

# Rebus Group Pension Scheme

## 31 October 2020

### Implementation Statement

The Trustee of the Rebus Group Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the year. This is provided in Sections 1 & 2 below.

The Statement is also required to include a description of the voting behaviour during the year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

#### 1. Introduction

No changes were made to the voting and engagement policies in the SIP during the year. The last time these policies were formally reviewed was August 2019.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee took a number of steps to review the Scheme's managers and funds over the period, as described in Section 2 (Voting and engagement) below.

#### 2. Voting and engagement

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

In June 2020, the Trustee reviewed LCP's responsible investment (RI) scores for the Scheme's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the approach to ESG factors, including climate change, as well as voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2020. The Trustee was satisfied with the results of the review and no further action was taken.

#### 3. Description of voting behaviour during the year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the year.

In this section we have sought to include voting data on the Scheme's funds that hold equities as follows:

- the Ninety-One active equity fund; and
- the BlackRock diversified growth fund.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area in the production of future statements.

In addition to the above, the Trustee contacted the Scheme's other asset managers that don't hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period. Commentary provided from these managers is set out in Section 3.4.

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**3.1 Description of equity managers' voting processes**

**Ninety-One**

Ninety-One assumes a stewardship role over its clients' assets. This includes exercising its ownership rights such as by proxy voting. Ninety-One makes use of the Institutional Shareholder Services ("ISS") Proxy Exchange research service for all voting. ISS provides Ninety-One with research recommendations and recommendations based on Ninety One's internal voting policy. Ninety-One takes these into consideration and discusses internally with the investment teams that hold the issuer to make a decision in the best interest of the shareholders (which may differ from ISS recommendations).

**BlackRock**

Voting decisions are made by members of the BlackRock Investment Stewardship team with input from the wider investment team as required, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines. BlackRock uses ISS' electronic platform to execute its vote instructions. BlackRock subscribes to research from proxy advisory firms, ISS and Glass, Lewis & Co ("Glass Lewis") and combines this information with its own research and its pre-vote engagement with the company to help inform voting decisions. BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested.

**3.2 Summary of voting behaviour over the year**

A summary of voting behaviour over the period is provided in the table below.

	<b>Summary information</b>	
Manager name	Ninety-One	BlackRock
Fund name	Global Dynamic Fund	Dynamic Diversified Growth Fund
Total size of fund at end of reporting period	£188m	£4,399m
Value of Scheme assets at end of reporting period (£ / % of total assets)	£7.9m / 7%	£18.4m / 17%
Number of holdings at end of reporting period	47	811
Number of meetings eligible to vote	53	987
Number of resolutions eligible to vote	752	12,698
% of resolutions voted	89%	97%
Of the resolutions on which voted, % voted with management <sup>1</sup>	91%	94%
Of the resolutions on which voted, % voted against management <sup>1</sup>	9%	6%
Of the resolutions on which voted, % abstained from voting <sup>1</sup>	1%	1%
Of the meetings in which the manager voted, % with at least one vote against management	45%	<sup>2</sup>
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	9%	<sup>2</sup>

<sup>1</sup>Totals may not sum due to rounding. <sup>2</sup>BlackRock was not able to provide this information.

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### 3.3 Most significant votes over the year

Commentary on the most significant votes over the period, from the Scheme's asset managers who hold listed equities, is set out below.

#### Ninety-One

Ninety-One has interpreted "most significant votes" as those with significant client, media or political interest, material holdings, those of a thematic nature (e.g. climate change) and significant corporate transactions that have a material impact on future company performance.

- **Iberdrola SA, April 2020, For**  
**Summary of resolution:** Approval of corporate social responsibility report.  
**Rationale:** In the absence of any concerns, a vote in favour was warranted.
- **Santos Limited, April 2020, Against**  
**Summary of resolution:** Report on climate change.  
**Rationale:** The company has set out significant climate change objectives and is investing significantly to reduce its carbon footprint.
- **Rio Tinto Plc, April 2020, For**  
**Summary of resolution:** Approval of political donations.  
**Rationale:** The company states that it does not intend to make overtly political payments but is making this technical proposal in order to avoid inadvertent contravention of UK legislation.
- **Citigroup Inc, April 2020, Against**  
**Summary of resolution:** Political lobbying disclosure.  
**Rationale:** The company is disclosing adequate information for shareholders to be able to assess its engagement in the political process and its management of related risks.
- **Abbott Laboratories, April 2020, Against**  
**Summary of resolution:** Political lobbying disclosure.  
**Rationale:** The company is disclosing adequate information for shareholders to be able to assess its engagement in the public policy process and its management of related risks.
- **Honeywell International Inc, April 2020, For**  
**Summary of resolution:** Political lobbying disclosure.  
**Rationale:** Ninety-One supported one shareholder resolution in relation to lobbying payment details. Additional disclosure of the company's trade association memberships and indirect lobbying-related expenditures would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.
- **AbbVie Inc, May 2020, For**  
**Summary of resolution:** Political lobbying disclosure.  
**Rationale:** Additional information on the company's direct and indirect lobbying and oversight mechanisms, would provide shareholders a comprehensive understanding of the company's management of its lobbying activities and any related risks and benefits.
- **Avast Plc, May 2020, For**  
**Summary of resolution:** Approval of political donations.  
**Rationale:** The company states that it does not intend to make overtly political payments but is making this technical proposal in order to avoid inadvertent contravention of UK legislation.
- **Facebook Inc, May 2020, For**

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**Summary of resolution:** Report on political advertising.

**Rationale:** The company and shareholders could benefit from a fuller understanding of the risks related to its political advertising policies in light of ongoing controversies and changing industry standard practices.

- **Alphabet Inc, June 2020, Against**

**Summary of resolutions:** Gender pay gap.

**Rationale:** Current policies and processes are sufficient.

#### BlackRock

BlackRock has interpreted “most significant votes” as those that it regards as high-profile proposals at company shareholder meetings.

- **Royal Dutch Shell plc, May 2020, Against**

**Summary of resolution:** Request for Shell to set and publish targets for Greenhouse Gas (GHG) emissions

**Rationale:** Given the company’s progress towards aligning its reporting with the recommendations of the Task Force on Climate-related Financial Disclosures and its responsiveness to shareholder engagement on portfolio resilience and reduction of GHG emissions, BlackRock were supportive of management for the time being.

- **Exxon Mobil Corporation, May 2020, Against**

**Summary of resolution:** Re-election of company directors.

**Rationale:** Insufficient progress on Task Force on Climate-related Financial Disclosures aligned reporting and related action with regard to several components of its climate risk management.

- **Chevron Corporation, May 2020, For**

**Summary of resolution:** Report on climate lobbying aligned with Paris Agreement goals.

**Rationale:** Greater transparency into the company’s approach to political spending and lobbying as aligned with their stated support for the Paris Agreement will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy.

- **Qualcomm Inc, March 2020, Against**

**Summary of resolution:** Election of director and advisory approval of executive compensation.

**Rationale:** Lack of disclosures relating to the adjustment of executive compensation and justification of alignment with shareholder interests, and the view that directors should be held accountable when a material issue is not being effectively addressed.

- **Toshiba Machine Co. Ltd, March 2020, For**

**Summary of resolution:** Introduction of response policies for tender offer and allotment of share options without contribution.

**Rationale:** The plan was structured appropriately with a reasonable threshold of 20% and a limited duration which satisfies its requirements related to safeguards against management entrenchment.

- **Barclays Plc, May 2020, For (through an independent fiduciary)**

**Summary of resolution:** Approval for Barclays' commitment to tackling climate change.

**Rationale:** The independent fiduciary determined that the resolution set a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders’ concerns for the time being.

- **Santander Consumer USA Holdings Inc, June 2020, For**

**Summary of resolution:** Report on the risk of racial discrimination in vehicle lending.

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**Rationale:** The proposal represented an opportunity to provide investors with a more detailed explanation of how it assesses, manages and mitigates the risk of racial discriminatory lending practices.

- **Woodside Petroleum Ltd, April 2020, Against**

**Summary of resolution:** Proposal that the company conducts a review of its direct and indirect lobbying activities relating to climate, resources and energy policy.

**Rationale:** The company's lobbying is consistent with its public position on climate change and where differences are identified the company discloses them openly.

- **Facebook Inc, May 2020, For**

**Summary of resolution:** Proposal to approve recapitalization plan for all stock to have one-vote per share.

**Rationale:** BlackRock generally supports one share one vote capital structures as it believes this is integral to good governance and accountability.

- **Daimler AG, July 2020, Against**

**Summary of resolutions:** Ratification of Supervisory Board members' actions in the 2019 financial year, election of an individual to the Supervisory Board and an amendment of Article 16 of the Articles of Incorporation.

**Rationale:** Concerns about progress on climate-related risk reporting, the external mandates held by the proposed Supervisory Board member, and the reduction in shareholder rights from the proposed article amendment.

### 3.4 Votes in relation to assets other than listed equity

The following comments were provided by the Scheme's asset managers who don't hold listed equities but have either engaged with companies to which they lend or have provided information on how they vote when the assets they invest in do have voting opportunities.

#### Partner Group private credit fund

In certain circumstances, Partners Group receives proxy voting requests for publicly traded securities within a private market's portfolio. When such proxy requests arise, the recipient, typically the respective investment team or Partners Group Guernsey serving as administrator, will forward it to be reviewed and evaluated by Transactions Services together with the relevant investment team and/or the relevant Investment Committee.

#### M&G Alpha Opportunities Fund

Where voting opportunities arise, the credit analysts and the portfolio manager discuss each vote and make a decision. Occasionally, M&G uses the proxy voting firms ISS and Broadridge.