

Contship Containerlines Limited 1979 Pension Scheme

Implementation Statement

Purpose of Implementation Statement

This Implementation Statement has been prepared by the Trustees of the Contship Containerlines Limited 1979 Pension Scheme (the "Trustees" and the "Scheme" respectively) and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the period from 30 September 2019 to 30 September 2020.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the period from 30 September 2019 to 30 September 2020.

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 stewardship and engagement activities of the current managers from time to time. No formal review was undertaken during the year and no remedial action was taken during the period.

Each year the Trustees receive and review voting information and engagement policies from the asset managers, which they review to ensure alignment with their own policies, alongside preparation of the Implementation Statement.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers is in alignment with the Scheme's stewardship policies.

Voting undertaken on behalf of the Trustees

The Scheme's equity investments are held through pooled diversified growth funds managed by Baillie Gifford and NinetyOne Asset Management and a pooled equity fund managed by Legal & General Investment Management (LGIM). 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.

Voting data

Manager	LGIM	Baillie Gifford	NinetyOne
Fund name	LGIM Global Equity Fixed Weights (70:30) Index Fund	Baillie Gifford Multi Asset Growth Fund	NinetyOne Diversified Growth Fund
Structure	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	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.	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
Number of company meetings the manager was	4558	60	139

eligible to vote at over the year			
Number of resolutions the manager was eligible to vote on over the year	52,402	671	1724
Percentage of resolutions the manager voted on	99.2%	96.1%	90.5%
Percentage of resolutions the manager abstained from	0.4%	1.9%	2.1%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	83.5%	89.9%	93.7%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	16.1%	8.2%	6.4%
Percentage of resolutions voted <i>contrary</i> to the recommendation of the proxy advisor	10.8%	Not applicable	2.4%

Source: Fund managers

The proportion of resolutions that were voted on or abstained from may not sum to 100%. This can be due to how managers or local jurisdictions define abstentions or classify formal voting or abstentions as opposed to not returning a voting form or nominating a proxy.

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, however, whilst they are cognisant of their proxy advisors' voting recommendations, they do not delegate or outsource any of their stewardship activities or prescriptively follow or rely upon their recommendations when deciding how to vote on their clients' shares. NinetyOne and LGIM also use ISS as their proxy voting advisor, however LGIM actively direct a significant proportion of clients' voting rights.

Significant votes

For the first year of implementation statements we have delegated to the investment managers to define what a "significant vote" is. A summary of the data they have provided is set out below.

LGIM

	Vote 1	Vote 2	Vote 3
Company name	Barclays	Exxonmobil	Olympus Corporation
Date of vote	7 May 2020	27 May 2020	30 July 2020

Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided	Data not provided	Data not provided
Summary of the resolution	Resolution 29 - Approve Barclays' Commitment in Tackling Climate Change Resolution 30 - Approve ShareAction Requisitioned Resolution	Elect Director Darren W. Woods	Elect Director Takeuchi, Yasuo
How the manager voted	LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction.	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management.	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management.	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management.
Rationale for the voting decision	The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers.	In June 2019, under their annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, LGIM announced that they will be removing ExxonMobil from their Future World fund range, and will be voting against the chair of the board. They also announced they will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, their voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.	LGIM identified that Japanese companies in general have trailed behind European and US companies, as well as companies in other countries, in ensuring more women are appointed to their boards. They opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to take action on this issue.
Outcome of the vote	Resolution 29 - supported by 99.9% of shareholders Resolution 30 - supported by 23.9% of shareholders	93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods. Approximately 30% of shareholders supported the proposals for independence and lobbying.	94.9% of shareholders supported the election of the director
Implications of the outcome	LGIM's focus will now be to help Barclays on the detail of their plans and targets. LGIM plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with	LGIM believe this sends an important signal, and they will continue to engage, both individually and in collaboration with other investors, to push for change at the company. Their voting intentions were the subject of over 40 articles in	LGIM will continue to engage with and require increased diversity on all Japanese company boards.

	ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change.	major news outlets across the world, including Reuters, Bloomberg, Les Échos and Nikkei, with a number of asset owners in Europe and North America also declaring their intentions to vote against the company.	
Criteria on which the vote is considered "significant"	Since the beginning of 2020 there has been significant client interest in LGIM's voting intentions and engagement activities in relation to the 2020 Barclays AGM.	LGIM voted against the chair of the board as part of their 'Climate Impact Pledge' escalation sanction.	This vote is deemed significant as LGIM considers it imperative that the boards of Japanese companies increase their diversity.

Baillie Gifford

	Vote 1	Vote 2	Vote 3
Company name	Covivio REIT	EDP Renovaveis	Gecina
Date of vote	22 April 2020	26 March 2020	23 April 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.45%	0.38%	0.34%
Summary of the resolution	Remuneration - Policy	Election of Director	Incentive Plan
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	Yes
Rationale for the voting decision	Baillie Gifford opposed five resolutions regarding the in-flight and proposed long term incentive scheme because it could lead to rewarding under-performance.	Baillie Gifford opposed the election of a director due to the lack of independence and diversity on the board.	Baillie Gifford opposed three resolutions relating to remuneration as they do not believe there is sufficient alignment between pay and performance.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	Following the AGM in 2020, Baillie Gifford informed the company of their voting decision and advised that they expect more stretching performance criteria to apply to long term incentives going forward. They are yet to see improvements in the targets so will continue to engage with the company and take appropriate voting action.	Baillie Gifford have taken action on the election of directors at the company since the 2018 AGM. Their concerns are regarding the attendance record of some directors, a lack of board independence and diversity. They have spoken to the company a number of times regarding these concerns and continue raise the issue and take action where possible. As	Baillie Gifford have been opposing remuneration at the company since 2017 due to concerns with the targets applied to the restricted stock plan. They are yet to see improvements in the remuneration plan however they continue to engage with the company to advise on areas for improvement.

the company has an 82% controlling shareholder, Baillie Gifford's ability to influence is limited, however, they believe it important to hold the board accountable for their concerns.

Criteria on which the vote is considered "significant"	This resolution is significant because Baillie Gifford opposed remuneration.	This resolution is significant because Baillie Gifford opposed the election of a director.	This resolution is significant because Baillie Gifford opposed remuneration.
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NinetyOne

	Vote 1	Vote 2	Vote 3
Company name	Midea Group Co. Ltd.	A-Living Services Co. Ltd.	China Mengniu Dairy Company Limited
Date of vote	18 November 2019	15 May 2020	3 June 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.35%	1.03%	0.80%
Summary of the resolution	Approve Employee Share Purchase Plan of Subsidiary	Elect Wei Xianzhong as Director	Elect Jiao Shuge (alias Jiao Zhen) as Director and authorize Board to fix his remuneration
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Data not provided	Data not provided	Data not provided
Rationale for the voting decision	Lack of alignment between pay and performance.	Wei Xianzhong failed to attend at least 75% of board meetings in the most recent fiscal year, without a satisfactory explanation.	The nominee currently serves as a director of six public companies
Outcome of the vote	Supported Management	Supported Management	Supported Management
Implications of the outcome	Data not provided	Data not provided	Data not provided
Criteria on which the vote is considered "significant"	Size & Dissent	Size & Dissent	Size & Dissent

Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustees. The table below provides a summary of the engagement activity undertaken by each manager during the year.

Manager	LGIM	LGIM	Baillie Gifford	NinetyOne
Fund name	LGIM Global Equity Fixed Weights (70:30) Index Fund	LGIM Investment Grade Corporate Bond All Stocks Index Fund	Baillie Gifford Multi Asset Growth Fund	NinetyOne Diversified Growth Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	Data was not provided	Data was not provided	Data was not provided	12
Number of engagements undertaken at a firm level in the year	Data was not provided	Data was not provided	Data was not provided	187

The Trustees believe that there is very limited scope for engagement in relation to the Liability driven investment ("LDI") funds, and therefore there is no information shown above for these assets.

Summary

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.

The Trustees and their investment consultant are working with the fund managers to provide additional information in future, including where indicated above, in order to enhance their ability to assess the fund managers' actions.

**Prepared by the Trustees of the Contship Containerlines Limited 1979 Pension Scheme
6 January 2021**