

Benjn. R. Vickers & Sons Limited Retirement Benefits Plan (1975)

Implementation Statement

Purpose of this statement

This implementation statement has been produced by the Trustee of the Benjn. R. Vickers & Sons Limited Retirement Benefits Plan (1975) (the Plan) to set out the following information over the year to 31 December 2021:

- the voting activity undertaken by the Plan's investment manager on behalf of the Trustee over the year, including information regarding the most significant votes; and
- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

Trustee's policies on voting and engagement

The Trustee's Statement of Investment Principles (SIP) in force at the year-end describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

"Trustee expects that the investment managers will use their influence as major institutional investors to exercise the Trustee's rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses."

The Trustee's SIP was last reviewed in September 2020 to comply with regulations that came into force on 1 October 2020. The SIP has been made available online here:

<https://vickers-oil.com/wp-content/uploads/2021/05/Pension-Scheme-1975-Statement-of-Investment-Principles-2020.pdf>

How voting and engagement policies have been followed over the year

Based on the information provided by the Plan's investment manager, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund manager.
- The Trustee, with input from their investment consultant, annually receives and reviews (through their Implementation Statement), the voting information and engagement policies of their investment manager to ensure alignment with their own policies. The findings of the Trustee's review are reported in this Implementation Statement which will also be included in the Plan's Annual Report and Accounts for the year to 31 December 2021.

- Having reviewed the data presented below and in accordance with their policies, the Trustee is comfortable that the actions of the investment manager are in alignment with the Plan's stewardship policies.

Voting Data

The Plan invests entirely in pooled funds and therefore the Plan's investment manager, M&G Investment Management Limited ("M&G"), votes on behalf of the Plan's holdings in the pooled funds.

There are no voting opportunities in relation to the Plan's bond holdings, i.e. the M&G PP Long Dated Corporate Bond Fund and the M&G PP Index Linked Fund. These funds invest only in fixed income assets, which have no voting rights. The M&G PP Absolute Return Fund invests across a diverse range of asset classes and is therefore included below as the equity holdings carry voting rights. Voting data is shown on the following page.

Manager	M&G	M&G
Fund name	M&G PP Global Equity Fund	M&G PP Absolute Return Fund
Structure	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	
Number of company meetings the manager was eligible to vote at over the year	1,604	966
Number of resolutions the manager was eligible to vote on over the year	20,534	15,523
Percentage of resolutions the manager voted on	96.6%	96.3%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	93.1%	94.3%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	6.9%	5.7%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on ¹	0.7%	0.7%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	5.1%	4.9%

Source: M&G Investment Management Limited
Totals may not sum due to rounding.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote, so for this Implementation Statement the Trustee has asked the investment manager to determine what they believe to be a "significant vote". M&G have provided a selection of 10 votes which they believe to be significant for the Global Equity Fund and the Absolute Return Fund

A summary of the significant votes provided is set out on the following page. Please note that some companies are held by both the Global Equity Fund and the Absolute Return Fund and therefore there is some repetition of key votes.

¹ M&G typically classify votes abstained from as votes against management, hence there is some double counting in the numbers provided.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Pandora AS	Samsung Electronics Co., Ltd.	CMC Markets Plc	QBE Insurance Group Limited	Barclays plc
Date of vote	11 March 2021	17 March 2021	29 July 2021	5 May 2021	5 May 2021
Summary of the resolution	Reelect Christian Frigast (Vice Chair) as Director	Elect Jeong Kim	Re-elect James Richards as Director	Approve Exposure Reduction Targets	Approve Market Forces SH resolution
How the manager voted	Abstain	Against	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Not recorded	No	Yes	No	No (in line with management)
Rationale for the voting decision	M&G were concerned over performance in the role.	M&G were concerned over corporate behaviour and insufficient shareholder engagement.	M&G were concerned over low board diversity.	M&G were supportive of the resolution as they believed it was in the shareholders' interests.	M&G were confident that Barclays have a plan in place, so M&G want to allow time for the plan to take effect before introducing more reporting requirements.
Outcome of the vote	Pass	Pass	Pass	Fail	Fail
Criteria on which the vote is considered "significant"	Shareholders' rights and governance	Shareholders' rights and governance	Shareholders' rights and governance	Environmental and social	Environmental and social

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Company name	Royal Dutch Shell plc	BP Plc	Shinhan Financial Group Co., Ltd.	NTPC Limited	Hochschild Mining Plc
Date of vote	18 May 2021	12 May 2021	25 March 2021	28 September 2021	27 May 2021
Summary of the resolution	Request Shell to set and publish targets for greenhouse gas (GHG) emissions	Approve shareholder resolution on climate change targets	Elect Directors	Re-elect Dillip Kumar Patel as Director (Human Resources)	Re-elect Eduardo Hochschild as Director
How the manager voted	Abstain	Against (in line with management)	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	No	No	Yes
Rationale for the voting decision	M&G were concerned that, whilst Shell has made good progress, the company should be taking further steps.	M&G consider the resolution to be unnecessary in light of the company's disclosed targets, and time should be allowed for the company to make progress.	M&G opposed several directors due to the CEO retaining his board seat despite hiring malpractice. Also, fraud was uncovered at a subsidiary level.	M&G were concerned over board independence and lack of diversity.	M&G were concerned over low board diversity.
Outcome of the vote	Fail	Fail	Pass	Not provided	Pass
Criteria on which the vote is considered "significant"	Environmental and social	Environmental and social	Shareholders' rights and governance	Shareholders' rights and governance	Shareholders' rights and governance

M&G PP Absolute Return Fund

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Barclays plc	BP Plc	Ocado Plc	Royal Dutch Shell plc	Aston Martin Lagonda Global Holdings Plc
Date of vote	5 May 2021	12 May 2021	13 May 2021	18 May 2021	25 May 2021
Summary of the resolution	Approve Market Forces SH resolution	Approve shareholder resolution on climate change targets	Re-elect Andrew Harrison (SID)	Request Shell to set and publish targets for greenhouse gas (GHG) emissions	Re-elect Lawrence Stroll as Director
How the manager voted	Against	Against (in line with management)	Against	Abstain	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No (in line with management)	Yes	Yes	Yes	Yes
Rationale for the voting decision	M&G were confident that Barclays have a plan in place, so M&G want to allow time for the plan to take effect before introducing more reporting requirements.	M&G consider the resolution to be unnecessary in light of the company's disclosed targets, and time should be allowed for the company to make progress.	M&G were concerned over low board diversity.	M&G were concerned that, whilst Shell has made good progress, the company should be taking further steps.	M&G were concerned over low board diversity.
Outcome of the vote	Fail	Fail	Pass	Fail	Pass
Criteria on which the vote is considered "significant"	Environmental and social	Environmental and social	Shareholders' rights and governance	Environmental and social	Shareholders' rights and governance

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Company name	TBC Bank	EVRAZ Plc	Hochschild Mining Plc	Sulzer AG	CMC Markets Plc
Date of vote	14 June 2021	15 June 2021	27 May 2021	20 September 2021	29 July 2021
Summary of the resolution	Re-elect Tsira Kemularia as Director	Re-elect Alexander Izosimov as Director	Re-elect Eduardo Hochschild as Director	Approve spin-off agreement	Re-elect James Richards as Director
How the manager voted	Against	Against	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	Yes	No	Yes
Rationale for the voting decision	M&G were concerned over low board diversity.	M&G were concerned over low board diversity.	M&G were concerned over low board diversity.	M&G believed that the spin-off was in shareholders' interests.	M&G were concerned over low board diversity.
Outcome of the vote	Pass	Pass	Pass	Pass	Pass
Criteria on which the vote is considered "significant"	Shareholders' rights and governance	Shareholders' rights and governance	Shareholders' rights and governance	Corporate structure	Shareholders' rights and governance

Fund level engagement

The Trustee considers it a part of their investment manager’s role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the manager invests on behalf of the Plan. Please note that we have only collected engagement data for the Plan’s equity, absolute return and corporate bond holdings, because there is limited scope for managers to engage with gilt holdings. M&G shows the number of engagements undertaken at firm level as the number of ESG engagements that align with the PRI definition² and note that there were more ESG interactions undertaken on behalf of the firm over the year than those shown below.

Manager	M&G	M&G	M&G
Fund name	M&G PP Global Equity Fund	M&G PP Absolute Return Fund	M&G PP Long Dated Corporate Bond Fund
Does the manager engage on behalf of the holdings of the fund	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	99	82	10
Number of engagements undertaken at a firm level in the year	183	183	183
Examples of engagement topics undertaken with holdings in the fund	Board considerations, climate change, disclosure, emission targets, ESG strategy, net zero, pollution and remuneration.	Board considerations, climate change and emissions, disclosure, ESG strategy, human and labour rights, net zero, pollution and remuneration.	Climate change, natural resource usage and impact, pollution and carbon targets.

Source: M&G Investment Management Limited

² The six Principles for Responsible Investment (“PRI”) are a voluntary set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.