

Gleeds Retirement Benefits Scheme

Implementation Statement

18 December 2020

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Gleeds Retirement Benefits Scheme
Scheme Year	1 June 2019 to 31 May 2020
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

This Implementation Statement provides an assessment of how, and the extent to which, the policies described in the SIP were followed over the Scheme Year.

In addition, it 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 how the Scheme's investment managers make use of the services of proxy voting advisers.

Extent to which the SIP was followed

The Trustees have reviewed in detail their actions over the course of the Scheme Year against the policies described in the SIP.

There were two SIPs in place during the Scheme Year with the second document being introduced on 7 October 2019.

The Trustees' investment objectives did not change over the course of the Scheme Year and these continue to be:

Final salary section

- To generate an appropriate level of investment returns to improve the Scheme's funding position and thereby improve security for members.
- To manage cash flow requirements – to ensure members' benefits can be paid as and when they arise.
- To protect the Scheme's funding position.

Money purchase section

- To offer a range of investment options which allows sufficient investment flexibility for members of all ages.
- To offer suitable lifestyle strategies under which the allocation of a member's account is automatically adjusted before retirement.
- To offer a default investment option which will be used by those members who do not select their own investment strategy.

In conjunction with their investment adviser, the Trustees regularly reviewed the Scheme's investment managers over the course of the Scheme Year. This included assessment of performance and consideration of whether each fund was being managed in line with its mandate and the Trustees' expectations. In addition, the Trustees considered whether each fund's mandate remained appropriate for the Scheme's investment strategy. The Trustees' investment adviser has confirmed that it met with fund managers used by the Scheme during the year.

No changes were made to the funds used over the course of the Scheme Year aside from an additional fund which was added to better 'match' the assets to the liabilities. This decision to increase the liability matching position was taken by the Trustees (having received advice from their investment adviser) in order to significantly reduce the volatility of the Scheme's funding position. It was taken in anticipation of a more thorough investment strategy review which would follow in the subsequent months (that strategy review is ongoing).

The increase in the allocation to liability matching assets resulted in a reduction in the Scheme's exposure to growth assets. However, the growth assets that are retained remain diversified across a range of underlying asset classes.

Whilst the Trustees did not directly consult with the sponsoring employer regarding the increase in the liability matching position, the sponsoring employer has been heavily involved in the subsequent discussions regarding the Scheme's investment strategy.

All of the Scheme's assets are invested in pooled funds and, therefore, the Trustees accept that actions on Environmental, Social and Corporate Governance (ESG) matters are delegated to the managers of the pooled funds. Nevertheless, the Trustees monitor these actions.

In particular, a detailed analysis of each fund's ESG characteristics was prepared by the Trustees' investment advisers and considered by the Trustees in May 2019 (just before the start of the Scheme Year). A report on the voting activity of the Scheme's investment managers has been provided by the Trustees' investment adviser to assist in the preparation of this Implementation Statement.

All of the investment managers used to implement the Scheme's investment strategy are signatories to the UNPRI.

The Trustees recognise that it is likely that members and beneficiaries will hold a broad range of views on ESG and other non-financial matters but the Trustees do not directly take such views into account when determining the Scheme's investment strategy. Instead, the Trustees set the investment strategy with a view to achieving the investment objectives set out above.

The Scheme does not hold any employer related assets and the majority of the assets held are liquid meaning they can be realised for cash at relatively short notice.

The SIP in force at the start of the year stated that the Trustees will review the suitability of legacy AVC funds 'from time to time'. No such review was undertaken during the Scheme Year.

Investment manager voting information

An investment in equities (shares) brings with it an entitlement to vote at general meetings of the company whose shares are held. 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.

Over the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- BNY Mellon Real Return Fund (final salary section only)
- LGIM Diversified Fund
- LGIM World Equity Index Fund
- LGIM World Equity Index Fund - GBP Hedged
- LGIM (60:40) Global Equity Fund (money purchase section only)
- LGIM UK Equity Index Fund (money purchase section only)

Having considered information provided by their investment adviser, the Trustees have concluded that LGIM and BNY Mellon both maintain a transparent corporate governance policy and both have provided detailed information on their voting records.

The Trustees noted that LGIM updated their voting policies during the course of the Scheme year to encourage more diverse board structures and to vote against combined CEO and board chair roles.

Investment manager voting record

A summary of the investment managers' voting records is:

Investment manager	LGIM	BNY Mellon
Period	Calendar Year 2019	Year to 30 June 2020
Number of votes	50,900	2,400
Split of votes:		
For	83%	85%
Against	17%	13%
Did not vote/abstained	1%	2%

Notes

Split of votes may not sum to 100% due to rounding

These voting statistics are based on each manager's full voting record rather than votes related solely to the funds held by the Scheme.

Use of proxy investment advisers

Investment Manager	LGIM	BNY Mellon
Who is their proxy voting adviser?	ISS and IVIS	ISS
How is the proxy voting adviser used?	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.	Only used in the case of a conflict of interest

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 managers' 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

The analysis of significant votes identified that both LGIM and BNY Mellon voted against management on a range of issues and that both exhibited a tendency to support contested shareholder resolutions designed to tackle ESG issues.

The Trustees' overall assessment is that that the voting of LGIM and BNY Mellon has been consistent with expectations.

Ross Savage (signature redacted)

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Date:

18.12.20

Signed on behalf of the Trustees of the Gleeds Retirement Benefits Scheme

Details of the significant votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustees.

	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LIIM	BNY Mellon
Audit & Remuneration						
UNITED RENTALS INC	08/05/2019	Appoint the Auditors	50	50	For	Not held
LOCKHEED MARTIN CORPORATION	25/04/2019	Appoint the Auditors	50	50	For	Not held
ROYAL CARIBBEAN CRUISES LTD	30/05/2019	Appoint the Auditors	34	65	Do Not Vote	Not held
SOCIETE GENERALE SA	21/05/2019	Approve the Audit Report	71	29	Against	Not held
LAFARGEHOLCIM LTD	15/05/2019	Approve Consolidated Financial Statements	76	22	Against	Not held
Shareholder Capital & Rights						
ORANGE S.A.	21/05/2019	Allow Board to Use Delegations under Item 20 Above in the Event of a Public Tender Offer	47	53	Against	Not held
TELEPERFORMANCE SE	09/05/2019	Issue Shares for Cash	55	45	Against	Not held
SAFRAN SA	23/05/2019	Public Offer	60	40	Against	Not held
STMICROELECTRONICS NV	23/05/2019	Issue Shares for Cash	65	34	Against	Not held
THE UNITED GROUP PLC	09/05/2019	Issue Shares with Pre-emption Rights	66	34	For	Not held
Pay & Remuneration						
E*TRADE FINANCIAL CORPORATION	09/05/2019	Advisory Vote on Executive Compensation	50	50	Against	Not held
ADVANCE AUTO PARTS INC	15/05/2019	Advisory Vote on Executive Compensation	50	50	For	Not held
ATLANTIA SPA	20/04/2019	Approve Remuneration Policy	50	50	Against	Not held
NETFLIX INC	06/06/2019	Advisory Vote on Executive Compensation	50	50	Against	Not held
ARCHER-DANIELS-MIDLAND COMPANY	01/05/2019	Advisory Vote on Executive Compensation	50	50	For	Not held
Constitution of Company, Board & Advisers						
ATLANTIA SPA	20/04/2019	Appoint Directors (Slate Election) - Slate 2 Submitted by Institutional Investors (Association)	50	50	For	Not held
CITIZENS FINANCIAL GROUP INC	25/04/2019	Elect Terrance J. Lillis	50	50	For	Not held
AVERY DENNISON CORPORATION	25/04/2019	Elect Anthony K. Anderson	50	50	For	Not held
REGIONS FINANCIAL CORPORATION	24/04/2019	Elect Eric C. Fast	50	50	For	Not held
LOCKHEED MARTIN CORPORATION	25/04/2019	Elect James D. Talbot, Jr.	50	50	For	Not held
Merger, Acquisition, Sales & Finance						
ACS (ACTIVIDADES DE CONSTRUCCION Y SERVICIO)	09/05/2019	Issue Convertible Bonds or Warrants	66	33	Against	Not held
FERROVIAL S.A.	05/04/2019	Approve Total or Partial Sale of Assets of the Services Division of the Ferrovial Group	72	28	Against	Not held
AMADEUS IT GROUP	18/06/2019	Rights up to EUR 5 Billion	87	13	For	Not held
DEUTSCHE BOERSE AG	08/05/2019	Issue Bonds/Debt Securities	91	9	For	Not held
BANCO SANTANDER SA	12/04/2019	Rights up to EUR 10 Billion	90	7	For	Not held
Other Company Resolutions						
SHAFESBURY PLC	31/01/2020	Meeting Notification-related Proposal	68	32	For	Not held
TE CONNECTIVITY LTD	11/03/2020	Adjourn Meeting	69	31	Against	Not held
UCB SA/NV	25/04/2019	Approve Change-of-Control Clause Re: LTI Plans of the UCB Group	70	30	Against	Not held
BOUYGUES SA	25/04/2019	Authorize Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer	77	23	Against	Not held
BARRATT DEVELOPMENTS PLC	16/10/2019	Approve Political Donations	83	16	For	Not held
Governance & Other Shareholder Resolutions						
UNITED RENTALS INC	08/05/2019	Shareholder Resolution: Written Consent	50	49	Against	Not held
THE TRAVELERS COMPANIES INC.	22/05/2019	Shareholder Resolution: Employment Issues	50	49	For	Not held
DOMINION ENERGY INC	07/05/2019	Approve Shareholder Proposal: Policy to Require an Independent Board Chair	49	49	For	Not held
EASTMAN CHEMICAL COMPANY	02/05/2019	Shareholder Resolution: Written Consent	49	50	Against	Not held
PEPSICO INC.	01/05/2019	Shareholder Resolution: Introduce an Independent Chairman Rule	49	49	For	For
Environmental & Socially Focused Shareholder Resolutions						
MICROCHIP TECHNOLOGY INCORPORATED	20/08/2019	Shareholder Resolution: Report on Human Rights Risks in Operations and Supply Chain	51	48	For	Not held
AMPHENOL CORPORATION	22/05/2019	Shareholder Resolution on Recruitment and Forced Labor Report	43	55	For	Not held
DUKE ENERGY CORPORATION	02/05/2019	Shareholder Resolution: Report on Mitigating Health and Climate Impacts of Coal Use	41	57	For	Not held
ROSS STORES INC	22/05/2019	Shareholder Resolution on Greenhouse Gas Emission Goals	41	59	For	Not held
APPLE INC	26/02/2020	Shareholder Resolution: Report on Freedom of Expression and Access to Information Policies	38	56	For	Not held

Note

Where the voting record has not been provided at the fund level, we have based our analysis on the shares held within the Scheme's pooled funds as at 31 March 2020. 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.