

Training 2000 Limited Retirement and Death Benefit Scheme
31 July 2020
Implementation Statement

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February 2021

Glossary

Baillie Gifford	Baillie Gifford & Co Limited
BlackRock	BlackRock Investment Management (UK) Limited
ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Training 2000 Limited Retirement and Death Benefit Scheme
Scheme Year	01 August 2019 to 31 July 2020
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

An investment in equities (shares) brings with it an entitlement to vote at general meetings of the company whose shares are held. Some of the Scheme's assets are invested in equities and the Trustee's SIP includes wording relating to the Trustee's voting and engagement policies.

This Implementation Statement provides an assessment of how, and the extent to which, the voting and engagement policies described in the SIP were followed over the Scheme Year.

In addition, it summarises the voting record of the Scheme's investment managers and provides information on the significant votes made in respect of the Trustee's 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 Multi-Asset Growth Fund
- BlackRock Aquila Life Market Advantage Fund
- LGIM World Equity Index Fund
- LGIM World Equity Index Fund – GBP Currency Hedged

Voting and Engagement Policies in the SIP

The Trustees revised the SIP during the Scheme Year with the first document in force over Period 1 and the second in force over Period 2 where:

- Period 1 applied to 24 September 2019; and
- Period 2 applied from 25 September 2019 to 31 July 2020.

Period 1 SIP Wording Relating to Voting and Engagement

The key points in this SIP relating to voting an engagement were:

- The investment manager has a duty to take into account social, environmental and ethical considerations in the selection, retention and realisation of investments. The investment manager's duties also include exercise of voting rights and corporate governance in relation to the Scheme's assets.

Trustees' Assessment of Whether These Policies Were Followed

Over the course of Period 1, the assets were invested in pooled investment vehicles and, consequently, engagement with companies (and the exercise of voting rights) was determined by the investment manager's own policies.

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Period 2 SIP Wording Relating to Voting and Engagement

The key points in this SIP relating to voting and engagement were:

- The Trustee believes that good stewardship can create and preserve value for companies.
- The Trustee invests in pooled funds and therefore accepts that responsibility for corporate governance and ongoing engagement with companies (including the exercise of voting rights) is delegated to the investment managers.
- When considering the suitability of an investment manager, the Trustee will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustee will normally select investment managers who are signatories to the UNPRI;
- The Trustees expect that each investment manager will discharge its responsibilities in respect of investee companies in accordance with that investment manager's own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.
- The Trustees also expect that each investment manager will take ESG factors into account when exercising the rights attaching to investments, and in taking decisions relating to the selection, retention and realisation of investments.
- The Trustee recognises that the membership might wish the Trustee to engage with the underlying companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society. However, the Trustee's priority is to select investment managers which are best suited to help meet the Trustee's investment objectives.
- The Trustees regularly monitor the position of the investment managers with regards to ESG matters.
- The investment adviser provides regular updates on the investment managers' actions regarding ESG factors and shareholder engagement.

Trustee's Assessment of Whether These Policies Were Followed

Over the course of the period, the assets were invested in pooled investment vehicles and, consequently, it remained the case that responsibility for exercising voting rights was the responsibility of the investment managers.

No new funds were selected over the period.

The Trustee continues to regularly monitor the position of the investment managers with regards to ESG matters.

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The ESG risks associated with the investments were considered in September 2019 – see First Actuarial’s paper entitled ESG Report. First Actuarial will update its ESG assessments annually and the results will be shared with the Trustee via the Hub.

All of the investment managers used by the Scheme over the Scheme Year were signatories to the UNPRI.

The Investment Manager’s Voting Record

A summary of the investment managers’ voting records is:

Investment Manager	Baillie Gifford	BlackRock	LGIM
Period	Year to 31 March 2020	Year to 30 June 2020	Calendar Year 2019
Number of votes	13,217	153,000	50,900
Split of votes:			
For	88%	97%	83%
Against	8%	3%	17%
Did not vote/abstained	4%	0%	1%

Notes

Split of votes may not sum to 100% due to rounding

These voting statistics are based on each manager’s full voting record rather than votes related solely to the funds held by the Scheme.

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Use of Proxy Investment Advisers

Investment Manager	Baillie Gifford	BlackRock	LGIM
Who is their proxy voting adviser?	No proxy voting adviser	Several Advisers	ISS and IVIS
How is the proxy voting adviser used?	All done in-house, Manager aims to participate in all votes	Proxy advisers provide information but voting is determined by BlackRock	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

Our fund manager’s voting behaviour

We have reviewed the voting behaviour of our fund managers by considering the following:

- broad statistics of their voting record 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 to in the year to 31 March 2020 on the most contested proposals in eight categories across the UK, the US and Europe
- Statements made by our fund managers on the subjects of stewardship, corporate governance and voting

We have also compared the voting behaviour of our fund managers with their peers over the same period.

Our key observations are below along with actions we have taken as a result of our review of the fund managers’ voting behaviour

Voting in Significant Votes

Based on information provided by the Trustee’s investment adviser, the Trustee has identified significant votes in eight separate categories. The Trustee considers 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 eight categories based on shares held by the Scheme’s investment managers are listed in the Appendix. In addition, the Trustee considered each investment managers’ overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

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Description of Voting Behaviour

BlackRock

The BlackRock Aquila Life Market Advantage Fund gains its equity exposure entirely via derivatives and so has no voting rights. Strictly speaking, the voting records of BlackRock do not need to be analysed but for completeness we have included BlackRock as we wish to highlight their voting behaviour.

BlackRock remain signatories to the UNPRI and the UK Stewardship Code and provide details online relating to their corporate governance policies.

However, BlackRock also participate in stock lending (so may not vote on stocks that are on loan) and active funds can 'go short' on stocks held within the manager's passive funds.

We observed that BlackRock had a strong tendency to vote with management. In line with this, but in contrast to their peers, they voted against contested shareholder resolutions designed to address issues such as climate change, human rights and forced labour.

We find this to be unsatisfactory and our Investment Consultant has raised these concerns with BlackRock.

However, we note that, in January, BlackRock made public commitments to vote against management when they are failing to make progress on climate change issues.

We expect to see a more satisfactory voting record from BlackRock in the future but continue to monitor the situation.

Baillie Gifford and LGIM

We observed that Baillie Gifford and LGIM voted against management on a range of issues and supported contested shareholder resolutions designed to tackle ESG issues.

Although we saw some areas where their peers had taken a stronger stance, such as executive pay and the appointment of independent auditors, we were satisfied with both managers voting behaviour over the period observed.

..... *Lisa Bloomfield* Date: 26th February 2021

Signed on behalf of the Trustee of the Training 2000 Limited Retirement and Death Benefit Scheme

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Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustee.

	MeetingDate	Proposal	Votes For (%)	Votes Against (%)	LGIM	BlackRock	Baillie Gifford
Audit & Reporting							
UNITED RENTALS INC	08/05/2019	Appoint the Auditors	50	50	For	Not held	Not held
LOCKHEED MARTIN CORPORATION	25/04/2019	Appoint the Auditors	50	50	For	Not held	Not held
ROYAL CARIBBEAN CRUISES LTD	30/05/2019	Appoint the Auditors	34	65	Do Not Vote	Not held	Not held
SOCIETE GENERALE SA	21/05/2019	Approve the Audit Report	71	29	Against	Not held	Not held
LAFARGEHOLCIM LTD	15/05/2019	Approve Consolidated Financial Statements	76	22	Against	Not held	Not held
Shareholder Capital & Rights							
ORANGE S.A	21/05/2019	Tender Offer	47	53	Against	Not held	Not held
TELEPERFORMANCE SE	09/05/2019	Issue Shares for Cash	55	45	Against	Not held	Not held
SAFRAN SA	23/05/2019	Exceptional Demand in the Event of a Public Offer	60	40	Against	Not held	Not held
STMICROELECTRONICS NV	23/05/2019	Issue Shares for Cash	65	34	Against	Not held	Not held
BOUYGUES SA	25/04/2019	Exceptional Demand	33	33	Against	Not held	Not held
Pay & Remuneration							
E*TRADE FINANCIAL CORPORATION	09/05/2019	Advisory Vote on Executive Compensation	50	50	Against	Not held	Not held
ADVANCE AUTO PARTS INC	15/05/2019	Advisory Vote on Executive Compensation	50	50	For	Not held	Not held
ATLANTIA SPA	20/04/2019	Approve Remuneration Policy	50	50	Against	Not held	Not held
NETFLIX INC	06/06/2019	Advisory Vote on Executive Compensation	50	50	Against	Not held	For
ARCHER-DANIELS-MIDLAND COMPANY	01/05/2019	Advisory Vote on Executive Compensation	50	50	For	Not held	Not held
Constitution of Company, Board & Advisers							
ATLANTIA SPA	20/04/2019	(Assogestioni)	50	50	For	Not held	Not held
CITIZENS FINANCIAL GROUP INC	25/04/2019	Elect Terrance J. Lillis	50	50	For	Not held	Not held
AVERY DENNISON CORPORATION	25/04/2019	Elect Anthony K. Anderson	50	50	For	Not held	Not held
REGIONS FINANCIAL CORPORATION	24/04/2019	Elect Eric C. Fast	50	50	For	Not held	Not held
LOCKHEED MARTIN CORPORATION	25/04/2019	Elect James D. Taiclet, Jr.	50	50	For	Not held	Not held
Merger, Acquisition, Sales & Finance							
ACS (ACTIVIDADES DE CONSTRUCCION Y SERVICIOS)	09/05/2019	Issue Convertible Bonds or Warrants	66	33	Against	Not held	Not held
FERROVIAL S.A.	05/04/2019	Group	72	28	Against	Not held	Not held
AJ BELL PLC	22/01/2020	AJ Bell Trust	79	20	Not held	Not held	For
AMADEUS IT GROUP	18/06/2019	Securities without Preemptive Rights up to EUR 5 Billion	87	13	For	Not held	Not held
DEUTSCHE BOERSE AG	08/05/2019	Issue Bonds/Debt Securities	91	9	For	Not held	Not held
Other Company Resolutions							
TE CONNECTIVITY LTD	11/03/2020	Adjourn Meeting	69	31	Against	Not held	Not held
UCB SA/NV	25/04/2019	Approve Change-of-Control Clause Re: LTI Plans of the UCB Group	70	30	Against	Not held	Not held
JUPITER FUND MANAGEMENT PLC	15/05/2019	Approve Political Donations	75	25	Not held	Not held	For
BOUYGUES SA	25/04/2019	Tender Offer	77	23	Against	Not held	Not held
BARRATT DEVELOPMENTS PLC	16/10/2019	Approve Political Donations	83	16	For	Not held	Not held
Governance & Other Shareholder Resolutions							
UNITED RENTALS INC	08/05/2019	Shareholder Resolution: Written Consent	50	49	Against	Not held	Not held
THE TRAVELERS COMPANIES INC.	22/05/2019	Shareholder Resolution: Employment Issues	50	49	For	Not held	Not held
DOMINION ENERGY INC	07/05/2019	Approve Shareholder Proposal: Policy to Require an Independent Board Chair	49	49	For	Not held	Not held
EASTMAN CHEMICAL COMPANY	02/05/2019	Shareholder Resolution: Written Consent	49	50	Against	Not held	Not held
PEPSICO INC.	01/05/2019	Shareholder Resolution: Introduce an Independent Chairman Rule	49	49	For	Not held	Not held
Environmental & Socially Focussed Shareholder Resolutions							
MICROCHIP TECHNOLOGY INCORPORATED	20/08/2019	Chain	51	48	For	Not held	Not held
AMPHENOL CORPORATION	22/05/2019	Shareholder Resolution on Recruitment and Forced Labor Report	43	55	For	Not held	Not held
DUKE ENERGY CORPORATION	02/05/2019	Coal Use	41	57	For	Not held	Not held
ROSS STORES INC	22/05/2019	Shareholder Resolution on Greenhouse Gas Emission Goals	41	59	For	Not held	Not held
APPLE INC	26/02/2020	Information Policies	38	56	For	Not held	Not held

Note

Where the voting record has not been provided at the fund level, we have based our analysis on the shares held within the Scheme's pooled funds as at 31 March 2020. 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.