

Ritrama (UK) Retirement Security Plan

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 31st December 2021

Introduction

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles (SIP) produced by the Trustees, has been followed during the year to 31st December 2021. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 as amended, and the guidance published by the Pensions Regulator.

Trustees Investment Objective

The Trustees' primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan.

The Trustees also ensure that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

Statement of Investment Principles

The Plan's Statement of Investment Principles ("SIP") was updated in June 2022. The changes made to the Statement reflect new legislation around additional information on the Trustees policy in relation to arrangements with their investment managers.

Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Plan's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors and climate change.

The Plan's SIP dated 9 April 2019 first included the Trustees' policies on ESG factors, stewardship and climate change. These policies were last reviewed in June 2022 when the SIP was updated. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

Plan's Investment Structure

The Plan's only investment is a Trustee Investment Policy with Mobius Life Limited ('Mobius'). Mobius provides an investment platform and enables the Plan to invest in pooled funds managed by third party investment managers. As such, the Trustees have no direct relationship with the Plan's underlying investment managers. The Trustees have a responsibility of monitoring the pooled funds in conjunction with advice received from their investment advisor, Mercer.

Engagement

In the relevant year the Trustees have not engaged with either Mobius, or the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change.

Mercer's ESG ratings have been included in Mercer's monitoring reports provided to the Trustees on a quarterly basis over 2021.

The Trustees are satisfied that the scores are satisfactory in the context of the mandates of the funds.

The ESG information provided by Mercer helps the Trustees to determine whether further action should be taken in respect of specific funds.

A further update will be provided in next year's Statement.

Voting Activity

If the Trustees are specifically invited to vote on a matter relating to the corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Plan's members.

However, the Plan has no direct relationship with the pooled funds it is ultimately invested in, and therefore the Trustees have no voting rights in relation to the Plan's investments and no direct ability to influence the managers of the pooled funds.

The Trustees have not been asked to vote on any specific matters over the Plan year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e. all funds which include equity holdings) in which the Plan's assets are ultimately invested.

This includes information on what the fund managers consider to be a significant vote, and examples of these. The Trustees have no influence on the managers' definitions of significant votes but have noted these and are satisfied that they are all reasonable and appropriate.

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 before the production of next year's statement.

The table below sets out a summary of the key voting activity over the financial year:

Manager / Fund	Proxy voter used?	Votes in total	Votes cast Votes against management endorsement	Abstentions	Most significant votes (description)	Significant vote examples
Columbia Threadneedle Multi Asset Fund	none	4,141	7.2%	2.0%	A significant vote is deemed one to be any dissenting vote which is cast against (either abstaining or withholding from voting) a management tabled proposal or one which has been tabled by shareholders and not endorsed by management.	China Resources Land Limited – A vote ‘against’ was cast in regards to an authorization for the reissuance of repurchased shares. The rationale behind voting against management was due to a dilutive impact. The resolution passed despite Threadneedle’s intervention.
Pictet Multi Asset Fund	ISS – to provide research and to facilitate the execution of voting decisions at all relevant company meetings worldwide.	612	8.7%	0.3%	A vote is significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or we hold an important stake in the company.	<p>Square Inc. – a vote ‘for’ was cast in regards to the recapitalization plan for all stock to have one-vote per share. Pictet supported this resolution in order to convey to the board, non-affiliated shareholders' preference for a capital structure in which the levels of economic ownership and voting power are aligned. The resolution did not pass despite Pictet’s intervention.</p> <p>Whitbread plc – a vote ‘withheld’ was cast to approve a remuneration report. Pictet withheld their support for this resolution as significant award outcomes have been achieved under the bonus plan in relation to FY2020/21 performance, which are not considered appropriate given the impact that the COVID-19 pandemic has had on the Company, resulting in staff redundancies, furloughing staff through participation in government assistance schemes, the suspension of dividend payments, and raising capital through a rights issue to improve the Company's liquidity position. The resolution passed despite Pictet’s intervention.</p>

Manager / Fund	Proxy voter used?	Votes in total	Votes cast Votes against management endorsement	Abstentions	Most significant votes (description)	Significant vote examples
Baillie Gifford Diversified Growth Fund	none	1,505	3%	1%	<p>The list below is not exhaustive, but exemplifies potentially significant voting situations:</p> <ul style="list-style-type: none"> — Baillie Gifford’s holding had a material impact on the outcome of the meeting — The resolution received 20% or more opposition and Baillie Gifford opposed — Egregious remuneration — Controversial equity issuance — Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders — Where there has been a significant audit failing — Where we have opposed mergers and acquisitions — Where we have opposed the financial statements/annual report — Where we have opposed the election of directors and executives. 	<p>Six Flags Entertainment Corporation – Baillie Gifford opposed executive compensation for a multitude of reasons however their primary concern was the size of the long-term incentive award paid to the CEO. In light of COVID-19, when reviewing proposals relating to executive compensation Baillie Gifford assess whether executive pay is aligned with the experience of employees and shareholders. Baillie Gifford felt they could not justify supporting a sizeable long-term incentive award for the CEO, which was equal to the previous year, when framed against a background of company-wide salary reductions and employee lay-offs. Baillie Gifford communicated their concerns to the company following the submission of their votes and they will continue to engage on their concerns. Although this proposal was passed, 41% of shareholders opposed it.</p> <p>Greggs Plc – Baillie Gifford opposed the resolution to approve the Remuneration Report because of the Remuneration Committee’s decision not to align executive directors’ pensions with the workforce until four years after the Investment Association’s guidance.</p>
Nordea Diversified Return Fund	<p>ISS – for execution and recommendations only.</p> <p>NIS – for recommendations only.</p> <p>Nordea have decided to massively scale up their voting to cover a majority of all voting activities. For 2021 they have contracted ISS to vote on some minor holdings as per their policy. Nordea’s Corporate Governance unit will continue to oversee all voting activities.</p>	1,393	12.7%	0.2%	<p>Those that are severely against Nordea’s principles, and where they feel they need to enact change in the company. The process stems from first identifying the most important holdings, based on size of ownership, size of holding, ESG reasons, or any other special reason. From there, Nordea benchmark the proposals against their policy.</p>	<p>Oracle – a vote ‘against’ was cast in regards to Ratify Named Executive Officers’ Compensation. Nordea think that bonuses and share based incentives only should be paid when management reach clearly defined and relevant targets which are aligned with the interest of the shareholders. For a majority of executive officers targets are lacking and for some the levels are extremely high. Nordea also voted against re-election of the proposed board members in the Compensation Committee. The resolution passed despite Nordea’s intervention.</p> <p>Autozone – a vote ‘for’ was cast in regards to reporting on annual climate transition. The company’s current targets for GHG emissions includes short-term Scope 1 and 2 targets for operations in the United States. Thus, the emission targets have not been formulated in line with the Paris Agreement as they do not cover the entire Group and Scope 3 emissions. The requested report would allow investors to better assess how the company is managing climate-related risks. The resolution passed.</p>

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LGIM World Equity Index <i>(also the same for the GBP Hedged version of the fund)</i>	<p>ISS – electronically vote clients’ shares</p> <p>All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions</p>	31,679	19.0%	0.8%	<p>Significant votes are determined using the PLSA criteria, these include but is not limited to votes of high profile where there is a degree of controversy, there is significant client interest or the vote is linked to an LGIM engagement campaign.</p>	<p>Abbot Laboratories – LGIM voted in favour of the shareholder resolution. LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015, LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020, LGIM are voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO, and the company have reinforced LGIM’s position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences. The resolution was supported by 33.7% of shareholders.</p> <p>NVIDIA Corporation – a vote ‘against’ was cast in regards to electing director Harvey C. Jones. LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf. For 10 years, LGIM have been using their position to engage with companies on this issue. As part of their efforts to influence their investee companies on having greater gender balance, in 2020, LGIM increased its expectations on gender diversity on the board by placing a vote against the largest 100 companies in the S&P500 and the S&P/TSX where there is less than 25% women on the board.</p> <p>In 2021, LGIM expanded the scope of their vote policy to include all companies in the S&P 500 and the S&P/TSX. LGIM’s expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023. The resolution was supported by 94.2% of shareholders.</p>

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LGIM UK Equity Index		9,923	7.2%	0.0%		Liontrust Asset Management Plc - a vote 'against' was cast in regards to re-electing Alastair Barbour as Director. LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf. For 10 years, LGIM have been using their position to engage with companies on this issue. As part of their efforts to influence their investee companies on having greater gender balance, LGIM apply voting sanctions to those FTSE 350 companies that do not have a minimum of 30% women on the board. LGIM also apply voting sanctions to the FTSE 100 companies that do not have 30% women on their executive committee. For smaller companies LGIM expect at least one woman at board level. The resolution was supported by 94.3% of shareholders.

Notes: ISS = Institutional Shareholder Services Inc.
IVIS = Institutional Voting Information Service
NIS = Nordic Investor Services
PLSA = the Pensions & Lifetime Savings Association