

THOMAS TAIT & SONS LIMITED 1988 PENSION SCHEME ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 5 April 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 5 April 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 and the guidance published by the Pensions Regulator.

Trustees Investment Objectives

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The primary objective of the Trustees for the Scheme is to ensure that there are assets available to meet all liabilities as and when they fall due.

The Trustees seek to achieve this by targeting a level of investment performance that exceeds the discount rate utilised by the Scheme Actuary and, in turn, the anticipated development in the value of the Scheme's liabilities.

Investment Strategy

During the course of the financial year, the Trustees did not make any changes to the Scheme's investment strategy.

Investment Structure

The Scheme's investments are held in a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. JLT Investment Management (JLT IM), now a part of Mercer, has a fiduciary responsibility for the selection of pooled funds on the Mobius Platform.

As such, the Trustees have no direct relationship with the Scheme's underlying investments managers held on the Mobius Platform.

Statement of Investment Principles

The Scheme's Statement of Investment Principles was updated over the course of the year. The changes made to the Statement reflect new legislative wording requiring the Trustees to state their policies regarding 'financially material' and 'financially non-material' considerations.

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 Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP includes the Trustee's policies on ESG factors, stewardship and Climate Change. The policies were last reviewed in September 2020. The Trustee keeps its policies under regular review with the SIP subject to review at least triennially.

Scheme's Investment Structure

The Scheme's only investment is a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers.

JLT Investment Management (JLT IM), now a part of Mercer, has fiduciary responsibility for the selection of pooled funds on the Mobius Platform.

As such, the Trustees have no direct relationship with the Scheme's underlying investments managers.

Engagement

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

Investment performance reports are provided to the Trustees from Mercer on a quarterly basis and include ESG specific ratings (derived by Mercer). This enables the Trustees to determine whether further action should be taken in respect of specific funds. The Trustees are satisfied that Mercer's ESG scores for the Fund's managers are satisfactory.

When implementing a new manager the Trustees consider the ESG rating of the manager.

The Trustees continue to work with Mercer, to consider actions that can be taken to engage with their investment managers going forward.

Voting Activity

The Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustees have therefore effectively delegated its voting rights to the managers of the funds the Scheme's investments are ultimately invested in.

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

Nevertheless, Appendix 1 of 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 Scheme's assets are ultimately invested.

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

Appendix 1 – Voting Activity

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

Manager / Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	abstentions		
Columbia Threadneedle Multi Asset Fund	<p>ISS – Threadneedle take recommendations and vote via ISS.</p> <p>Glass Lewis & Co. – recommendations only.</p> <p>IVIS – recommendations only.</p>	6988 (c.98.9% cast)	c. 5.7% of votes cast	c. 3.9% of eligible votes	<p>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.</p>	<p>Facebook Inc. – a vote “for” the report on “Median Gender/Racial Pay Gap”. The rationale behind the vote was to reduce material social risk for the business and provide information that is in shareholder’s interests. The vote was not approved.</p> <p>Amazon.com, Inc. – a vote “against” management in electing Director Thomas O. Ryder. The rationale behind the vote was due to Mr Ryder being an affiliate serving on a key committee. The vote was passed.</p> <p>Kia Motors Corp. – Threadneedle abstained to approve Financial Statements and Allocation of Income as there were ESG risk management concerns. The vote was passed.</p>
Baillie Gifford Diversified Growth Fund	<p>ISS – recommendations only.</p> <p>Glass Lewis & Co. – recommendations only.</p> <p>Baillie Gifford are cognisant of proxy advisers’ voting recommendations but notes it makes its own voting decisions.</p>	925 eligible for (c. 95.7% cast)	c. 5.1% of votes cast	c. 1.2% of eligible votes	<p>A vote is significant due to the subject matter of the vote, for example a vote against management, if the vote had a material impact on the outcome of the meeting</p>	<p>Covivio REIT – a vote “against” was cast to five resolutions regarding the in-flight and proposed long term incentive scheme because it could lead to rewarding under-performance. The outcome of all five votes was ‘pass’. Baillie Gifford advised that the firm expects more stretching performance criteria to apply to long term incentives going forward, but are yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action.</p> <p>Gecina – a vote “against” was cast to three resolutions regarding remuneration as Baillie Gifford did not believe there was sufficient alignment between pay and performance. The outcome of all three votes was ‘pass’. Baillie Gifford have advised they have been opposing remuneration at the company since 2017 due to concerns with the targets applied to the restricted stock plan. They are yet to see improvements in the remuneration plan however continue to engage with the company to advise of areas for improvement.</p>

						<p>Merlin Properties – a vote “against” was cast opposing the resolution to approve the Remuneration Report due to concerns with quantum. The outcome of the vote was ‘pass’. Baillie Gifford have opposed remuneration at the company since 2017 and engaged with the company on the issue. In 2020, they saw significant improvements in the company's remuneration policy which is a positive outcome.</p>
Pyrford Global Total Return	ISS – for monitoring meetings data and voting schedules	847 in 65 company meetings	34	1	A dissenting vote, i.e. where a vote is cast against (or abstained from) a management –tabled proposal or where support is given to a shareholder – tabled proposal not supported by management.	<p>British American Tobacco plc – A vote ‘against’ approving the Remuneration Report. A vote against is warranted on account of:- CFO Tadeu Marroco's salary has been increased by a total of 7% in FY2020, having received an uplift of 3% in April 2020 in line with the Company's UK workforce and a further 4% increase in October 2020 following the expansion of his role to Finance and Transformation Director. The resolution was passed.</p> <p>American Express Company - A vote ‘for’ publishing an annual Report assessing diversity, equity, and inclusion efforts. A vote for is warranted, as reporting quantitative, comparable diversity data would allow shareholders to better assess the effectiveness of the company's diversity, equity and inclusion efforts and management of related risks. The resolution was not passed.</p>

Notes: ISS = Institutional Shareholder Services Inc.; IVIS = Institutional Voting Information Service.