

# Molins UK Pension Fund Implementation Statement

## Statement of Compliance with the Molins UK Pension Fund's ("the Fund") Stewardship Policy for the year ending 30 June 2021

### Introduction

This is the Trustee's statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Fund's Stewardship Policy during the period from 1 July 2020 to 30 June 2021.

### Stewardship policy

The Trustee's Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Fund's assets, which includes the Trustee's approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with their investment managers and any other stakeholders.

The Fund's Stewardship Policy is reviewed at least triennially in line with the Fund's Statement of Investment Principles ("SIP") review, which was last completed in September 2020. No changes were made to the Stewardship Policy during the period from 1 July 2020 to 30 June 2021.

You can review the Stewardship Policy in the SIP at [http://www.mpac-group.com/wp-content/uploads/2020/09/20200921\\_Molins-SIP-vF.pdf](http://www.mpac-group.com/wp-content/uploads/2020/09/20200921_Molins-SIP-vF.pdf).

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Fund's investment managers. The Trustee believes it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues that affect a company's financial performance.

The Trustee's own engagement activity is focused on their dialogue with their investment managers, which is undertaken in conjunction with their investment advisers. In accordance with its Stewardship policy, the Trustee meets with their managers on a regular basis and consider managers' exercise of their stewardship during these meetings and through reporting provided by the managers.

### Voting activity

The Trustee has investment in equity assets through several different mandates. The Trustee's investment managers have reported on how votes were cast in each of these mandates as set out in the tables below.

	Aegon Diversified Income Fund ("DIF")	Aegon Global Equity Income	LGIM UK Equity Index
Proportion of Fund assets at 30 June 2021	10.8%	11.9%	0.3%
No. of meetings eligible to vote at during the year	123	48	793
No. of resolutions eligible to vote on during the year	1,140	436	10,918
% of resolutions voted	61	64	100.0
% of resolutions voted with management	93	94	92.6
% of resolutions voted against management	6	5	7.4
% of resolutions abstained	1	1	0.0
% of meetings with at least one vote against management	28	42	47

### Significant votes

The Trustee has asked its managers to report on the most significant votes cast within the portfolios they manage on behalf of the Trustee. Managers were asked to explain the reasons why votes identified were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. From the managers' reports, the Trustee has identified the following votes as being of greater relevance to the Fund:

Manager	Date	Company, % portfolio at the time	Subject (theme and summary)	Manager's vote and rationale
Aegon DIF, Aegon Global Equity Income	09/04/2021	Rio Tinto, 0.94% for DIF and 1.98% for Global Equity Income	Approval of remuneration report	'Against', with 61% of the vote also against. Aegon consider this a significant vote given that it was against management and they believed that the reputational damage to Rio Tinto from the decision to destroy the Juukan Gorge Rock Shelters in Australia was not reflected in the remuneration report.
Aegon Global Equity Income	07/05/2021	Anta Sports Products Limited, 2.06%	Approval of the reissuance of repurchased shares	'Against'. Aegon believe it to be significant as the decision considered the long term interest of their clients. If they had approved the resolution, Aegon would be approving what they believe to be an excessive dilution of minority shareholder interests.
LGIM UK Equity	07/09/2021	International Consolidated Airlines Group, 0.16%	Approval of remuneration report	'Against'. LGIM considered the vote significant as it illustrates the importance for investors of monitoring investee companies' responses to the COVID crisis. LGIM believe the proposed bonuses for executives did not reflect the financial position of the business and the cuts made elsewhere in the business.

### Engagement activity

The Trustee usually meets at least one manager at each Trustee meeting, of which there are four within a 12 month period, where stewardship issues and a manager's ESG approach may be discussed in further detail. Over the 12 month period, the Trustee met with seven of their nine fund managers. During these meetings, there were no issues identified by the Trustee that required specific engagement with the managers on stewardship or ESG.

### Summary of manager engagement activity

The Trustee receives annual reporting on each manager's engagement activity. The following table summarises the key engagement activity for the 12-month period ending 30 June 2021.

Manager	Number of engagements	Topic engaged on
Aegon	952	Climate Change, Diversity, Creditor Rights
LGIM	1,050	Climate change, Remuneration, Diversity, Covid-19, Strategy, ESG disclosures

### Use of a proxy adviser

The Trustee's investment managers have made use of the services of proxy voting advisors over the Fund year as summarised in the following table:

Manager	Proxy advisor used?
Aegon	Yes, Institutional Shareholder Services
LGIM	Yes, Institutional Shareholder Services

While the services of Institutional Shareholder Services ("ISS") have been used by the Fund's managers, the Trustee has also sought to compare the extent of the managers' alignment with their proxy advisor, ISS, in order to judge the independence of their voting processes. Below is a summary of the managers' voting activity relative to the proxy advisor.

Manager	No. resolutions voted on	Of which they voted against ISS recommendation (%)
Aegon DIF	1,140	2.55
Aegon Global Equity Income	436	3.30
LGIM UK Equity	10,918	5.44

From the above we note that Aegon and LGIM vote on a significant majority of occasions with the proxy advisor, but maintain further independence on voting against resolutions.

### Review of policies

The Trustee is committed to reviewing the managers' Responsible Investment policies on a regular basis. This review will consider managers' broader approaches to responsible investment issues in addition to considering any change in approach by the manager since the last review and the managers' voting policies.