

# CIM Holdings Limited Retirement Benefits Scheme

## Implementation Statement

**Barnett Waddingham LLP**

September 2021

## Purpose of Implementation Statement

This Implementation Statement has been prepared by the Trustees of the CIM Holdings Limited Retirement Benefits Scheme (the Scheme) and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 30 June 2021.

## How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds and, as such, delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

The Trustees review the voting, stewardship and engagement activities of the current managers from time to time and such activity for the Scheme year ending 30 June 2020 was considered in detail at the 16 November 2020 Trustees' meeting and through a presentation by Schroders at the 8 July 2021 Trustees' meeting.

The Trustees are comfortable that the actions of the fund managers are in alignment with the Scheme's stewardship policies and no remedial action was taken during the period.

## Voting undertaken on behalf of the Trustees

The Scheme's equity investments are held through pooled diversified growth funds managed by Baillie Gifford and Schroders. The investment managers of these funds vote on behalf of the Trustees.

The table below provides a summary of the voting activity of undertaken by each manager during the year.

Manager	Baillie Gifford	Schroders
<b>Fund name</b>	Baillie Gifford Diversified Growth Fund	Schroder Life Diversified Growth Fund
<b>Structure</b>	Pooled	Pooled
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
<b>Number of company meetings the manager was eligible to vote at over the year</b>	144	1,936
<b>Number of resolutions the manager was eligible to vote on over the year</b>	1,477	25,077
<b>Percentage of resolutions the manager voted on</b>	97.1%	98.9%

<b>Percentage of resolutions the manager abstained from</b>	1.1%	0.6%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	95.2%	90.1%
<b>Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on</b>	3.7%	9.3%
<b>Percentage of resolutions voted contrary to the recommendation to the proxy advisor</b>	Not available	5.8%

Source: fund managers

There are no voting rights attached to the other assets held by the Scheme and therefore there is no voting information shown above for these assets.

Baillie Gifford employs Institutional Shareholder Services (ISS) and Glass Lewis for proxy voting services and Schroders uses ISS.

## Significant votes

The table below shows a selection of votes cast by Baillie Gifford during the year ending 30 June 2021. We have delegated to the investment managers to define what a "significant vote" is.

### Baillie Gifford Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	ADO Properties	Rio Tinto PLC	Galaxy entertainment Group LTD
<b>Date of vote</b>	29 August 2020	9 April 2021	15 May 2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.39%	3.76%	3.31%
<b>Summary of the resolution</b>	Amendment of Share Capital	Remuneration	Routine Business
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	No	No
<b>Rationale for the voting decision</b>	Baillie Gifford opposed the resolution which sought authority to issue equity because the potential dilution	Baillie Gifford opposed the remuneration report as they did not agree with the decisions taken by the Remuneration Committee in	Baillie Gifford opposed two resolutions which sought authority to issue equity because the potential dilution

	levels are not in the interests of shareholders.	the last year regarding executive severance payments and the vesting of long-term incentive awards.	levels are not in the interests of shareholders.
<b>Outcome of the vote</b>	Pass	Pass	Pass
<b>Implications of the outcome</b>	Baillie Gifford opposed the request to increase authorised capital which would permit share issuance without preemptive rights, given shares are currently trading at a high discount to NAV and there is no NAV commitment. They have since sold out of the stock.	Following the submission of their votes they engaged with the company to communicate their concerns. Whilst they did not support the backwards looking remuneration report, they took the decision to support the forward looking remuneration policy. Baillie Gifford continue to be focussed on having good open communication with the leadership team which they believe is valuable as long-term investors.	Baillie Gifford's principle concern was with the poor disclosure of how performance is calculated and awards granted under the Share Option Scheme. The resolution received a significant dissent with a 22% opposition. Following the AGM they contacted the company to encourage improved disclosure in this area.
<b>Criteria on which the vote is considered "significant"</b>	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because they opposed remuneration.	This resolution is significant because it received greater than 20% opposition.

## Schroder Life Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	McKesson Corporation	NIKE, Inc.	The Procter & Gamble Company
<b>Date of vote</b>	29 July 2020	17 September 2020	13 October 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	This information was not provided		
<b>Summary of the resolution</b>	Report on Lobbying Payments and Policy	Report on Political Contributions Disclosure	Publish Annually a Report Assessing Diversity and Inclusion Efforts
<b>How the manager voted</b>	Voted for the shareholder resolution and against management	Voted for the shareholder resolution and against management	Voted for the shareholder resolution and against management
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	This information was not provided		
<b>Rationale for the voting decision</b>	The company is being asked to provide comprehensive disclosure around its lobbying efforts and procedures. While Schroders welcome the company's disclosure efforts, numerous gaps in its reporting remain. They believe it is best practice to	The company is being asked to report on political contributions disclosure. As comprehensive information regarding its political contribution spending and non-profit organisation participation will enable shareholders to have a more	While the company's comments demonstrate a commitment to diversity and inclusion across all levels of the business, Schroder's support the proponent's request for more transparency

	provide full disclosure and therefore support this proposal.	comprehensive understanding of the company's political activities, support is warranted at this time.	to demonstrate progress against these ambitions.
<b>Outcome of the vote</b>	This information was not provided.		
<b>Implications of the outcome</b>	This information was not provided		
<b>Criteria on which the vote is considered "significant"</b>	Vote was against management	Vote was against management	Vote was against management

## Fund level engagement

Manager	Baillie Gifford	Schroders
<b>Fund name</b>	Baillie Gifford Diversified Growth Fund	Schroder Life Diversified Growth Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	*Not provided	**362
<b>Number of engagements undertaken at a firm level in the year</b>	*Not provided	**1,564
<b>Examples of engagements undertaken with holdings in the fund</b>	<p>Baillie Gifford were involved in a number of different engagement topics, with the most common being:</p> <ul style="list-style-type: none"> <li>• Remuneration;</li> <li>• Environmental/Social;</li> <li>• Corporate Governance; and</li> <li>• AGM or EGM Proposals</li> </ul> <p>An example is Baillie Gifford's engagement with 3i Infrastructure plc, where they met with the Chairman of the Board to discuss their concerns about investment thesis drift, disclosure about the underlying assets, valuation metrics, return targets, high (excessive) management fees, and a substantial cash balance after recent transactions.</p>	<p><b>Google:</b> Human Capital Management</p> <p><b>Nestle:</b> Transparency &amp; Disclosure/Remuneration and Supply Chain Management</p> <p><b>Schneider:</b> Electric: Board Structure/Remuneration/Governance Oversight</p>

Source: fund managers

\*Baillie Gifford were not able to provide engagement statistics, the Trustees and their investment consultant are working with the fund manager to receive this data going forwards.

\*\*Engagement Data for Schroders is the most recent available at the time of preparing this report which is in respect of the year to 31 March 2021.

The Trustees believe that there is limited scope for engagement in relation to the Schroders Liability Driven Investment Funds and Sterling Liquidity Fund, and therefore there is no information shown above for these funds.

Based on the information received, the Trustees believe that the fund managers have acted in accordance with the Scheme's stewardship policies. The Trustees are supportive of the key voting action taken by the fund managers over the period to encourage positive governance changes in the companies in which the funds hold shares.

**Prepared by the Trustees of the CIM Holdings Limited Retirement Benefit Scheme  
September 2021**