

**Blyth Harbour Commission Retirement Benefits Scheme  
Implementation Statement  
Year Ending 31 March 2021**

**Glossary**

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Blyth Harbour Commission Retirement Benefits Scheme
Scheme Year	1 April 2020 to 31 March 2021
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

**Introduction**

The Trustees have reviewed the extent to which their policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement summarises the voting record of the Scheme’s investment managers and provides information on the significant votes made in respect of the Trustees’ equity holdings. Information is also provided on the how the Scheme’s investment managers make use of the services of proxy voting advisers.

**Relevant Investments**

The Scheme’s assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- LGIM UK Equity Index Fund
- LGIM World (ex UK) Equity Index Fund
- Rathbones Private Accounts

## **The Trustees' Policy Relating to the Exercise of Rights**

### Summary of the Policy

The Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme Year to comply with new legislation which required additional information to be stated about the nature of the arrangements in place with the investment managers. Part of the new wording provided a more detailed explanation of the Trustees' policy relating to the exercise of rights.

A summary of the Trustees' policy is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

## Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustees did not select any new funds during the period.
- Whilst the Trustees did not consider the voting records of the investment managers during the Scheme Year, that analysis has now been undertaken. The Trustees, in conjunction with their Investment Adviser, have considered the voting record of the investment managers over the year ending 31 March 2021 as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.

## **The Investment Managers' Voting Records**

A summary of the investment managers' voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/ abstained
<b>LGIM</b>	26,807	79%	19%	2%
<b>Rathbones</b>	7,535	96%	3%	1%

### Notes

*These voting statistics are based on each manager's full voting record over the 12 months to 31 March 2021 rather than votes related solely to the funds held by the Scheme.*

**Use of Proxy Voting Advisers**

<b>Investment Manager</b>	<b>Who is their proxy voting adviser?</b>	<b>How is the proxy voting adviser used?</b>
<b>LGIM</b>	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.
<b>Rathbones</b>	ISS	ISS administer votes and provide research but voting is determined by guidelines set by Rathbones.

**The Investment Managers' Voting Behaviour**

The Trustees have reviewed the voting behaviour of the investment managers by considering the following:

- broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. “with management” or “against management”);
- the votes they cast in the year to 31 March 2021 on the most contested proposals in eight categories across the UK, the US and Europe;
- the investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the investment managers with their peers over the same period.

The Trustees' key observations are set out below.

**Voting in Significant Votes**

Based on information provided by the Trustees' Investment Adviser, the Trustees have identified significant votes in eight separate categories. The Trustees consider votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply “waved through”. In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the eight categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustees considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

## **Description of Voting Behaviour**

### LGIM

Relative to its peers, LGIM shows a higher tendency to vote against directors' proposals. The manager has also shown strong support for shareholders' proposals aimed at tackling a broad range of environmental and social issues.

The manager's voting policy is detailed and includes clear rationales and rules for when it will vote against directors' recommendations on a proposal.

LGIM voted against 19% of director proposals during the year and showed a tendency to do this in contentious votes. This suggests that LGIM is taking its stewardship responsibilities seriously.

### Rathbones

Whilst Rathbones supported a higher proportion of votes directors' proposals than many of their peers this is in part explained by their limited number of shares which they own.

They did however show a willingness to vote against directors' wishes on a number of occasions; most notably on executive pay and in support of shareholder resolutions designed to tackle ESG issues.

As such we have no concerns over Rathbones voting record.

## **Conclusions**

Based on the analysis undertaken, the Trustees have no concerns regarding the voting records of LGIM and Rathbones.

The Trustees will keep the voting actions of the investment managers under review.

Signed By: **Stephen Mills**

Date: **29 September 2021**

Signed on behalf of the Trustees of the Blyth Harbour Commission Retirement Benefits Scheme

## Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustees.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LGIM	Rathbones
<b>Audit &amp; Reporting</b>						
YARA INTERNATIONAL ASA	07/05/2020	Receive the Directors Report	50	50	Did Not Vote	Not held
THE MOSAIC COMPANY	21/05/2020	Appoint the Auditors	65	32	For	Not held
NORTHROP GRUMMAN CORPORATION	20/05/2020	Appoint the Auditors	24	75	Against	Not held
VIVENDI SA	20/04/2020	Approval of the Information set out in the Corporate Governance Report	74	23	Against	Not held
INVESTEC PLC	06/08/2020	Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company	78	22	Against	Not held
<b>Shareholder Capital &amp; Rights</b>						
STMICROELECTRONICS NV	17/06/2020	Grant Board Authority to Issue Shares Up To 10 Percent of Issued Capital and Exclude Pre-emptive Rights	46	54	Against	Not held
TI FLUID SYSTEMS PLC	14/05/2020	Approve the Dividend	43	57	For	Not held
NIELSEN HOLDINGS PLC	12/05/2020	Authorise Share Repurchase	58	42	Against	Not held
JUST EAT TAKEAWAY.COM N.V.	14/05/2020	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	60	40	Against	Not held
BIFFA PLC	16/07/2020	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	63	36	Against	Not held
<b>Pay &amp; Remuneration</b>						
YARA INTERNATIONAL ASA	07/05/2020	Approve Fees Payable to the Board of Directors	50	50	Did Not Vote	Not held
ALTRIA GROUP INC.	14/05/2020	Advisory Vote on Executive Compensation	49	50	Against	Not held
STMICROELECTRONICS NV	17/06/2020	Approve Remuneration Policy for Management Board	50	50	Against	Not held
AROUNDTOWN SA	24/06/2020	Approve Remuneration Policy	49	51	Against	Not held
WIZZ AIR HOLDINGS PLC	28/07/2020	Approve the Remuneration Report	48	52	Against	Not held
<b>Constitution of Company, Board &amp; Advisers</b>						
CONTOURGLOBAL PLC	27/05/2020	Re-elect Marian Gheorghe	50	50	For	Not held
SOLVAY SA	12/05/2020	Indicate Aude Thibaut de Maisieres as Independent Board Member	50	50	Against	Not held
UBS GROUP AG	29/04/2020	Elect Remuneration Committee Member: Dieter Wemmer	48	48	For	Not held
INTEGRAFIN HOLDINGS PLC	08/03/2021	Re-elect Michael Howard - Executive Director	48	48	Against	Not held
F5 NETWORKS INC	11/03/2021	Elect Michael Combes - Non-Executive Director	47	53	Against	Not held
<b>Merger, Acquisition, Sales &amp; Finance</b>						
DELIVERY HERO SE	18/06/2020	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to	78	22	Against	Not held
DASSAULT SYSTEMES SE	26/05/2020	Delegate Power to the Board to Acquire Certain Assets of Another Company	80	20	Against	Not held
OCCIDENTAL PETROLEUM CORPORATION	29/05/2020	Approval of Issuance of Common Stock Underlying the Berkshire Hathaway Warrant	83	16	For	Not held
CALEDONIA INVESTMENTS PLC	29/07/2020	Approve Rule 9 Waiver	84	16	Against	Not held
NORTH ATLANTIC SMALLER COMPANIES I.T. PLC	26/06/2020	Waive Rule 9 of the Take Over Code	33	16	Against	Not held
<b>Other Company Resolutions</b>						
PEUGEOT SA	25/06/2020	Authorize Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer	69	31	Against	Not held
GROUPE BRUXELLES LAMBERT (GBL)	28/04/2020	Approve Change-of-Control Clause Re: Option Plan	71	29	Against	Not held
VIVENDI SA	20/04/2020	Approve Additional Pension Scheme Agreement with Herve Philippe, Management Board Member	70	27	Against	Not held
OCCIDENTAL PETROLEUM CORPORATION	29/05/2020	Approve the Rights Agreement	74	26	For	Not held
ELEMENTIS PLC	29/04/2020	Meeting Notification-related Proposal	80	20	For	Not held
<b>Governance &amp; Other Shareholder Resolutions</b>						
NETAPP INC	10/09/2020	Shareholder Resolution: Written Consent	50	49	Against	Not held
HP INC	12/05/2020	Shareholder Resolution: Written Consent	50	50	Against	Not held
CHIPOTLE MEXICAN GRILL INC	19/05/2020	Shareholder Resolution: Report on Employment-Related Arbitration	51	49	For	Not held
CHEVRON CORPORATION	27/05/2020	Shareholder Resolution: Report on Lobbying Payments and Policy	49	43	For	Not held
KIMBERLY-CLARK CORPORATION	29/04/2020	Shareholder Resolution: Written Consent	49	49	Against	Not held
<b>Environmental &amp; Socially Focussed Shareholder Resolutions</b>						
JPMORGAN CHASE & CO.	19/05/2020	Shareholder Resolution: Climate Change Targets	49	49	For	For
EXPEDITORS INTERNATIONAL OF WASHINGTON IN	05/05/2020	Shareholder Resolution: Board Diversity	53	47	For	Not held
ORACLE CORPORATION	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	46	54	For	Not held
HUNT J B TRANSPORT SERVICES INC	23/04/2020	Shareholder Resolution: Climate Change Initiatives	54	45	For	Not held
TRANSNIGM GROUP INCORPORATED	29/06/2020	Shareholder Resolution: Environmental Issues	45	55	For	Not held

### Note

Where the voting record has not been provided at the fund level, the analysis is based on the shares held within the Scheme's pooled funds as at points during the period. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote.