

## Appendix 1: Implementation statement

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### TT Group (1993) Pension Scheme ('Scheme')

#### Implementation Statement

##### **1. Introduction**

The Trustee is required to make publicly available online a statement ("the Implementation Statement") covering the TT Group (1993) Pension Scheme (the 'Scheme') in relation to the Scheme's Statement of Investment Principles (the "SIP").

The SIP was amended once during the year ending 5 April 2021, and the changes made were predominantly for regulatory changes relating to ESG factors, corporate governance and voting. This updated SIP came into force from 26 September 2020.

A copy of the current SIP can be found here

<https://www.ttelelectronics.com/TTElectronics/media/SiteFiles/Investors/Governance/2020-09-SIP-TT-Group-Final-Adopted-20200925.pdf>

This first Implementation Statement covers the Scheme's scheme year from 6 April 2020 to 5 April 2021 (the "Scheme Year"). It sets out:

- How the Trustee's policies on exercising voting rights and engagement have been followed over the Scheme Year; and
- The voting by or on behalf of the Trustee during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

The Trustee is responsible for the investment of the Scheme assets. Where it is required to make an investment decision, the Trustee always receives advice from the relevant advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned. The Trustee also sets the investment strategy and general investment policy but has delegated the day-to-day investment of the Scheme's assets, within pre-defined constraints to professional Investment Managers. The Trustee, with advice from their advisers, appoints and monitors the Scheme's Investment Managers.

##### **2. How the Trustee's policies on exercising voting rights and engagements have been followed over the Scheme Year**

The Scheme's SIP sets out the Trustee's policies in relation to stewardship, corporate governance and Environmental, Social and Governance (ESG) factors.

The Scheme invests in assets with voting rights attached. However, these investments are generally made via pooled investment funds with the Investment Managers where the Scheme's investments are pooled with other investors. Direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is delegated to those underlying Investment Managers.

The Trustee believes it is appropriate to delegate voting and engagements decisions to their Investment Managers in order to achieve an integrated and joined up approach to ESG factors, voting and engagement together. In this way as the Investment Managers consider ESG factors as part of the investment decisions being taken on behalf of the Trustee, the Trustee is satisfied that the Investment Managers can also take account of direct engagement or other factors relating to any voting or engagement and respond to these (as appropriate). The Trustee has therefore not sought to influence voting behaviours and does not intend to change its position at this time.

During the Scheme year the Trustee has carried out the following activity in relation to these policies:

- On behalf of the Trustee, monitoring of the Investment Managers' ESG and stewardship policy was carried out through regular investment and operational due diligence reviews and meetings by the Trustee's investment adviser with any important updates communicated to the Trustee over the Scheme year.
- The Trustee with the help of their investment adviser, monitored the performance of the Investment Managers against their agreed performance objectives at each of the quarterly Trustee meetings during the Scheme Year.
- The Trustee reviewed the Internal Controls Reports of each of the managers during the period.
- The Trustee has reviewed the voting and engagement activity carried out by its Investment Managers during the Scheme Year, a summary is provided in the next section.

Following activity during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the Statement of Investment Principles over the Scheme Year.

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### 3. Voting and Engagement Summary

To ensure all relevant voting and engagement activity is covered, this statement includes information on both

- the underlying investment managers investing in securities; and
- any voting rights retained by the Trustee

Where proxy voting agents have been used, this has been included in the voting information.

#### Summary of voting activity

Equity voting statistics	Dodge & Cox Global Stock Fund	River and Mercantile Dynamic Asset Allocation Fund
Total meetings eligible to vote	88	47
Total resolutions eligible to vote	1349	321
% of resolutions did you vote on for which you were eligible?	100.0%	86.3%
% did vote with management?	97.6%	87.0%
% vote against management?	2.4%	12.0%
% abstained	0.1%	4.7%
% of meetings, for which you did vote, did you vote at least once against management?	n/a	50.0%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	4.0%	0.0%

The Trustee considers these to be its principal relevant equity holdings for this purpose.

Source: All data in this section has been provided by the investment managers.

The Trustee has retained the use of voting (and other) rights attached to their mandates; however, the respective managers of the mandates retain responsibility for voting on their underlying holdings. Over the period, the Trustee, with the help of its investment advisor, voted in favour of the changes to the fee structure in relation to the Scheme's investment in the JLP Credit Opportunities Fund. This vote allowed the investment manager to continue winding down the Scheme's investment in a positive manner.

#### Trustee's conclusions on voting & engagement

The Trustee has considered the voting behaviour (provided above) along with engagement activity that took place on their behalf during the Scheme Year and is pleased to report that its managers have demonstrated high levels of voting activity, challenge to management and active engagement on a range of relevant topics throughout the Scheme Year. Specifically, the Trustee noted that:

- Most of the investment managers were able to provide evidence of high levels of engagement activity.
- Each relevant manager demonstrated very high levels of voting rights being acted on and evidenced challenge to management.
- The general theme over the Scheme year was on environmental issues, climate change in particular. Executive pay and board independence were the other main themes identified.
- Within the credit mandates, there was particular focus on climate change related risks, including discussions with companies on their carbon emissions along their supply chain.
- Challenge to management was demonstrated through votes against management.
- In relation to the liability hedging, structured equity, TRS equity and active structured equity mandates (collectively 62% of the Scheme's strategic allocation), the Trustee noted that the choice of counterparty (both in terms of the counterparties chosen to be part of the available roster and the choice of which counterparty of these to use when entering into derivative transactions) is driven by a number of factors including credit ratings which take into account ESG factors, and ESG scores for counterparties are regularly monitored.
- In relation to the cashflow matching mandates (10% of the Scheme's strategic allocation) the Trustee noted that the selected manager takes a proactive role in ensuring the long-term sustainability of the markets regularly. The manager actively engages with companies and other industry members and supports a number of ESG initiatives.

The Trustee is satisfied that the voting and engagement activity undertaken by the Underlying Investment Managers are in line with the Trustee's policies contained in the SIP and that no changes are required to these policies at this time. The Trustee will keep the position under review.