working with them to improve disclosure going forwards.

A summary of the significant votes provided is set out below.

Artemis, Global Equity Fund

	Vote 1	Vote 2	Vote 3
Company name	China Suntien Green Energy Corporation Limited		
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.94%		
Summary of the resolution	Approve estimated connected transactions	Approve issuance of equity or equity-linked securities without pre-emptive rights	Approve renewal of the Financial Services Framework Agreement
How the manager voted	Against	Against	Against
Rationale for the voting decision	Artemis voted against this proposal because the proposed related-party transactions include financial services with the group finance company, which may expose the company to unnecessary risks.	Artemis voted against this resolution because the share issuance limit is greater than 10% of the relevant class of shares and the company has not specified the discount limit.	Artemis voted against this proposal because the proposed related-party transactions include financial services with the group finance company, which may expose the company to unnecessary risks.
Outcome of the vote	The resolution passed.	The resolution passed.	The resolution passed.
Implications of the outcome	Artemis provided no further comments on the implications of the outcome.		
Criteria on which the vote is considered "significant"	Artemis considered this vote to be significant because the vote was against management and the percentage of votable shares exceed 1%.		

Baillie Gifford, UK Equity Fund

	Vote 1	Vote 2	Vote 3
Company name	Rio Tinto Plc.	BHP Group Plc.	Standard Chartered Plc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.40%	3.54%	1.52%
Summary of the resolution	Remuneration report for executives	Climate resolution and the Paris Agreement	Remuneration report

	Vote 1	Vote 2	Vote 3
How the manager voted	Against	For	Against
Rationale for the voting decision	Baillie Gifford had concerns with the timing and use of bonus deductions for executive remuneration and in addition, did not agree with the decisions made by the Remuneration Committee in 2021, with regards to severance payments and the vesting of long-term incentive awards.	Baillie Gifford voted for this resolution because they believe Climate Change is a material consideration for the company and believe the board has a responsibility for ensuring successful implementation of the climate strategy.	Baillie Gifford opposed this resolution due to the continued use of fixed pay allowances, which they believe to be poor practice.
Outcome of the vote	The resolution passed.	The resolution passed.	The resolution passed.
Implications of the outcome	Baillie Gifford communicated their voting decisions to the company prior to the AGM and will continue to engage with the company going forwards.		
Criteria on which the vote is considered "significant"	Baillie Gifford considered this vote to be significant as they opposed remuneration.	Baillie Gifford considered this vote to be significant as it was submitted by shareholders and received greater than 20% support.	Baillie Gifford considered this vote to be significant as they opposed remuneration.

Legal & General Investment Management, all growth funds

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Microsoft Corporation	Barrick Gold Corporation
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.37%	0.32%	0.25%
Summary of the resolution	Report on Civil Rights Audit	Elect Director Satya Nadella	Elect Director Gustavo A. Cisneros
How the manager voted	For	Against	Withhold
Rationale for the voting decision	LGIM voted for the proposal as they support proposals related to diversity and inclusion policies and believe these to be a material risk to companies.	LGIM voted against the resolution as they expect companies to separate the roles of Chair and CEO due to risk management and oversight.	Since 2020, LGIM have voted against the largest companies in the S&P 500 where there is less than 25% women on the board.
Outcome of the vote	The resolution passed.	The resolution passed.	The resolution passed.
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on these issues and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM views gender diversity as a financially material issue for their clients, with implications for the asset they manage on clients' behalf.	This vote was linked to LGIM's engagement campaign, in line with their Investment Stewardship team's five-year	LGIM views gender diversity as a financially material issue for their clients, with implications for the asset they manage on clients' behalf.

	Vote 1	Vote 2	Vote 3
		ESG priority engagement themes.	

Meridian, Global Equity Fund

	Vote 1	Vote 2	Vote 3
Company name	American Express Company	Omnicom Group Inc.	The Charles Schwab Corporation
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.24%	0.27%	1.43%
Summary of the resolution	Elect Director Thomas J. Baltimore	Report on Political Contributions and Expenditures	Declassify the Board of Directors
How the manager voted	Against	For	For
Rationale for the voting decision	Meridian voted against the nominee due to excessive service on public boards. As specified in Meridian's voting policies, for a director who is not a CEO of a public company, Meridian will vote against a nominee who serves on more than 4 public company boards in total.	Meridian voted for the proposal as they believe shareholders would benefit from additional disclosures regarding the company's political contributions and lobbying activity.	Meridian believes shareholders' ability to withhold votes from or vote against directors is a powerful mechanism through which shareholders may express dissatisfaction with company/director performance.
Outcome of the vote	The resolution passed.	The resolution passed.	The resolution passed.
Implications of the outcome	Meridian will aim to engage with companies whose directors may be implicated by their overboarding policy, in an effort to learn more about the circumstances surrounding the overboarding.	Meridian expects to see the issuer work to resolve this issue as there was significant shareholder support for the resolution.	
Criteria on which the vote is considered "significant"	Meridian defines a significant vote as a vote that may have the following characteristics, among others: the vote is linked to certain engagement priorities, the vote is considered engagement with the issuer, the vote relates to certain thematic or industry trends, etc.		

Newton (BNY Mellon), all growth funds

	Vote 1	Vote 2	Vote 3
Company name	Abbot Laboratories	Mastercard Incorporated	Barclays Plc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.28%	1.43%	1.81%
Summary of the resolution	Political Lobbying Disclosure and Discrimination report	Elect Directors and advisory vote to ratify named Executive Officer's compensation	Climate Change action
How the manager voted	For	Against	For
Rationale for the voting decision	Newton voted for a shareholder proposal requesting further disclosure surrounding lobbying payments made by the company as they felt that this would help shareholders better assess the associated risks. Newton also supported a shareholder proposal requesting the company provide quantitative data on how it tackles racial justice. The company outlined its targets towards equal employment and increasing diversity and inclusion within its 2030 sustainability goals. However, with further quantitative data, shareholders will be able to assess better the success of the company's initiatives and the company's ability to attract, retain and develop talent.	Newton voted against the executive compensation arrangements and the compensation committee members. A significant proportion of the long-term pay awards are subject only to time served, without a requirement to meet predetermined performance hurdles. In addition, in-flight performance adjustments were made to the annual incentive awards and the equity awards. This resulted in on-target payouts being made when, without the adjustments, performance would have been below target.	Newton supported a climate-change resolution in relation to setting short, medium and long-term climate targets. Despite recognising the progress Barclays had made over the last year, the company's targets continue to be based on the outdated International Energy Agency Sustainable Development Scenario, which aims to achieve net zero by 2070. In light of this, Newton felt continued pressure on the bank was required.
Outcome of the vote	The resolutions did not pass.	The resolution passed.	The resolution did not pass.
Implications of the outcome	Although the resolutions did not receive majority support, it is expected that the company will seek to address related concerns in order to prevent similar proposals at future shareholder meetings being raised.	Newton considered the vote outcome to be material and of a level where the company is expected to address concerns. They will continue to vote against the pay proposals where they consider the compensation structure is not aligned with the long-term interests of shareholders.	The vote outcome suggests that a significant minority of investors share Newton's concerns in relation to the company's outdated approach to climate change. Newton will continue to engage with the company to encourage progress.
Criteria on which the vote is considered "significant"	Newton believes this to be a significant vote as the proposals sought fundamental governance reforms of the company.	The vote outcome, in isolation, is considered significant. In addition, it is also noted that this provides evidence of the increasing number of US shareholders that formally	Newton determined this to be a significant vote owing to the increasing incidents financial institutions face in relation to climate change and the media

	Vote 1	Vote 2	Vote 3
		lodge their concern with pay practices through the exercise of voting rights.	attention that this subject is attracting.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Artemis	Baillie Gifford	LGIM	Meridian	Newton	Schroders
Fund name	Global Equity Fund	UK Equity Fund	Global Equity Market Weights (30:70) Index Fund – GBP 75% Currency Hedged Diversified Fund Retirement Income Multi-Asset Fund Pre-Retirement Fund	Global Equity Fund	Global Equity Fund Global Balanced Fund UK Equity Fund	Diversified Growth Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	1,747*	491*	Global Equity MW Fund – 617 Diversified Fund – 631 Retirement Income Multi-Asset Fund – 640 Pre-Retirement Fund – 176	18	Global Equity Fund – Not provided Global Balanced Fund – 31 UK Equity Fund – 26	>1000
Number of entities engaged on behalf of the holdings in this fund in the year	Not provided	Not provided	Global Equity MW Fund – 418 Diversified Fund – 434 Retirement Income Multi-Asset Fund – 443 Pre-Retirement Fund – 83	Not provided	Global Equity Fund – Not provided Global Balanced Fund – 22 UK Equity Fund – 21	>600
Number of engagements undertaken at a firm level in the year	130	Not provided	Not provided	85	190	2,468

Examples of engagement activity

Some examples of engagement activities for each of the investment managers have been provided below. LGIM were unable to provide examples of their engagement over the period in question, but we are working with them to improve disclosure going forwards.

Artemis Global Equity Fund

Tesla: Environmental

Tesla is estimated to have the largest operational footprint in the fund, although these emissions need to be considered in the context of the greenhouse gases saved due to the company's products and services. Recent discussions with Tesla have indicated that better disclosure and targets on operational emissions are forthcoming. Similar to Tesla, there are a significant number of companies in the portfolio, Alfen, SolarEdge, Vitasoy, Kornit Digital, thredUp, Tomra, Montrose Environmental and TetraTech, whose products and services are reducing emissions. Artemis are encouraging those companies in the portfolio that currently make no climate disclosures to begin doing so and are urging those that do make disclosures to set targets for reducing emissions.

Baillie Gifford, UK Equity Fund

Hargreaves Lansdown Plc: Environmental, Social and Governance

On a call with the Chair, Deanna Oppenheimer, Baillie Gifford encouraged improvements in ESG practices and disclosures. They were pleased to hear that this has been a particular focus for the board over the past year and with her assurance progress will be evident in the annual report. Discussion also covered the appointment of three new non-executives and a number of senior management changes. Attention is being paid to diversity and inclusion at all levels within the company. Later in the quarter, Baillie Gifford also had a call with the remuneration committee chair to discuss proposed changes including the incorporation of ESG performance conditions into the annual bonus assessment.

Meridian, Global Equity Fund

American Express: Diversity and Inclusion

Members of the stewardship team engaged with representatives of American Express, where they discussed ongoing board refreshment efforts (five new directors have been added to the board in 2020 & 2021), board service (including a director whom Meridian considers to be overboarded), board oversight and frequency of firmwide cybersecurity audits, the board's approach to measuring DE&I metrics that are incorporated into executives' annual bonus payouts, as well as a majority-supported (59% support) shareholder proposal requesting enhanced reporting on DE&I efforts. In response to the majority supported shareholder proposal, the company plans to enhance its disclosures regarding 2020 U.S EE0-1 data, while also adding new disclosures to its ESG report relating to median pay gap, promotion, recruitment, and retention of colleagues.

Newton (BNY Mellon), all growth funds

BAE Systems Plc: Governance and remuneration

Ahead of the company's AGM, Newton engaged with the company as it sought shareholder support for changes to its CEO's remuneration arrangements. The changes included an above inflation increase in base pay and a one-off award of shares. Newton are not supportive of one-off awards and consequently sought more clarity on the rationale and context of the remuneration changes. The company explained that the CEO was offered a similar role at another FTSE100 company whilst applying for non-executive director roles, having held the BAE CEO role for three years. The company felt that it was in the interests of all stakeholders to ensure that the CEO was retained, thus offering a financial incentive. This included a 13% pay rise, meaning his pay would be at median levels versus his peers, and £2 million of share options, which would be subject to performance conditions and him remaining in post until December 2023. Newton do not believe that one-time awards are effective in retaining individuals and, as at 2023 when the proposed one-off award vests, there would be a lack of financial incentive that would help retain the CEO to BAE. Despite this, Newton considered that the CEO had performed well and retaining him, at least for the mid-term, was a sensible course of action.

Schroders, Diversified Growth Fund

Amazon: Worker’s rights

Schroders requested comparable health and safety statistics, beyond Amazon's own safety leadership index, in order to better monitor their approach to worker’s rights. Following from this, Amazon increased disclosure on their health and safety statistics. Additionally, the company has introduced a few comparable safety statistics and Schroders have noted that they would like to see more metrics beyond the safety leadership index to mark this engagement as achieved.