
IMPLEMENTATION STATEMENT

Bellway p.l.c. 1972 Pension Scheme

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 31 July 2022

Introduction

This statement sets out how, and the extent to which, the Stewardship Policy and related policies on Environmental, Social and Governance (ESG) factors and Climate Change set out in the Statement of Investment Principles (SIP) have been followed during the year to 31 July 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018, as amended and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the investment objectives it has set. As set out in the SIP, the Trustee's primary investment objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustee also aims to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Bellway p.l.c. 1972 Pension Scheme (the Scheme).

The objectives set out above provide a framework for the Trustee when making investment decisions.

Policy on ESG, Stewardship and Climate Change

The Trustee understands that it must consider all factors that have the potential to affect the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP dated 24 September 2019 first included the Trustee's policies on ESG factors, stewardship and climate change. These policies are also included in the latest SIP, which was approved on 29 March 2021, which was in force over the Scheme year.

As recorded in the SIP, The Trustee believes that ESG factors can influence the return and risk outcomes for the Scheme. It therefore believes that ESG factors should be taken into account in the management of the Scheme assets.

The Trustee keeps its policies under regular review with the SIP subject to review at least triennially.

Scheme Investment Structure

The Scheme's only investment is a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers.

Mercer Limited had fiduciary responsibility for the selection of pooled funds on the Mobius Platform for the Scheme over the period to March 2022, after which this responsibility was passed on to Schroders IS Limited following its appointment as the Scheme's Investment Advisor and subsequently the Scheme's Fiduciary Manager.

Trustee engagement

As the Scheme invests through the Mobius Platform, the Trustee does not have the opportunity to influence the investment managers' actions in relation to ESG factors directly. Instead, the Trustee has defined policies in relation to ESG and will both select and monitor investment managers with regard to these policies. In this way, the Trustee is able to apply its policies on ESG in the context of the investment management structure.

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During the Scheme year, the Trustee received Mercer's ESG scores for the funds in which the Scheme was invested. These scores have been included in Mercer's monitoring reports throughout the Scheme year.

The Trustee is satisfied that the scores are satisfactory in the context of the mandates of the funds.

Voting Activity

As noted earlier, the Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore the Trustee has no voting rights in relation to the Scheme's investments and no direct ability to influence the managers of the pooled funds.

If the Trustee were specifically invited to vote on a matter relating to the corporate policy, it would exercise its right in accordance with what it believes to be in the best interests of the majority of the Scheme's members.

Over the Scheme year, the Trustee has not been asked to vote on any specific matters and has therefore not cast any votes itself.

Nevertheless, Appendix 1 of this Statement sets out a summary of the key voting activity of the pooled funds in which the Scheme's assets are ultimately invested for which voting is possible (i.e., those funds which include equity holdings).

This includes information on what the fund managers consider to be a significant vote, and examples of these. The Trustee has no influence on the managers' definitions of significant votes but has noted these and is satisfied that they are all reasonable and appropriate.

The Trustee notes that best practice in developing a statement on voting and engagement activity is evolving and it will continue to consider industry activity in this area.

Adopted by the Trustee

January 2023

Appendix 1 – Voting Activity

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
Nordea Diversified Return	<p>Nordea rely on ISS for proxy voting, execution as well as research, while Nordic Investor Services (NIS) is used for analysis.</p> <p>ISS is a global player with international reach and practices, while NIS is a small niche player whose best practices are much in line with those of Nordea. This gives a broad palette of input which is very valuable in the evolution of their Corporate Governance principles.</p> <p>Normally, every vote cast is considered individually on the background of their in house bespoke voting policy.</p> <p>In 2021 Nordea have massively scaled up their voting to cover a majority of all voting activities and have contracted ISS to vote on some minor holdings as per their policy.</p> <p>Nordea's Corporate Governance unit will continue to oversee all voting activities.</p>	2,348 votes cast (to March 2022)	312 (13.3% of votes cast)	4 (0.2% of votes cast)	Those that are severely against Nordea's principles, and where they feel they need to enact change in the company. The process stems from first identifying the most important holdings, based on size of ownership, size of holding, ESG reasons, or any other special reason. From there, Nordea benchmark the proposals against their policy.	<p>Oracle: Advisory vote to ratify named executive officers' compensation</p> <p>Voted: Against</p> <p>Rationale: Nordea think that bonuses and share based incentives only should be paid when management reach clearly defined and relevant targets which are aligned with the interest of the shareholders. For a majority of executive officers targets are lacking and for some the levels are extremely high. Nordea also voted against re-election of the proposed board members in the Compensation Committee.</p> <p>Outcome of Vote: For</p> <p>Implications: Nordea see less and less support at many AGMs for remuneration packages, and they will continue to be critical of badly structured remuneration programs with large proportions of time based variable compensation.</p>

Pictet Multi Asset	<p>ISS – to provide research and to facilitate the execution of voting decisions at all relevant company meetings worldwide.</p> <p>ISS recommendations are communicated to relevant Investment teams and Pictet’s in-house ESG team.</p> <p>ISS recommendations inform voting decisions but Pictet may deviate from third party voting recommendations on a case by case basis. Such divergences may be initiated by Investment teams or by the ESG team and will be supported by detailed written rationale.</p>	<p>562 votes cast (to March 2022, 100% of eligible votes)</p>	<p>23 (4.1% of votes cast)</p>	<p>2 (1% of votes cast)</p>	<p>Classified as significant depending on subject matter of the vote. For example a vote against management, if the company is one of the largest holdings in the portfolio, and/or Pictet hold an important stake in the company.</p>	<p>American Express Company – Publish annually a report assessing diversity, equality, and inclusion efforts (Shareholder resolution)</p> <p>Voted: For</p> <p>Rationale: Pictet supported this proposal, against the recommendation of management, as they agreed with proponents that while American Express is taking meaningful steps to increase its workforce diversity and promote inclusion, the company's reporting of its diversity statistics fall short of disaggregating data in line with the ten job categories outlined by regulation, and, as pointed out by exempt solicitation, lags behind some peers. Improvement in disclosure would benefit shareholders in assessing the company's long-term value and reputational and legal risks associated with discrimination.</p> <p>Outcome: The resolution was approved.</p>
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Threadneedle Multi Asset	<p>ISS and Glass Lewis – for research and recommendations only.</p> <p>ISS 'ProxyExchange' electronic voting platform to electronically vote clients' shares.</p> <p>Threadneedle makes its own voting decisions.</p>	<p>503 votes cast (100% of eligible votes)</p>	<p>39 (7.77% of votes cast)</p>	<p>10 (2.00% of votes cast)</p>	<p>Threadneedle consider a significant vote to be any dissenting vote i.e. where a vote is cast against (or where Threadneedle abstain/withhold from voting) a management-tabled proposal, or where they support a shareholder-tabled proposal not endorsed by management.</p>	<p>Nike Inc – Report on Political Contributions Disclosure</p> <p>Voted: For</p> <p>Rationale: Supporting better corporate governance practices</p> <p>Outcome of vote: The proposal did not pass.</p> <p>General Motors Company – Report on the use of child labour in connection with Electric vehicles</p> <p>Voted: For</p> <p>Rationale: Supporting better ESG risk management disclosures</p> <p>Outcome of vote: The proposal did not pass.</p>
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Baillie Gifford Diversified Growth Fund	<p>ISS and Glass Lewis – for research and recommendations only.</p> <p>Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide more nuanced market specific information.</p> <p>Baillie Gifford makes its own voting decisions.</p>	<p>1,203 votes cast (86.7% of eligible votes)</p>	<p>38 (3.2% of votes cast)</p>	<p>11 (0.9% of votes cast)</p>	<p>The list below is not exhaustive, but exemplifies potentially significant voting situations:</p> <ul style="list-style-type: none"> - Baillie Gifford's holding had a material impact on the outcome of the meeting - The resolution received 20% or more opposition and Baillie Gifford opposed - Egregious remuneration - Controversial equity issuance - Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders - Where there has been a significant audit failing - Where Baillie Gifford have opposed mergers and acquisitions - Where Baillie Gifford have opposed the financial statements / annual reports - Where Baillie Gifford have opposed the election of directors and executives. 	<p>CBRE Group Inc –shareholder resolution to lower the ownership threshold to call a special meeting.</p> <p>Voted: Against</p> <p>Rationale: Baillie Gifford were comfortable with the current 25% threshold in place and do not believe that lowering it would be reasonable. Ahead of voting, Baillie Gifford had an engagement call with the company to discuss the proposed agenda. Baillie Gifford were satisfied to learn about the company's efforts to engage with their holders, including the proponent, who according to the company, did not have any particular concerns over CBRE but backs a lower threshold out of principle. Baillie Gifford intend to follow up with the company later in a year to speak about governance developments.</p>
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Source: Investment Managers

Note: Information shown is for 12 months to 30 June 2022, unless otherwise stated.