

Implementation Statement

The Institution of Civil Engineers Staff Retirement Benefits & Life Assurance Scheme

Scheme year ended 31 December 2020

This statement sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year to 31 December 2020; and,
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 31 December 2020.

How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such the Trustees delegate responsibility for carrying out voting and engagement activities to the fund managers.

The Trustees reviewed the general ESG and stewardship approaches of the current managers at a high level in 2019 and were satisfied that their policies were reasonable. As part of the preparation for this report, the Trustees received and reviewed voting and engagement information provided the fund managers to ensure alignment with their policies.

Aberdeen Standard and Newton have attended the Trustee meetings over the year and they have included information on stewardship and voting as part of their presentations. No actions were required following these discussions.

Additional information on the voting and engagement activities carried out for the Scheme's investments are provided on the following pages. The Trustees and their investment consultant are working with the fund managers to improve the availability and quality of information included in future Implementation Statements.

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

Prepared by the Trustees of the Institution of Civil Engineers Staff Retirement Benefits & Life Assurance Scheme

April 2021

Voting undertaken on behalf of the Trustees

Voting only applies to equities held in the portfolio. The Scheme's equity investments are held in: pooled diversified growth funds managed by Newton Investment Management and Aberdeen Standard Investments respectively; and, pooled equity funds managed by Legal & General Investment Management (LGIM). The use of pooled funds means that there is limited scope for the Trustees to influence voting, which is carried out by the fund managers on behalf of the Trustees.

The table below provides a summary of the voting activity undertaken by each manager during the year. The data provided for LGIM reflects the total across all of the passive equity funds invested by the Scheme. Please note that Aberdeen Standard investments was only able to provide voting data for the period 1 April 2020 to 31 December 2020. The investment managers may use proxy voting advisors. LGIM, Newton, and Aberdeen all employ Institutional Shareholder Services (ISS).

Manager	LGIM	Newton	Aberdeen Standard
Fund name	UK Equity Index, North America Equity Index* Europe (ex-UK) Equity Index* Japan Equity Index* Asia Pacific (ex-Japan) Developed Index *	Multi-Asset Diversified Return Fund	Diversified Growth Fund
<i>For funds marked with an asterisk (*), the Scheme invests in both GBP currency hedged and non-currency hedged share classes.</i>			
Structure	Pooled	Pooled	Pooled
Number of company meetings the manager was eligible to vote at over the year	3,760	126	The investment manager did not provide this information.
Number of resolutions the manager was eligible to vote on	45,736	1,560	3,778
Percentage of resolutions the manager voted on	99.9%	99.7%	98.8%
Percentage of resolutions the manager abstained from	0.10%	0.0%	1.8%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	83.8%	88.5%	82.7%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	16.1%	11.5%	11.0%
Percentage of resolutions voted <i>contrary</i> to the recommendation of the proxy advisor	0.4%	8.6%	The investment manager did not provide this information.

Significant votes

Examples of the data each of the managers have provided is set out below. For the first year of implementation statements, the Trustees have delegated to the investment managers to define what a “significant vote” is. The rationale is included in the table below.

LGIM

	Vote 1	Vote 2	Vote 3	Vote 4
Company name <i>(Underlying fund)</i>	Barclays (UK Equity Index Fund)	International Consolidated Airlines Group (UK Equity Index Fund)	EXXONMOBIL (North America Equity Index Fund and GBP Currency Hedged Fund)	Olympus Corporation (Japan Equity Index Fund and GBP Currency Hedged Fund)
Date of vote	07/05/2020	07/09/2020	27/05/2020	30/07/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.99%	0.01%	0.69%	0.53%
Summary of the resolution	Approve Barclays' Commitment in Tackling Climate Change and approve ShareAction Requisitioned Resolution	'Approve Remuneration Report' was proposed at the company's annual shareholder meeting	Elect Director Darren W. Woods	Elect Director Yasuo Takeuchi at the company's annual shareholder meeting
How the manager voted	For	Against	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. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.			

	Vote 1	Vote 2	Vote 3	Vote 4
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.	Given the COVID-19 crisis and its consequences on international transport and negatively impacting the company's financial performance. LGIM encourage the board to demonstrate restraint and discretion with its executive remuneration, particularly given the company announced a 30% cut to its workforce.	In June 2019 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. LGIM's voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.	Japanese companies in general have trailed behind European and US companies, in ensuring more women are appointed to their boards. The lack of women is also a concern below board level for LGIM, as they promoted and supported an increase of women on boards. LGIM 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	First resolution supported by 99.9% of shareholders Second resolution supported by 23.9% of shareholders	28.4% of shareholders opposed the remuneration report	93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods.	94.90% of shareholders supported the election of the director
Implications of the outcome	LGIM plan to continue to work closely with the board and management team to develop their plans. LGIM will continue to liaise with ShareAction and other investors to drive positive change.	LGIM will continue to engage closely with the renewed board.	LGIM believe this sends an important signal, and will continue to engage, both individually and in collaboration with other investors, to push for change at the company.	LGIM will continue to engage with and require increased diversity on all Japanese company boards.
Criteria on which the vote is considered "significant"	Since the beginning of the year there has been significant client interest in LGIM's voting intentions and engagement activities in relation to the 2020 Barclays AGM.	LGIM considers this vote significant as it illustrates the importance for investors of monitoring invested companies' responses to the COVID crisis.	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.

Newton Multi-Asset Diversified Return Fund

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	BBGI SICAV SA	The Star Entertainment Group Limited	VPC Specialty Lending Investments Plc	GCP Infrastructure Investments Ltd.
Date of vote	30/04/2020	22/10/2020	24/06/2020	13/02/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.56%	1.05%	1.03%	0.93%
Summary of the resolution	Approve Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights	Advisory Vote to Ratify Named Executive Officers' Compensation and Approve Share Plan Grant	Elect Director	Issuing new shares.
How the manager voted	Against	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	Yes	Yes	Yes
Rationale for the voting decision	Newton instructed votes against the issuance of equity as no guarantee was provided that the shares would be issued at or above their prevailing net asset value.	Newton raised concerns with the company awarding short-term incentives in a year when financial performance had been significantly affected by Covid-19, employees were furloughed and the business delivered negative returns to shareholders.	Newton voted against the board's chair and a further board director. Newton were uncomfortable with the influence of the investment manager on the board and its control of a significant portion of the voting rights, as well as its performance as the company's investment manager.	Newton voted against the proposal for the company to issue new shares. Following discussions with the company, Newton were not convinced that it needed the option of raising capital at the level being requested.

	Vote 1	Vote 2	Vote 3	Vote 4
Outcome of the vote	12.7% vote against	45% against remuneration report, 48.7% against CEO share award.	24.7% against Elect Director	7.5% against authorised issue of equity without pre-emptive rights
Implications of the outcome	The vote outcome demonstrates that a majority of shareholders are not concerned with the potential valuation dilution. As such, these shareholders' right to complain is lost should the company place new shares with investors that are priced below the share's net asset value.	The vote result implies the company's lack of appreciation for shareholders' concerns, surrounding the misalignment between pay and performance, despite the company engaging with shareholders prior to the AGM. While Newton remain a significant shareholder, they will continue to engage with the company and exercise voting rights in their clients best interests.	The vote outcome demonstrates the significant level of concern had by the company's shareholders. Newton will continue to engage with the company and drive for improvements in the governance arrangements.	Opposition to the resolution was relatively low but Newton will continue to engage with the company should the need arise and if the company seeks to issue shares on a non-pre-emptive basis.
Criteria on which the vote is considered "significant"	Newton deemed the vote significant given the proposal failed to include industry accepted best practice in terms of pricing of placed shares.	This was recognised as a significant vote owing to the near majority vote result against the pay related proposals.	Newton considered that the willingness for shareholders to understand and formally recognise their concerns through voting action deemed this vote as being significant.	-

Aberdeen Standard Diversified Growth Fund

Aberdeen Standard have informed us that they would prefer not to disclose the significant vote information as they do not believe they should take responsibility for deciding what votes are significant. The Scheme has now disinvested from the Fund, and therefore this is less of a concern.

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 managers during the year.

The data provided for Newton is at a fund level and Aberdeen Standard is at a firm level. LGIM have not been able to provide engagement data at an individual fund level, however, the firm level data provided below is relevant to the LGIM funds invested by the Scheme. The Trustees are working with the investment managers to improve the process and hope to be able to provide data at a fund level in due course.

Manager	LGIM	Newton	Aberdeen Standard
Fund name	Passive Equity Funds Absolute Return Bond Fund Buy & Maintain Bond Fund	Multi-Asset Diversified Return Fund	Diversified Growth Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	This information was not provided by the manager	40	This information was not provided by the manager
Number of engagements undertaken at a firm level in the year	891	99	2,271
Examples of engagements undertaken with holdings in the fund	LGIM have engaged with companies on topics such as climate change, remuneration, diversity and Covid-19. Specific examples of companies were not provided.	Public Health (Tesco PLC) Climate Change (BP PLC) Gender Diversification (Microsoft Corp)	Supply Chain Concerns (Boohoo) Human Right Breaches (Petra Diamonds) Sustainability Strategy (Schneider Electric)