

# **Riverside Group Pension Scheme**

## **Implementation Statement**

### **Year Ending 31 March 2021**

#### **Glossary**

ASI	Aberdeen Standard Investments
ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
M&G	M&G Investment Management Limited
Partners	Partners Group (Guernsey) Limited
Scheme	Riverside Group Pension Scheme
Scheme Year	1 April 2020 to 31 March 2021
Schroders	Schroder Investment Management Limited
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:

- ASI Diversified Income Fund
- LGIM Future World Equity Funds
- M&G Episode Income Fund
- Partners Fund
- Schroders Diversified Growth Fund

### **Partners**

The Partners Fund typically has an allocation of about 20% to listed strategies where the manager has a right to vote. The Scheme's allocation to the Partners Fund is about 10% of total assets meaning exposure to listed strategies via the fund represents approximately 2% of Scheme assets. The Trustees do not consider this to be significant in the context of the Scheme's overall assets and Partners has therefore been excluded from the analysis of voting behaviour.

## **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 reflect changes in the investment strategy and 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 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.
- During the Scheme Year, the Trustees introduced allocations to the following funds:
  - JP Morgan Infrastructure Income Fund
  - Aviva Infrastructure Investments Fund
  - LGIM Future World Global Equity Index Fund

The two infrastructure funds do not contain listed equities and, therefore, assessment of the investment managers' voting policies was not a relevant consideration in the selection of these funds.

- The LGIM Future World Global Equity Index Fund was introduced as part of a restructuring of the Scheme's equity assets. The allocation to the new fund was made by disinvesting from other Future World equity funds. The engagement policy of LGIM relating to their Future World funds had previously been considered by the Trustees in 2019.
- Whilst the Trustee did not consider the voting records of the investment managers during the Scheme Year, that analysis has now been undertaken. The Trustee, in conjunction with its Investment Adviser, has considered the voting record of the investment managers 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.
- All the Scheme's investment managers who invest in listed equities are UNPRI signatories.

### The Investment Managers' Voting Record

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
Aberdeen Standard	69,848	85%	14%	2%
LGIM	67,905	82%	18%	1%
M&G	28,334	94%	5%	1%
Schroders	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 records rather than votes related solely to the funds held by the Scheme.*

*The voting statistics for Schroders are collated from 1 January 2020 to 31 December 2020 as the manager publishes this data on a calendar year basis only, whereas statistics for all other managers are based on 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?
Aberdeen Standard	ISS	ISS administer votes and provide research but voting is determined by guidelines set by Aberdeen Standard.
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.
M&G	ISS and IVIS	Research provided by the proxy voting advisers but voting decisions always taken by M&G's Stewardship team.
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 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 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**

### Aberdeen Standard

Aberdeen Standard have shown a willingness to oppose directors' proposals on a broad range of issues and have a track record of supporting shareholder proposals designed to tackle ESG matters.

The manager's published voting policy is lacking in detail relative to their peers which makes it less clear as to how they will vote in the future. The Investment Adviser has made this observation to Aberdeen Standard with a suggestion that they could be more transparent in the future.

### 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 opposed directors in 18% of votes 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 were 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.

### M&G

M&G have demonstrated a willingness to support shareholder resolutions aimed at tackling a broad range of ESG issues. However, the manager has a high propensity to support director proposals and the Investment Adviser has asked M&G for further rationale to explain their support of some of the more contested votes.

### **Conclusions**

Based on the analysis undertaken, the Trustees have no major concerns regarding the voting records of the Scheme's investment managers

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

Signed on behalf of the Trustee of the Riverside Group Pension Scheme by:

William Medicott  
Trustee Chairman

Date: 29 September 2021

## 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	Aberdeen Standard	M&G
<b>Audit &amp; Reporting</b>								
YARA INTERNATIONAL ASA	07/05/2020	Receive the Directors Report	50	50	Did Not Vote	For	Not held	Not held
THE MOSAIC COMPANY	21/05/2020	Appoint the Auditors	65	32	For	Not held	Not held	Not held
NORTHROP GRUMMAN CORPORATION	20/05/2020	Appoint the Auditors	24	75	Against	Not held	Not held	Not held
VIVENDI SA	20/04/2020	Approval of the Information set out in the Corporate Governance Report	74	23	Against	Not held	Not held	Not held
INVESTEC PLC	06/08/2020	Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company	78	22	Against	Not held	Not held	Not held
<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	Not held
NIELSEN HOLDINGS PLC	12/05/2020	Authorise Share Repurchase	58	42	Against	Not held	Not held	Not held
PETROPAVLOVSK PLC	30/06/2020	Issue Shares with Pre-emption Rights	64	35	Not held	For	Not held	Not held
ASSICURAZIONI GENERALI SPA	27/04/2021	Authorize Share Repurchase Program and Reissuance of Repurchased Shares to Service Performance Share Plan	68	32	Against	Against	Not held	Not held
VIVENDI SA	20/04/2020	Authorize Specific Buyback Program and Cancellation of Repurchased Share	69	31	Against	Not held	Not held	Not held
<b>Pay &amp; Remuneration</b>								
YARA INTERNATIONAL ASA	07/05/2020	Approve Fees Payable to the Board of Directors	50	50	Did Not Vote	For	Not held	Not held
ALTRIA GROUP INC.	14/05/2020	Advisory Vote on Executive Compensation	49	50	Against	Against	Not held	Not held
STMICROELECTRONICS NV	17/06/2020	Approve Remuneration Policy for Management Board	50	50	Against	Not held	Not held	Not held
AMERISOURCEBERGEN CORPORATION	11/03/2021	Advisory Vote on Executive Compensation	51	48	Against	Not held	Against	Not held
STARBUCKS CORPORATION	17/03/2021	Advisory Vote on Executive Compensation	47	52	Against	Not held	Not held	Not held
<b>Constitution of Company, Board &amp; Advisers</b>								
SOLVAY SA	12/05/2020	Indicate Aude Thibaut de Maisieres as Independent Board Member	50	50	Against	Not held	Not held	Not held
UBS GROUP AG	29/04/2020	Elect Remuneration Committee Member: Dieter Wemmer	48	48	For	For	Not held	Not held
INTEGRAFIN HOLDINGS PLC	08/03/2021	Re-elect Michael Howard - Executive Director	48	48	Against	Not held	Not held	Not held
FS NETWORKS INC	11/03/2021	Elect Michael Combes - Non-Executive Director	47	53	Against	Not held	Not held	Not held
PETROPAVLOVSK PLC	30/06/2020	Elect Ekaterina Ray	53	47	Not held	For	Not held	Not held
<b>Merger, Acquisition, Sales &amp; Finance</b>								
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	Not held
MCCARTHY & STONE PLC	07/12/2020	Approve Acquisition	86	14	For	Not held	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	Not held
MUENCHENER RUECK AG (MUNICH RE)	29/04/2020	Issue Bonds/Debt Securities	93	7	For	Not held	Not held	Not held
IBERDROLA SA	02/04/2020	Issue Bonds/Debt Securities	90	6	For	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	Against	Against	Not held	Not held
GROUPE BRUXELLES LAMBERT (GBL)	28/04/2020	Approve Change-of-Control Clause Re: Option Plan	71	29	Against	Not held	Not held	Not held
VIVENDI SA	20/04/2020	Approve Additional Pension Scheme Agreement with Herve Philippe, Management Board Member	70	27	Against	Not held	Not held	Not held
MCCARTHY & STONE PLC	07/12/2020	Approve Matters Relating to the Recommended Cash Offer for McCarthy & Stone plc by Mastiff Bidco Limited	79	20	For	Not held	Not held	Not held
INVESTEC PLC	06/08/2020	Approve Political Donations	82	18	For	Not held	Not held	Not held
<b>Governance &amp; Other Shareholder Resolutions</b>								
NETAPP INC	10/09/2020	Shareholder Resolution: Written Consent	50	49	Against	Not held	Not held	Not held
HP INC	12/05/2020	Shareholder Resolution: Written Consent	50	50	Against	For	Not held	Not held
CHIPOTLE MEXICAN GRILL INC	19/05/2020	Shareholder Resolution: Report on Employment-Related Arbitration	51	49	For	Not held	Not held	Not held
CHEVRON CORPORATION	27/05/2020	Shareholder Resolution: Report on Lobbying Payments and Policy	49	43	For	Not held	Not held	Not held
KIMBERLY-CLARK CORPORATION	29/04/2020	Shareholder Resolution: Written Consent	49	49	Against	For	Not held	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	Not held
EXPEDITORS INTERNATIONAL OF WASHINGTON INC	05/05/2020	Shareholder Resolution: Board Diversity	53	47	For	For	Not held	Not held
ORACLE CORPORATION	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	46	54	For	For	For	Not held
HUNT J B TRANSPORT SERVICES INC	23/04/2020	Shareholder Resolution: Climate Change Initiatives	54	45	For	Not held	Not held	Not held
TRANSOIL GROUP INCORPORATED	29/06/2020	Shareholder Resolution: Environmental Issues	45	55	For	Not held	Not held	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 31 March 2021. 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.