

The Civil Service Motoring Association Limited Pension & Life Assurance Scheme

Implementation Statement – Year Ending 31 December 2020

Glossary

Baillie Gifford	Baillie Gifford & Co Limited
BlackRock	BlackRock Investment Management (UK) Limited
ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
Scheme	Civil Service Motoring Association Limited Pension and Life Assurance Scheme
Scheme Year	1 January 2020 to 31 December 2020
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

The Trustee has reviewed the extent to which its policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement 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.

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 Dynamic Diversified Growth Fund

The Trustee's Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustee's policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme Year to comply with new legislation which required additional information to be stated about the nature of the arrangements in place with the investment managers. Part of the new wording provided a more detailed explanation of the Trustee's policy relating to the exercise of rights.

A summary of the Trustee's policy is as follows:

- The Trustee believes that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustee wishes to encourage best practice in terms of stewardship.
- The Trustee invests in pooled investment vehicles and therefore accepts that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustee considers, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustee (in conjunction with its Investment Adviser) 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.
- If it is identified that a fund's investment manager is not engaging with companies the Trustee may look to replace that fund. However, in the first instance, the Trustee would normally expect its Investment Adviser to raise the Trustee's concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustee's opinion is that its policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustee's belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- During the Scheme Year, the Trustees introduced an allocation to the BlackRock LMF Short Nominal Fund. However, this fund does not invest in equities so assessment of the exercise of voting rights was not a relevant consideration for the Trustee when selecting the fund.
- Whilst the Trustee did not consider the voting records of the investment managers during the Scheme Year, that analysis has now been undertaken. The Trustee, in conjunction with its Investment Adviser, has considered the voting record of the investment managers over the year ending 31 December 2020 as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- All investment managers used by the Scheme are UNPRI signatories.

The Investment Managers' Voting Records

A summary of the investment managers' voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/ abstained
Baillie Gifford	13,603	95%	3%	2%
BlackRock	160,769	91%	9%	0%

Note

These voting statistics are based on each manager's full voting record over the 12 months to 31 December 2020 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Baillie Gifford	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes
BlackRock	Several Advisers	Proxy advisers provide information but voting is determined by BlackRock

The Investment Managers' Voting Behaviour

The Trustee has reviewed the voting behaviour of the investment managers by considering the following:

- broad statistics of their voting records 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 in the year to 31 December 2020 on the most contested proposals in eight categories across the UK, the US and Europe;
- the investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustee has also compared the voting behaviour of the investment managers with their peers over the same period.

The Trustee's key observations are set out below.

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 manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Description of Voting Behaviour

Baillie Gifford

Baillie Gifford tends to support director proposals, but this is consistent with its active management style – the manager has chosen to invest in companies so it is unsurprising it wishes to support their management.

Although Baillie Gifford tends to support management in director proposals, over the course of 2020 the investment manager has demonstrated a willingness to vote in favour of shareholder proposals (which typically means voting against management).

BlackRock

The Trustee observed that BlackRock has a strong tendency to vote with management. This approach extended to contested shareholder resolutions designed to address issues such as climate change, human rights and forced labour. In these votes, BlackRock frequently voted with management in opposing the proposal. In contrast, many of their peers voted in favour of the same proposals.

In January 2020, BlackRock made a public commitment to vote against management when a company's management team is failing to make progress on climate change issues. However, the review of BlackRock's voting record did not identify meaningful evidence of such an approach being carried out in practice over the course of 2020.

Conclusions

Based on the analysis undertaken, the Trustee has no concerns regarding the voting record of Baillie Gifford.

However, the Trustee has some concerns regarding BlackRock's voting record and the Trustee's Investment Adviser has raised these concerns with the manager.

The Trustee will keep the voting actions of the investment managers under review.

**Signed on behalf of the Trustee of the Civil Service Motoring Association Limited
Pension and Life Assurance Scheme**

Significant Votes

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

Company	ISIN	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	BlackRock	Baillie Gifford
Audit & Reporting							
NORTHROP GRUMMAN CORPORATION	US6668071029	20/05/2020	Appoint the Auditors	24	75	For	Not held
INVESTEK PLC	G800B17BBQ50	06/08/2020	Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company	78	22	For	Not held
SARTORIUS STEDIM BIOTECH SA	FR0013154002	24/06/2020	Approve Auditors' Special Report on Related-Party Transactions	15	85	Not held	For
ASHMORE GROUP PLC	G800B132NW22	16/10/2020	Re-appoint KPMG LLP as Auditors	86	14	For	Not held
CAPITAL & COUNTIES PROPERTIES PLC	G800B62G9D36	01/05/2020	Authorise the Audit Committee to Fix Remuneration of Auditors	88	12	For	Not held
Shareholder Capital & Rights							
JUST EAT TAKEAWAY.COM N.V.	NL0012015705	14/05/2020	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	60	40	Not held	For
BRITISH AMERICAN TOBACCO PLC	G80002875804	30/04/2020	Issue Shares with Pre-emption Rights	72	28	For	Not held
TE CONNECTIVITY LTD	CH0102993182	11/03/2020	Issue Shares with Pre-emption Rights	77	23	For	Not held
TENARIS SA	LU0156801721	02/06/2020	Approve Renewal of the Share Capital Authorisation of the Company	77	23	Not held	Against
DELIVERY HERO SE	DE000A2E4K43	18/06/2020	Approve Creation of EUR 20 Million Pool of Capital without Pre-emptive Rights	80	20	Not held	For
Pay & Remuneration							
ALTRIA GROUP INC.	US0220951033	14/05/2020	Advisory Vote on Executive Compensation	49	50	For	Not held
THE WALT DISNEY COMPANY	US2546871060	11/03/2020	Advisory Vote on Executive Compensation	53	46	For	Not held
INTEL CORPORATION	US4581401001	14/05/2020	Advisory Vote on Executive Compensation	50	46	For	Not held
MYLAN NV	NL0011031208	30/06/2020	Advisory Vote on Executive Compensation	56	44	For	Not held
ERSTE GROUP BANK AG	AT0000652011	10/11/2020	Approve Remuneration Policy	56	44	Against	Not held
Constitution of Company, Board & Advisers							
THE BOEING COMPANY	US0970231058	27/04/2020	Elect Susan C. Schwab	56	43	Against	Not held
STANDARD LIFE ABERDEEN PLC	G800BFC6K64	12/05/2020	Adopt New Articles of Association	63	37	For	Not held
AMAZON.COM INC.	US0231351067	27/05/2020	Right to Call Special Meeting	37	63	For	For
MOTOROLA SOLUTIONS INC.	US6200763075	11/05/2020	Elect Director Egon P. Durban	65	35	For	Not held
ERSTE GROUP BANK AG	AT0000652011	10/11/2020	Amend Articles: Electronic Participation in the General Meeting	66	34	For	Not held
Merger, Acquisition, Sales & Finance							
DELIVERY HERO SE	DE000A2E4K43	18/06/2020	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights	78	22	Not held	For
AI BELL PLC	G800BFZNLB60	22/01/2020	Approve Waiver on Tender-Bid Requirement Pursuant to the Grant of Options to AI Bell Trust	79	20	For	For
OCCIDENTAL PETROLEUM CORPORATION	US6745991058	29/05/2020	Approval of Issuance of Common Stock Underlying the Berkshire Hathaway Warrant	83	16	For	Not held
ASHMORE GROUP PLC	G800B132NW22	16/10/2020	Approve Waiver of mandatory offer provisions set out in Rule 9 of the Takeover Code	94	6	For	Not held
E.ON SE	DE000ENAG999	28/05/2020	Issue Bonds/Debt Securities	97	3	For	Not held
Other Company Resolutions							
TE CONNECTIVITY LTD	CH0102993182	11/03/2020	Adjourn Meeting	69	31	For	Not held
OCCIDENTAL PETROLEUM CORPORATION	US6745991058	29/05/2020	Approve the Rights Agreement	74	26	For	Not held
UBISOFT ENTERTAINMENT SA	FR0000054470	02/07/2020	Delegate Powers to the Board to Amend Bylaws to Comply with Legal Changes	80	20	Not held	For
INVESTEK PLC	G800B17BBQ50	06/08/2020	Approve Political Donations	82	18	For	Not held
SERCO GROUP PLC	G80007973794	14/05/2020	Approve Political Donations	85	15	For	Not held
Governance & Other Shareholder Resolutions							
CHEVRON CORPORATION	US1667641005	27/05/2020	Shareholder Resolution: Report on Lobbying Payments and Policy	49	43	Against	Not held
CENTENE CORP	US1513581017	28/04/2020	Shareholder Resolution: Political Donations	51	48	Against	Not held
ANTHEM INC	US0367521038	21/05/2020	Shareholder Resolution: Right to Call Special Meetings	49	50	Against	Not held
MCKESSON CORPORATION	US58155Q1031	29/07/2020	Shareholder Resolution: Lobbying	52	48	Against	Not held
VERIZON COMMUNICATIONS INC	US92343V1044	07/05/2020	Shareholder Resolution: Right to Call Special Meetings	52	47	Against	Not held
Environmental & Socially Focussed Shareholder Resolutions							
ORACLE CORPORATION	US68389X1054	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	46	54	For	Not held
THE TTX COMPANIES INC.	US8725401090	09/06/2020	Shareholder Resolution: Report on Reduction of Chemical Footprint	44	55	Against	Not held
CHEVRON CORPORATION	US1667641005	27/05/2020	Shareholder Resolution: Report on Human Rights Practices	61	30	Against	Not held
APPLE INC.	US0378331005	26/02/2020	Shareholder Resolution: Report on Freedom of Expression and Access to Information Policies	38	56	Against	Not held
ALTRIA GROUP INC.	US0220951033	14/05/2020	Shareholder Proposal - Report on the Company's Underage Tobacco Prevention Policies	36	62	Against	Not held

Note

Where the voting record has not been provided at the fund level, the analysis is based on the shares held within the Scheme's pooled funds as at 31 December 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.