

Implementation Statement



T Clarke Group Retirement and Death Benefits Scheme ('Scheme')

Implementation Statement

1. Introduction

The Trustee is required to make publicly available online a statement ("the Implementation Statement") covering the T Clarke Group Retirement and Death Benefits Scheme ('Scheme')

This first Implementation Statement covers the Scheme year from 1 January 2020 to 31 December 2020. It sets out:

- How the Trustees' policies on exercising voting rights and engagement have been followed over the year; and
- The voting by or on behalf of the Trustees, including the most significant votes cast and any use of a proxy.

The Trustees believe that they have acted in accordance with and followed the policies set out in the Statement of Investment Principles over the Scheme year.

2. Voting and Engagement Summary

The Trustees have followed their policy on voting and engagement as set out in the Statement of Investment Principles over the year to 31 December 2020.

The Trustees' investment adviser, River and Mercantile Investments Limited ("RAMIL") is a division of the River and Mercantile Group. The River and Mercantile Group is a PRI signatory and were rated A+ by PRI in 2019 for their Strategy and Governance.

The Scheme investments are made via pooled investment funds with the underlying investment managers, in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is delegated to the underlying investment managers.

The Trustees have retained the use of voting (and other) rights attached to their mandates, however, the respective managers of the mandates retain responsibility for voting on their underlying holdings.

DB Section Growth Portfolio

We have included voting statistics for the mandates that this is currently most relevant to.

Engagement activities are included for the following mandates: Barings, Invesco and M&G.

Asset class	Fund name	Strategic Allocation within Growth Assets
Structured Equity	River and Mercantile EDOS (Options and Gilts)	36%
Multi-Asset	Baring Asset Management Dynamic Asset Allocation Fund	25%
Multi-Asset	Invesco Perpetual Global Targeted Returns Pension Fund	15%
Multi-Asset	M&G Episode Allocation Fund	24%

The Trustees note the investment managers have actively engaged with the voting process and have voted by far on the majority of available resolutions. The Trustees also note that there were relatively few occasions in which the managers have abstained which evidences an active approach.

The investment managers at times voted against management recommendations which can be seen as evidence of the fact the manager does engage fully with the process.

Invesco views proxy voting as an integral part of its investment management responsibilities. The proxy voting process at Invesco focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. Invesco's proxy voting process is designed to ensure that proxy votes are cast in accordance with the best interests of all clients.

Although Barings uses the service of a proxy advisor, their investment teams review all recommendations of the advisor and have full discretion to deviate if they deem it is in the best interests of clients or if voting will reinforce an engagement plan. For instances when a member of the investment team wishes to vote against the proxy adviser's recommendation, the Compliance team will check if the concerned employee has a personal interest in the issuer, and if necessary, challenge the voting intention. Barings policy is to vote in line with their voting provider recommendations unless it is determined not in the clients best interest to do so.

M&G's policy on voting where the voting matter is within their investment discretion is based on the exercise of their fiduciary duties, they will exercise the voting rights on behalf of UKPF.

Voting and engagement data

Baring Asset Management Dynamic Asset Allocation Fund

Voting Statistics

How many meetings were you eligible to vote at?	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?	In what % of meetings, for which you did vote, did you vote at least once against management?
14	102	85.71%	84.72%	15.28%	0%	28.57%

Most significant vote(s) and examples of Engagement

During the fourth quarter, the fund carried out 26 engagements across 17 companies. These break out as 4 Social, 16 Governance and 6 Environmental.

Engagement successful over the past quarter:

CF Industries Holdings, Inc

As an example, Barings engaged with CF Industries Holdings, Inc (a US chemicals firm with large fertiliser businesses) to push them towards shifting more of their business into green ammonia and increasing production of 'blue' ammonia.

Green ammonia is used in the production of carbon-neutral fertiliser products, decarbonising the food value chain, and also has potential as a future climate-neutral shipping fuel. Blue ammonia is ammonia used as feedstock to make blue hydrogen, which is essentially hydrogen made from fossil fuels through a process that captures and stores the carbon dioxide produced rather than release it into the atmosphere.

In Baring's opinion, CF Industries Holdings is ideally placed to benefit from the trend of increasing adoption of these processes. Engagement with the company is to push for this transition to be as rapid as possible. Doing so would create a possibility that would dramatically cut their carbon footprint and in Barings' view open up a very strong financial opportunity as their product would then command a price premium, particularly given the increased demand from Japan and other entities that want to source blue ammonia for an environmentally friendly shipping fuel alternative.

Doric Nimrod Air One Ltd

Barings has engaged with the Chairman highlighting that the events of the past year or so have caused a significant shrinkage in the market cap of the structure, and therefore all fixed costs, including director fees, are becoming increasingly significant relative to the size of the company. Barings has engaged by asking what measures the board has taken to reduce costs in the structure over the

past 12 months as well as why the board believes it is appropriate to retain the services of 4 directors in a £16m market cap company. It seems that 3 or even 2 could be sufficient. Their response was underwhelming and Barings did not feel the costs of the corporate structure are being reduced adequately. Given the underwhelming response by the Chairman, Barings voted against both his appointment and the remuneration reports.

Invesco Perpetual Global Targeted Returns Pension Fund

Voting Statistics

How many meetings were you eligible to vote at?	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?	In what % of meetings, for which you did vote, did you vote at least once against management?
347	5035	98%	94%	5%	0%	34%

Most significant vote(s) and examples of Engagement

Invesco's investor-led proxy voting approach ensures that each meeting is voted in the firm's clients' best interests and each proposal, both management and shareholder, is considered in light of the risk and materiality to the portfolios. As part of the firm's Shareholder Rights Directive II implementation, the following criteria are used when determining whether a voting item is significant; (i) materiality of the position, (ii) the content of the resolution and (iii) inclusion on Invesco's ESG watchlist.

Edenred SA

- Summary of the resolution: Approve Issuance of Equity or Equity-Linked Securities for Qualified Investors.
- How the manager voted: In line with management recommendations.
- Rationale for the voting decision: A vote for the authorizations is warranted as their proposed volumes respect the recommended guidelines for issuances with and without preemptive rights.

ASM International NV

- Summary of the resolution: Authorize Board to Exclude Preemptive Rights from Share Issuances.
- How the manager voted: In line with management recommendations.
- Rationale for the voting decision: A vote for this proposal is warranted because it is in line with commonly used safeguards regarding volume and duration.

M&G Episode Allocation Fund

Voting Statistics

How many meetings were you eligible to vote at?	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?	In what % of meetings, for which you did vote, did you vote at least once against management?
24	351	86.32%	91.09%	8.91%	0.33%	47.37%

Most significant vote(s) and examples of Engagement

Methanex Corporation

- Summary of the resolution: Elect Director.
- How the manager voted: Withhold.
- Rationale for the voting decision: Withholding support due to concerns over corporate governance and strategy.

Lloyds Banking Group Plc

- Summary of the resolution: Approve Remuneration Report.
- How the manager voted: Against.
- Rationale for the voting decision: Concerns over remuneration and the dividend.

Liability hedging & structured equity

Engagement is relevant when considering trading counterparties and RAMIL regularly monitors counterparty ESG scores. At an industry level, RAMIL engages with relevant industry consultations (for example RPI reform and LIBOR reform).