

**Saffron Building Society Pension Scheme  
Implementation Statement  
Year Ending 30 April 2021**

**Glossary**

Baillie Gifford	Baillie Gifford & Co Limited
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 2020 to 30 April 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:

- Baillie Gifford Multi-Asset Growth Fund
- LGIM Diversified Fund
- Schroder 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 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 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.
- All investment managers used by the Scheme are UNPRI signatories.

*\*Note the voting analysis was over the year ending 31 March 2021 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.*

#### **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>Baillie Gifford</b>	13,677	95%	4%	2%
<b>LGIM</b>	67,905	82%	18%	1%
<b>Schroders</b>	68,992	87%	13%	0%

## Notes

Split of votes may not sum to 100% due to rounding.

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

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Baillie Gifford	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.
Schroders	ISS and IVIS	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 record 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**

### Baillie Gifford

Baillie Gifford tends to support director proposals, but this is consistent with its active management style – the manager has chosen to invest in companies so it is unsurprising it wishes to support their management.

Although Baillie Gifford tends to support management in director proposals, over the course of the Scheme year the investment manager has demonstrated a willingness to vote in favour of shareholder proposals (which typically means voting against management).

### 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 18% 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.

## Schroders

The Director Proposals that our investment adviser has analysed for Schroders were less closely contested than the significant votes identified for many of their peers. In the votes that were not closely contested, Schroders votes have been in line with the majority.

Nevertheless, it is still apparent that Schroders is prepared to vote against Director Proposals on a range of issues.

Schroders has also consistently been supportive of closely contested Shareholder resolutions designed to tackle a range of issues including ESG votes on climate change, gender inequality, diversity and human rights.

## **Conclusions**

Based on the analysis undertaken, the Trustees have no concerns regarding the voting records of Baillie Gifford, LGIM or Schroders.

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

Signed on 29<sup>th</sup> September 2021

Signed on behalf of the Trustees of the Saffron Building Society Pension 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	Schroders	Baillie Gifford
<b>Audit &amp; Reporting</b>							
YARA INTERNATIONAL ASA	07/05/2020	Receive the Directors Report	50	50	Not held	For	Not held
NORTHROP GRUMMAN CORPORATION	20/05/2020	Appoint the Auditors	24	75	Against	Not held	Not held
ATOS SE	16/06/2020	Appoint the Auditors	78	22	Not held	For	Not held
CAPGEMINI SE	20/05/2020	Renew Appointment of PricewaterhouseCoopers Audit as Auditor	82	18	Against	For	Not held
SARTORIUS STEDIM BIOTECH SA	24/06/2020	Approve Auditors' Special Report on Related-Party Transactions	15	85	Not held	Not held	For
<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	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	For
PETROPAPLOVSK PLC	30/06/2020	Issue Shares with Pre-emption Rights	64	35	Not held	For	Not held
SHAFTESBURY PLC	25/02/2021	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	71	29	For	Not known	Not held
TENARIS SA	02/06/2020	Approve Renewal of the Share Capital Authorisation of the Company	77	23	Not held	Not held	Against
<b>Pay &amp; Remuneration</b>							
YARA INTERNATIONAL ASA	07/05/2020	Approve Fees Payable to the Board of Directors	50	50	Not held	For	Not held
ALTRIA GROUP INC.	14/05/2020	Advisory Vote on Executive Compensation	49	50	Against	Against	Not held
STMICROELECTRONICS NV	17/06/2020	Approve Remuneration Policy for Management Board	50	50	Against	Not held	Not held
AROUNDTOWN SA	24/06/2020	Approve Remuneration Policy	49	51	Against	Not held	Not held
AMERISOURCEBERGEN CORPORATION	11/03/2021	Advisory Vote on Executive Compensation	51	48	Not held	Against	Not held
<b>Constitution of Company, Board &amp; Advisers</b>							
F5 NETWORKS INC	11/03/2021	Elect Michael Combes - Non-Executive Director	47	53	Not held	Against	Not held
PETROPAPLOVSK PLC	30/06/2020	Elect Ekaterina Ray	53	47	Not held	For	Not held
KBC GROEP NV	07/05/2020	Re-elect Sonja De Becker	59	41	For	Not held	Not held
LINDE PLC	27/07/2020	Elect Martin H. Richenhagen	60	40	Against	For	Not held
TELEPERFORMANCE SE	26/06/2020	Adopt New Textual References Regarding Change of Codification	40	60	Not known	Not held	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	For
DASSAULT SYSTEMES SE	26/05/2020	Delegate Power to the Board to Acquire Certain Assets of Another Company	80	20	Against	Not held	Not held
SOCIETE GENERALE SA	19/05/2020	Authorize Issuance of Convertible Bonds for Private Placements without Preemptive Rights, up to Aggregate	93	7	For	For	Not held
ABERDEEN DIVERSIFIED INCOME & GROWTH TR	23/02/2021	Approve the Continuation of the Company	94	6	Not held	Not known	Not held
CELLNEX TELECOM S.A.	20/07/2020	Issue Bonds/Debt Securities	93	5	For	Not held	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	Not held	Against	Not held
UBISOFT ENTERTAINMENT SA	02/07/2020	Delegate Powers to the Board to Amend Bylaws to Comply with Legal Changes	80	20	Not held	Not held	For
BRITISH LAND COMPANY PLC	29/07/2020	Meeting Notification-related Proposal	83	17	For	Not held	Not held
SSP GROUP PLC	25/03/2021	Meeting Notification-related Proposal	85	14	Not held	Not known	Not held
AMERICAN INTERNATIONAL GROUP INC	13/05/2020	Approve Adoption of Anti-takeover Measure (poison pill)	86	14	Not held	For	Not held
<b>Governance &amp; Other Shareholder Resolutions</b>							
HP INC	12/05/2020	Shareholder Resolution: Written Consent	50	50	Not held	For	Not held
CHEVRON CORPORATION	27/05/2020	Shareholder Resolution: Report on Lobbying Payments and Policy	49	43	For	Not held	Not held
BOOKING HOLDINGS INC.	04/06/2020	Shareholder Resolution: Written Consent	49	51	Against	For	Not held
ANTHEM INC	21/05/2020	Shareholder Resolution: Right to Call Special Meetings	49	50	For	For	Not held
MCKESSON CORPORATION	29/07/2020	Shareholder Resolution: Lobbying	52	48	Not held	For	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	Not held
EXPEDITORS INTERNATIONAL OF WASHINGTON IN	05/05/2020	Shareholder Resolution: Board Diversity	53	47	Not held	For	Not held
ORACLE CORPORATION	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	46	54	For	For	Not held
TRANSNIGM GROUP INCORPORATED	29/06/2020	Shareholder Resolution: Environmental Issues	45	55	Not held	For	Not held
THE TJX COMPANIES INC.	09/06/2020	Shareholder Resolution: Report on Reduction of Chemical Footprint	44	55	For	Against	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.