

Turner & Co. (Glasgow) Limited Retirement Benefits Scheme - Implementation Statement

Statement of Compliance with the Turner & Co (Glasgow) Limited Retirement Benefit Scheme's Stewardship Policy for the year ending 31 March 2021.

Introduction

This is the Trustees' statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustees have complied with the Scheme's Stewardship Policy (as set out in the Statement of Investment Principles) during the period from 1 April 2020 to 31 March 2021.

Stewardship policy

The Trustees' Stewardship (voting and engagement) Policy sets out how the Trustees will behave as an active owner of the Scheme's assets which includes the Trustees' approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustees monitor and engages with their investment managers and any other stakeholders.

The Trustees' Stewardship Policy is reviewed on a regular basis in line with the Scheme's Statement of Investment Principles (SIP) review which was last completed in March 2021.

No changes were made to the Stewardship Policy during the last year:

You can review the Scheme Stewardship Policy which can be found within the Scheme's Statement of Investment Principles, at <http://www.turner.co.uk/wp-content/uploads/2021/05/Statement-of-Investment-Principles-2021.pdf>

The Trustees have delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment managers. The Trustees believe it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustees' own engagement activity is focused on their dialogue with their investment managers which is undertaken in conjunction with their investment advisers. The Trustees consider managers' exercise of their stewardship through reporting provided by the Trustees' investment adviser. The investment adviser engages with and meets with the managers on the Trustees' behalf.

The Trustees also monitor their compliance with the Stewardship Policy on a regular basis and are satisfied that they have complied with the Scheme's Stewardship Policy over the last year.

Voting activity

The Trustees seek to ensure that their managers are exercising voting rights and, where appropriate, to monitor managers' voting patterns. The Trustees also monitor investment managers' voting on particular companies or issues that affect more than one company.

The Trustees invested in equity assets through the global equity fund managed by Newton Investment Management (“Newton”). Newton have reported on how votes were cast in this mandate as set out in the table below.

The Trustees disinvested entirely from the Newton Global Income Fund in October 2020.

Newton¹

Global Income Fund	
Proportion of Scheme’s assets (as at 31 March 2021)	N/A
No. of meetings eligible to vote at during the year	52
No. of resolutions eligible to vote on during the year	807
% of resolutions voted	97.1
% of resolutions voted with management	85.3
% of resolutions voted against management	14.7
% of resolutions abstained	0.0
% of meetings with at least one vote against management	52.0

Significant votes

The Trustees have asked the managers to report on the most significant votes cast within the portfolios they manage on behalf of the Trustees. Managers were asked to explain the reasons why votes were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. From the managers’ reports, the Trustees have identified the following votes as being of particular relevance to the Scheme.

Newton Global Income

Date	Company	Subject	Manager’s vote and rationale	Outcome
29/04/20	Unilever plc	Remuneration	Voted against - the remuneration report and members of the remuneration committee. The first concern was with the ‘co-investment plan’, into which directors must invest at least one third of their annual bonus. This means that if no bonuses are awarded, executives have no	Newton considered this a significant vote given the attention the subject receives from investors and wider stakeholders and that certain elements of the pay structure is not in line with established UK best practice. The vote was passed.

¹ Voting data for the year end 31 March 2021

			long-term incentive, which may force bonuses to be awarded more generously than deserved.	
6/05/20	PepsiCo, Inc.	Audit / Shareholders	<p>Voted against - the external auditor as it had been in place for 30 years; in our view this is an excessive amount of time, which can compromise the firm's independence and objectivity.</p> <p>Voted for - shareholder resolution that asked the company to lower the ownership threshold at which shareholders can call a special meeting from 20% to 10%.</p>	While the vote outcome in relation to the external auditor will barely register with the company, the near majority support for the shareholder proposal provides an increased likelihood of shareholders' rights being improved. The improvements will require further shareholder votes at a future AGM in order for the company to make the necessary changes to its bylaws.
28/04/20	Sanofi	Remuneration	<p>Voted Against - Within this year's executive remuneration disclosures it was revealed that the company's previous CEO, who retired in 2019 after four years' of service, was provided with an additional ten years of pension credits. This was not considered acceptable practice.</p>	While a majority of shareholders voted against the pay proposals, this was a non-binding resolution. However, it demonstrated shareholders' unwillingness to accept poor pay practices and will likely heighten scrutiny of pay practices at the company.

The resolutions which Newton voted against management the most on over the scheme year were mainly in relation to remuneration. Whilst the resolutions described above largely passed, Newton have demonstrated long term opposition to these and have continued their engagement with the companies and encouraging them to take appropriate action.

Engagement activity

The Trustees hold meetings with the Scheme's investment managers on a periodic basis where stewardship issues are discussed in further detail.

Newton and Barings both produce reports on their wider stewardship activity over the year detailing their engagement activity across their entire range of funds. The following table summarises the key engagement activity for the 12-month period ending 31 March 2021.

Newton

Topic engaged on	Number of times topic was engaged
Human Capital Management	40
Board Leadership	37
Climate Change	34
Strategy and risk	32
Remuneration	30

Note: these engagement figures are for the 12 months to 31 December 2020

Barings

Topic engaged on	Number of times topic was engaged
Greenhouse gas emissions	10
Climate Change	3
Audit	3
Stakeholder	3
Strategy	2

The above are the top five topics both managers engaged with companies on over 2020/21 with both Newton and Barings frequently engaging on executive remuneration as well as topics surrounding climate change and sustainability. The main methods of engagement were management meetings, shareholder calls and AGMs.

The Scheme also holds assets with Legal & General Investment Management (LGIM) and while LGIM actively engages with investee companies the nature of the Scheme holdings are largely government bonds and cash and are therefore not as relevant from an engagement perspective.

Use of a proxy adviser

The Trustees' managers have made use of the services of the following proxy voting advisers over the period:

Manager	Proxy Advisor used
Newton	ISS for the purpose of administering proxy voting as well as its research reports on individual company meetings. Only in the event where they recognise a potential material conflict of interest do they follow the voting recommendations of ISS.
Barings	N/A