

Saffron Building Society Pension Scheme
30 April 2024
Implementation Statement

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Saffron Building Society Pension Scheme
Scheme Year	1 May 2023 to 30 April 2024
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

This Implementation Statement reports on the extent to which, over the Scheme Year, the Trustees have followed their policy relating to the exercise of rights (including voting rights) attaching to the Scheme's investments. In addition, the Implementation Statement summarises the voting behaviour of the Scheme's investment managers and includes details of the most significant votes cast and the use of the services of proxy voting advisers.

In preparing this statement, the Trustees have considered guidance from the Department for Work & Pensions which was updated on 17 June 2022.

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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 Diversified Fund
- Schroders Diversified Growth Fund

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP, and a summary 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.
- The Trustees will normally select investment managers who are signatories to the UNPRI.
- 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.
- During the Scheme Year, the Trustees considered the voting records of the investment managers over the period ending 31 March 2023.
- Since the end of the Scheme Year, an updated analysis of the voting records of the investment managers based on the period ending 31 March 2024* has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- All the investment managers used by the Scheme are UNPRI signatories.

**Note the voting analysis was over the year ending 31 March 2024 because this was the most recent data available at the time of preparing this statement. The Trustees are satisfied that the analysis provides a fair representation of the investment managers' voting approach over the Scheme Year.*

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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 / withheld	Did not vote/ abstained
LGIM	120,000	76%	24%	0%
Schroders	76,000	86%	12%	2%

Notes

These voting statistics are based on each manager's full voting record over the 12 months to 31 March 2024 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.
Schroders	Glass Lewis	Proxy advisers provide research and administer votes but voting is determined by Schroders.

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 2024 on the most contested proposals in nine 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.

Further details of the approach adopted by the Trustees for assessing voting behaviour are provided in the Appendix.

The Trustees' key observations are set out below.

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Voting in Significant Votes

Based on information provided by the Trustees' Investment Adviser, the Trustees have identified significant votes in nine 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 nine 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).

Analysis of Voting Behaviour

LGIM

The Trustees note that LGIM's voting record continues to compare very favourably with its peers. As in previous years, analysis of LGIM's voting record identifies clear evidence that the manager is willing to vote against company directors on a broad range of issues.

LGIM opposed several climate-related proposals based on an assessment that proposals put forward by a company's management did not go far enough.

The Trustees have no concerns regarding LGIM's voting record.

Schroders

The Trustees have no concerns regarding Schroders' voting record.

The manager demonstrates that it is prepared to vote against management on a range of issues and opposes management in closely contested votes to a greater extent than many of its peers.

Schroders has also consistently been supportive of closely contested shareholder proposals brought to tackle a range of issues including climate change, gender inequality, diversity and human rights.

Schroders supports directors looking to transition companies to a low carbon economy but has opposed such plans in instances where the investment manager does not feel company management is going far enough.

Conclusion

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

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

Signed by Neil Holden

Date: 16/09/2024

Signed on behalf of the Trustees of the Saffron Building Society Pension Scheme

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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	Significance	Votes For (%)	Votes Against (%)	LGIM	Schroders
Audit & Reporting							
NETAPP INC	13/09/2023	Appoint the Auditors	3986	40	60	Against	Against
VEOLIA ENVIRONNEMENT SA	27/04/2023	Appoint the Auditors	2820	72	28	Against	For
PETS AT HOME GROUP PLC	06/07/2023	Re-appoint KPMG LLP as auditor of the Company.	2175	78	22	Against	For
SWISS LIFE HOLDING	28/04/2023	Appoint the Auditors	2140	78	21	Against	Not held
DASSAULT SYSTEMES SE	24/05/2023	Appoint the Auditors	1782	82	18	For	Not held
Shareholder Capital & Rights							
FERREXPO PLC	25/05/2023	Issue Shares with Pre-emption Rights	3607	34	64	For	For
VIVENDI SA	24/04/2023	Authorise Share Repurchase of 50% of the Share Capital	3098	69	31	Against	Not held
LINCOLN NATIONAL CORPORATION	25/05/2023	Issuance of Shares for Existing Incentive Plan	2963	70	30	Against	Against
JUPITER FUND MANAGEMENT PLC	10/05/2023	Issue Shares for Cash	2946	71	29	For	Not held
PLUS500 LTD	02/05/2023	Approve Additional Allotment of Shares to Jacob Frenkel	2881	71	29	For	For
Pay & Remuneration							
BIOGEN INC.	26/06/2023	Advisory Vote on Executive Compensation	4772	52	48	Against	Not held
PEARSON PLC	28/04/2023	Approve Remuneration Policy	4635	54	46	Against	For
VISTRY GROUP PLC	18/05/2023	Approve the Remuneration Report	4570	51	46	Not held	Against
AMERICAN EXPRESS COMPANY	02/05/2023	Advisory Vote on Executive Compensation	4525	53	45	Against	Against
ARGEN-X SE	02/05/2023	Approve the Remuneration Report	4466	44	55	Against	Not held
Constitution of Company, Board & Advisers							
DOMINO'S PIZZA GROUP PLC	04/05/2023	Elect Edward Jamieson - Executive Director	4984	50	50	Not held	For
SAMPO OYJ	17/05/2023	Amend Articles: Virtual Meetings	4772	52	48	Against	Not held
SIMON PROPERTY GROUP INC.	04/05/2023	Elect Reuben S. Leibowitz - Non-Executive Director	4646	53	46	Against	Against
PENDRAGON PLC	30/06/2023	Re-elect Ian Filby - Chair (Non Executive)	4471	54	45	Not held	For
ZALANDO SE	24/05/2023	Elect Kelly Bennett - Vice Chair (Non Executive)	4418	56	44	For	Not held
Merger, Acquisition, Sales & Finance							
BOUYGUES SA	27/04/2023	Approve Issuance of Debt Securities Giving Access to New Shares of Subsidiaries	2652	73	27	Against	Against
LVMH (MOET HENNESSY - LOUIS VUITTON) SE	20/04/2023	Approve Issuance of Debt Securities Giving Access to New Shares of Debt	1933	80	19	Against	Against
DELIVERY HERO SE	14/06/2023	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights; Approve Creation of EUR 13.3 Million Pool of Conditional Capital 2023/It to Guarantee Conversion Rights	1727	82	17	Against	Not held
MERCK KGAA	28/04/2023	Issue Bonds/Debt Securities	1192	88	12	For	For
HERMES INTERNATIONAL	20/04/2023	Approve Demerger	1025	90	10	Against	Against
Climate Related Resolutions							
GLENCORE PLC	26/05/2023	Approve the Company's 2022 Climate Report.	2959	68	30	Against	Not held
Shell plc	23/05/2023	Approve Shell's Energy Transition	1913	77	19	Against	For
UBS GROUP AG	05/04/2023	Say on Climate	1487	81	15	For	For
TOTALENERGIES SE	26/05/2023	Say on Climate	1086	86	11	Against	For
FERROVIAL S.A.	12/04/2023	Say on Climate	753	91	8	Against	Not held
Other Company Resolutions							
BOUYGUES SA	27/04/2023	Approve the Board to Issue Equity Warrants Free of Charge During the Period of a Public Offer for the Company's Shares	2609	74	26	Against	Against
INVESTEPC PLC	03/08/2023	Investec plc: Approve Political Donations	2336	76	23	For	For
HSBC HOLDINGS PLC	05/05/2023	Meeting Notification-related Proposal	2324	76	23	For	For
NCC GROUP PLC	30/11/2023	Approve Political Donations	2099	79	21	For	Not held
ENERGEAN PLC	18/05/2023	Meeting Notification-related Proposal	1831	82	18	For	For
Governance & Other Shareholder Resolutions							
WELLS FARGO & COMPANY	25/04/2023	Simple Majority Voting	5000	50	49	For	For
SYNOPSIS INC	12/04/2023	Right to Call Special Meetings	4982	50	50	For	Not held
MCDONALD'S CORPORATION	25/05/2023	Annual Report on Lobbying Activities	4975	50	49	For	For
THE MOSAIC COMPANY	25/05/2023	Right to Call Special Meetings	4962	50	49	Not held	For
MARATHON PETROLEUM CORPORATION	26/04/2023	Simple Majority Voting	4855	51	48	For	For
Environmental & Socially Focussed Shareholder Resolutions							
THE KROGER CO.	22/06/2023	Racial and Gender Pay Gaps	4844	52	48	For	Not held
WELLS FARGO & COMPANY	25/04/2023	Annual Report on Prevention of Workplace Harassment and Discrimination	4773	52	43	For	For
QUEST DIAGNOSTICS INCORPORATED	17/05/2023	Greenhouse Gas Reduction and Transition Plan	4768	48	52	For	Not held
THE BOEING COMPANY	18/04/2023	Pay Equity Disclosure	4669	47	52	For	Not held
EXPEDITORS INTERNATIONAL OF WASHINGTON INC.	02/05/2023	Report on on the effectiveness of the Company's diversity, equity, and inclusion efforts	4321	57	42	For	For

Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. 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. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.

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Methodology for Determining Significant Votes

The methodology used to identify significant votes for this statement uses an objective measure of significance: the extent to which a vote was contested - with the most Significant Votes being those which were most closely contested.

The Trustees believe that this is a good measure of significance because, firstly, a vote is likely to be contentious if it is finely balanced, and secondly, in voting on the Trustees' behalf in a finely balanced vote, an investment manager's action will have more bearing on the outcome.

If the analysis was to rely solely on identifying closely contested votes, there is a chance many votes would be on similar topics which would not help to assess an investment manager's entire voting record. Therefore, the assessment incorporates a thematic approach; splitting votes into nine separate categories and then identifying the most closely contested votes in each of those categories.

A consequence of this approach is that the total number of Significant Votes is large. This is helpful for assessing an investment manager's voting record in detail, but it presents a challenge when summarising the Significant Votes in this statement. Therefore, for practical purposes, the table on the previous page only includes summary information on each of the Significant Votes.

The Trustees have not provided the following information which DWP's guidance suggests could be included in an Implementation Statement:

- Approximate size of the Scheme's holding in the company as at the date of the vote.
- If the vote was against management, whether this intention was communicated by the investment manager to the company ahead of the vote.
- An explanation of the rationale for the voting decision, particularly where: there was a vote against the board; there were votes against shareholder resolutions; a vote was withheld; or the vote was not in line with voting policy.
- Next steps, including whether the investment manager intends to escalate stewardship efforts.

The Trustees are satisfied that the approach used ensures that the analysis covers a broad range of themes and that this increases the likelihood of identifying concerns about an investment manager's voting behaviour. The Trustees have concluded that this approach provides a more informative assessment of an investment manager's overall voting approach than would be achieved by analysing a smaller number of votes in greater detail.

Investment Manager Voting Policies

For more information concerning an investment manager's voting policies and rationale, please visit the below links:

- LGIM – <https://vds.issgovernance.com/vds/#/MjU2NQ==/>
- Schroders - <https://www.schroders.com/en-gb/uk/individual/what-we-do/sustainable-investing/active-ownership/how-we-vote/>