

Adnams Pension Fund Implementation Statement Year Ending 31 March 2021

Glossary

Aviva	Aviva Investors
ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
Scheme	Adnams Pension Fund
Scheme Year	1 April 2020 to 31 March 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 manager and provides information on the significant votes (as defined and provided by Aviva) made in respect of the Trustees' equity holdings. Information is also provided on the how the Scheme's investment manager makes 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:

- Aviva Balanced Managed 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 manager. 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 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 manager's 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.
- Whilst the Trustees did not consider the voting records of the investment manager during the Scheme Year, that analysis has now been undertaken. The Trustees, in conjunction with their Investment Adviser, have considered the voting record of the investment manager over the year ending 31 March 2021 as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- The investment manager used by the Scheme is a UNPRI signatory.

The Investment Manager's Voting Record

A summary of the investment manager's voting record is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/ abstained
Aviva	2,861	84%	15%	1%

Notes

These voting statistics are based on the voting record specific to the Aviva Balanced managed Fund over the 12 months to 31 March 2021.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Aviva	ISS and IVIS	ISS and IVIS provide recommendations but voting is determined by guidelines set by Aviva.

The Investment Manager's Voting Behaviour

The Trustees have reviewed the voting behaviour of the investment manager by considering the following:

- broad statistics of its 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 investment manager's policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees' key observations are set out below.

Key observations

In undertaking this analysis Aviva provided details of what they considered to be the 10 most significant votes in which they participated.

In those votes Aviva voted against management resolutions on 6 occasions and supported 2, whilst they abstained on 1 Shareholder proposed resolution and supported 1 Shareholder proposed resolution. This showed a willingness to vote against management

In reporting, Aviva provided explanations as to the voting behaviour and it was noted that in a number of instances the votes had been driven by a desire to see improvements in addressing Environmental, Social & Governance concerns and risks.

Conclusions

The analysis did not highlight any particular areas or issues of concern.

During the year the Trustees reviewed the Scheme's investment strategy, following which the Trustees have taken the decision to change the arrangements. Post the year end Aviva have been replaced as the investment manager.

The stewardship policies of new investment managers were considered as part of the review of the investment arrangements to ensure they were suitable and aligned with the Trustees requirements.

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

Budget McLurg Date: 15/9/21.

Signed on behalf of the Trustees of the Adnams Pension Fund

Significant Votes

The table below records how the Scheme's investment manager voted in the most significant votes.

Company	Meeting Date	Proposal	Management or Shareholder Resolution	Outcome of vote	Aviva	Voting Rationale & Comment from Aviva
ASTRAZENECA PLC	29/04/2020	Re-elect Marcus Wallenberg as Director	Management	Approved	Agreed	Concern over candidate's availability to fulfil the role.
BRITISH AMERICAN TOBACCO PLC	30/04/2020	Approve Remuneration Report	Management	Approved	Agreed	Concern surrounding pay increases for senior figures in the company.
BARCLAYS PLC	07/05/2020	Approve Barclays' Commitment on Tackling Climate Change	Management	Approved	Agreed	Supportive of ambitions to tackle climate change and to become a net zero bank by 2050.
BP PLC	27/05/2020	The approval of the Financial Statements and Statutory Reports	Management	Approved	Agreed	Exceptionally supported to reflect detailed ambition to become net zero by 2050. Reservations since no science based emissions target set.
PETROCHINA COMPANY LIMITED	11/06/2020	Approve 2019 Financial Report	Management	Approved	Agreed	Company not committed to science based target.
HON HAI PRECISION INDUSTRY CO., LTD	23/06/2020	Approve Business Operations Report and Financial Statements	Management	Approved	Agreed	Company not committed to science based target.
QUALITY HOUSES PUBLIC CO. LTD	29/06/2020	Elect Napom Santhornchitcharoen as Director	Management	Approved	Agreed	The director is regarded as not independent and the board is less than one-third independent.
BHP GROUP LTD	14/10/2020	Approve Suspension of Memberships of Industry Associations where COVID-19 Related Advocacy is Inconsistent with Paris Agreement Goals	Shareholder	Not Approved	Agreed	Support of Paris Agreement and longer term hope for bringing company's activities into better alignment with positions on climate change.
BHP GROUP LTD	14/10/2020	Adopt Interim Cultural Heritage Protection Measures	Shareholder	Withdrawn	Abstained	Lack of clarity over the intent of proposal. Continuing engagement with BHP to ensure minimal risk to cultural heritage sites.
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD	25/03/2020	Eliet Yang Raoping as Director	Management	Approved	Agreed	Candidate viewed as not independent and also sits on the audit committee.

Note

The above analysis is based on information provided by Aviva in respect of the Aviva Investors Limited Pensions Managed Balanced Fund.