

**Commonwealth Secretariat Pension and Life Assurance Scheme (1979)**  
**31 March 2022**  
**Implementation Statement**

## **Glossary**

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
Scheme	Commonwealth Secretariat Pension and Life Assurance Scheme (1979)
Scheme Year	1 April 2021 to 31 March 2022
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

## **Introduction**

The Trustees have reviewed the extent to which their policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

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

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### **Relevant Investments**

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.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- Baillie Gifford Diversified Growth Fund
- Insight Broad Opportunities Fund\*

*\* Insight Broad Opportunities Fund gains access to equity markets via derivatives and so does not have voting rights associated with its equity exposure. The fund does gain access to areas such as infrastructure via funds known as investment companies. These take the legal structure of a UK listed company and as such there are voting rights attaching to these investments. However, we do not regard these voting rights as being material or significant and have therefore not analysed Insight's voting record.*

### **The Trustees' Policy Relating to the Exercise of Rights**

#### Summary of the Policy

The Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme Year to reflect the recent changes made to the Scheme's investment strategy.

A summary of the Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

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Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustees did not select any new funds during the period.
- During the Scheme Year, the Trustees considered the voting records of the investment managers over the period ending 31 March 2021.
- Since the end of the Scheme Year, an updated analysis of the voting records of the investment managers based on the period ending 31 March 2022 has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.

All of the investment managers used by the Scheme are UNPRI signatories.

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### **The Investment Manager's Voting Records**

A summary of Baillie Gifford's voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against / withheld	Did not vote/ abstained
<b>Baillie Gifford</b>	20,000	93%	3%	4%

#### Notes

*These voting statistics are based on the manager's full voting record over the 12 months to 31 March 2022 rather than votes related solely to the funds held by the Scheme.*

### **Use of Proxy Voting Advisers**

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
<b>Baillie Gifford</b>	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes

### **The Investment Manager's Voting Behaviour**

The Trustees have reviewed the voting behaviour of the investment manager by considering the following:

- broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. "with management" or "against management");
- the votes they cast in the year to 31 March 2022 on the most contested proposals in nine categories across the UK, the US and Europe;
- the investment manager's policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the investment manager with its peers over the same period.

The Trustees' key observations are set out below.

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**Voting in Significant Votes**

Based on information provided by the Trustees' Investment Adviser, the Trustees have identified significant votes in nine 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 nine categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustees considered each investment manager's 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**

Baillie Gifford tends to support management proposals. Baillie Gifford's active management style provides some justification for this; it supports the management of companies it has actively chosen to invest in. However, it can also indicate overconfidence in the companies selected.

Baillie Gifford has held companies to account on climate change issues. The investment manager opposed Director proposals on climate change which were deemed to not go far enough and supported shareholder proposals in this area.

However, Baillie Gifford continues to be less supportive of shareholder proposals aimed at tackling social issues and this leaves Baillie Gifford open to criticism. The Trustees' Investment Adviser has fed this message back repeatedly to Baillie Gifford and continue to do so this quarter.

**Conclusions**

Based on the analysis undertaken, and as per the descriptions above, the Trustees have no material concerns regarding the voting records of all managers in this category.

The Trustees will keep the voting actions of the investment managers under review.

Signed by U Panwar on 26 October 2022

..... Date: .....

Signed on behalf of the Trustees of the Commonwealth Secretariat Pension and Life Assurance Scheme (1979)

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#### Significant Votes

The table below records how Baillie Gifford voted in the most significant votes identified by the Trustees.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	Baillie Gifford
<b>Audit &amp; Reporting</b>					
S&P GLOBAL INC	05/05/2021	Appoint the Auditors	88	12	For
RWE AG	28/04/2021	Appoint the Auditors	92	8	For
ADIDAS AG	12/05/2021	Ratify KPMG AG as Auditors for Fiscal Year 2021	92	8	For
DEUTSCHE WOHNEN SE	01/06/2021	Ratify KPMG AG as Auditors for Fiscal Year 2021	92	8	For
ARTHUR J. GALLAGHER & CO.	11/05/2021	Appoint the Auditors	93	7	For
<b>Shareholder Capital &amp; Rights</b>					
KERING SA	22/04/2021	Authorize Capital Issuances for Use in Employee Stock Purchase Plans	32	68	For
BRITISH AMERICAN TOBACCO PLC	28/04/2021	Issue Shares with Pre-emption Rights	72	28	For
VONOVIA SE	16/04/2021	Approve Authority to Increase Authorised Share Capital and Issue Shares	78	22	Against
RIO TINTO PLC	09/04/2021	Authorise Share Repurchase	80	20	For
SSP GROUP PLC	04/02/2022	Issue Shares with Pre-emption Rights	80	20	For
<b>Pay &amp; Remuneration</b>					
NETFLIX INC	03/06/2021	Advisory Vote on Executive Compensation	51	49	For
ABIOMED INC	11/08/2021	Advisory Vote on Executive Compensation	50	47	Against
TERNA SPA	30/04/2021	Approve Second Section of the Remuneration Report	59	41	For
EDENRED SA	11/05/2021	Approve Compensation of Bertrand Dumazy, Chairman and CEO	61	39	For
AMADEUS IT GROUP	16/06/2021	Advisory Vote on Remuneration Report	38	61	Against
<b>Constitution of Company, Board &amp; Advisers</b>					
APPLE INC	04/03/2022	Elect Alex Gorsky - Non-Executive Director	50	50	For
NESTLE SA	15/04/2021	Re-Elect Kasper Rorsted - Non-Executive Director	62	38	Did not vote
<b>Merger, Acquisition, Sales &amp; Finance</b>					
VONOVIA SE	16/04/2021	Issue Bonds/Debt Securities	79	21	Against
DELIVERY HERO SE	16/06/2021	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds	84	16	For
HERMES INTERNATIONAL	04/05/2021	Approve Demerger	91	9	For
SAP SE	12/05/2021	Issue Bonds/Debt Securities	93	7	For
RWE AG	28/04/2021	Approve Issuance of Bonds with Convertible Bonds with Partial Exclusion of Preemptive Rights up to Aggregate Nominal Amount of EUR 5 Billion	97	3	For
<b>Climate Related Resolutions</b>					
MOODYS CORPORATION	20/04/2021	Say on Climate	93	1	For
NESTLE SA	15/04/2021	Support Nestle's Climate Roadmap	95	1	Did not vote
S&P GLOBAL INC	05/05/2021	Approve Greenhouse Gas (GHG) Emissions Reduction Plan	88	0	For
<b>Other Company Resolutions</b>					
SSP GROUP PLC	04/02/2022	Meeting Notification-related Proposal	79	21	For
SEGRO PLC	22/04/2021	Meeting Notification-related Proposal	86	14	For
BRITISH AMERICAN TOBACCO PLC	28/04/2021	Approve Political Donations	89	11	For
PRUDENTIAL PLC	13/05/2021	Meeting Notification-related Proposal	89	11	For
<b>Governance &amp; Other Shareholder Resolutions</b>					
APPLE INC	04/03/2022	Shareholder Resolution: Report on Concealment Clauses	49	49	Abstain
ROYAL CARIBBEAN CRUISES LTD	02/06/2021	Shareholder Resolution: Report on Political Contributions Disclosure	53	47	For
TESLA INC	07/10/2021	Shareholder Resolution: Declassify the Board of Directors	53	44	Against
THERMO FISHER SCIENTIFIC INC.	19/05/2021	Shareholder Resolution: Right to Call Special Meetings	56	44	Against
PEPSICO INC.	05/05/2021	Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call	44	56	For
<b>Environmental &amp; Socially Focussed Shareholder Resolutions</b>					
APPLE INC	04/03/2022	Shareholder Resolution: Civil Rights Audit	53	46	Abstain
TESLA INC	07/10/2021	Shareholder Resolution: Report on Diversity and Inclusion Efforts	55	41	Against
BOOKING HOLDINGS INC.	03/06/2021	Shareholder Resolution: Report on Annual Climate Transition	56	43	For
AMAZON.COM INC.	26/05/2021	Shareholder Resolution: Oversee and Report on a Civil Rights, Equity, Diversity and Inclusion Audit	44	55	Abstain
MICROSOFT CORPORATION	30/11/2021	Shareholder Resolution: Report on Gender and Racial Pay Gap	40	59	Abstain

#### Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. 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. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.