

Radius Group Pension Scheme

Implementation Statement

5 April 2020

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Radius Group Pension Scheme
Scheme Year	6 April 2019 to 5 April 2020
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

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

In addition, it summarises the voting record of the Scheme’s investment manager and provides information on the significant votes made in respect of the Trustees’ equity holdings. Information is also provided on the how the Scheme’s investment manager makes use of the services of proxy voting advisers.

Extent to which the SIP was followed

The Trustees have reviewed in detail their actions over the course of the Scheme Year against the polices described in the SIP.

There were two SIPs in place during the Scheme Year with the second document being introduced in September 2019.

The SIP in force as the start of the year was last updated in June 2000 and included references to obsolete legislation and fund manager arrangements which were no longer in place. Nevertheless, the Trustees are satisfied that the overall implementation of the Scheme’s investment strategy over the period from April 2019 to September 2019 was consistent with the key principles of the SIP in force at the time.

In particular, day-to-day management of the assets was delegated to investment managers and the Trustees assessed the performance of the managers and the appropriateness of their mandates during the period.

In assessing the appropriateness of the managers, the Trustees were mindful of the Overall Investment Objective, as set out in the SIP in force at the start of the period, which was to maximise long-term return through capital growth and income which does not involve undue risk.

Changes to the strategy which were implemented in April 2019 were consistent with this objective – the changes increased the diversification of the Schemes' assets and introduced specialist liability matching funds which help to reduce the volatility of the Scheme's funding position. In making these changes, the Trustees received advice from their investment adviser and considered the ESG characteristics of the existing and new funds.

Over the course of the period, the Trustees considered the performance of the funds held and assessed the risk associated with the investments.

The SIP in force at the start of the year stated that the SIP would be reviewed on an annual basis. This has not happened – resulting in the SIP becoming out of date. The Trustees have now updated the SIP (and indeed have updated it again since the end of the Scheme Year). In future, the Trustees will review the SIP at least every three years and without delay after any significant change in circumstances or investment strategy.

With one exception, the Trustees are satisfied that they have complied fully with the SIP that came into effect in September 2019. The position with regards voting is considered in more detail in the next section of this statement.

The exception is that the Scheme's AVC arrangements have not been reviewed for some time.

Voting Behaviour

An investment in equities (shares) brings with it an entitlement to vote at general meetings of the company whose shares are held. 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.

Over the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- LGIM (70:30) Global Equity Index Fund
- LGIM Diversified Fund

Voting and Engagement Policies in the SIP

The highlighted sections below reflect the wording relating to voting and engagement in the Scheme's SIP. An assessment is also provided of the extent to which this SIP wording was followed over the course of the Scheme Year.

The Scheme had two SIPs in place over the Scheme Year which applied for the following periods:

1. Period 1 – 6 April 2019 to 26 September 2019
2. Period 2 – 27 September 2019 to 5 April 2020

Period 1:

To the extent that the Overall Investment Objective is not prejudiced, the Trustees may appoint investment managers who take into account, as they see fit, social, environmental, and ethical considerations in the selection, retention and realisation of investments, and the exercising of any rights attaching to these investments.

The Trustees revised the investment strategy in April 2019 introducing allocations to new pooled funds. Before selecting these funds, the Trustees considered their ESG characteristics – based on information provided by the Investment Adviser.

Period 2:

A new SIP was signed in September 2019 to ensure that the document reflected the Scheme's current investment strategy and to ensure compliance with new legislation which came into effect on 1 October 2019.

The new SIP replaced the above wording with more rigorous wording relating to voting and engagement.

The new wording expressed a sentiment that, although the Scheme's assets are invested in pooled investment vehicles (meaning that ongoing engagement with the underlying companies will be determined by each investment manager's own policies on such matters), the Trustees wish to encourage best practice in terms of stewardship.

The new SIP wording explained that the Trustees would:

- take a manager's stewardship policy into account (to the extent it is deemed to be financially material) in the selection and monitoring of investment managers;
- normally expect investment managers to be signatories to the UNPRI and the UK Stewardship Code; and
- expect investment managers to take ESG factors into account when exercising the rights attaching to investments.

The Trustees' assessment is that they have complied with the SIP wording over Period 2. In reaching this conclusion, the Trustees took the following points into consideration:

- No changes were made to the Scheme's investment strategy over Period 2.
- The Trustees, in conjunction with the Investment Adviser, considered the ESG position of the funds used by the Scheme in March 2019. This analysis included consideration of the pooled funds held at that time and those that were due to be introduced as part of changes made to the Scheme's investment strategy in April 2019.
- From 1 January 2020, the Investment Adviser has provided the Trustees with ongoing assessment of the ESG position of the pooled funds via an online investment monitoring service.
- In September 2020, the Investment Adviser provided the Trustees with an Annual Voting Report which provided an update on the stewardship approach adopted by LGIM and included analysis of the LGIM's voting record over the Scheme Year.

The Trustees have delegated responsibility for voting to LGIM. Having considered information provided by their investment adviser, the Trustees have concluded that LGIM maintains a transparent corporate governance policy which refers to the UK Corporate Governance Code. The Trustees also noted that LGIM remains a signatory to the UK Stewardship Code and the UNPRI.

The Trustees noted that LGIM updated their voting policies during the course of the Scheme year to encourage more diverse board structures and to vote against combined CEO and board director roles.

The Trustees also noted that LGIM tend to be more inclined to vote against management than is the case with many other investment managers.

The Trustees' overall assessment is that that LGIM's voting has been consistent with expectations.

The Investment Manager's Voting Record

A summary of LGIM's overall voting record is:

Investment Manager	LGIM
Period	Calendar Year 2019
Number of votes	50,900
Split of votes:	
For	83%
Against	17%
Did not vote/abstained	1%

Notes

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

Based on votes over calendar year 2019 rather than the Scheme Year and it is based on LGIM's full voting record rather than votes related solely to the funds held by the Scheme.

Use of Proxy Investment Advisers

Investment Manager	LGIM
Who is their proxy voting adviser?	ISS and IVIS
How is the proxy voting adviser used?	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

Voting in Significant Votes

Based on information provided by the Investment Adviser the Trustees have identified significant votes in eight separate categories. The Trustees considered votes to be more significant if they were 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 “waived 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 Trustees have analysed LGIM’s voting data for stocks held within the pooled funds used by the Scheme and the Appendix provides a summary of how LGIM voted in the five most significant votes in each of the eight categories.

Chair of the Trustees Date: September 2020

Signed on behalf of the Trustees of the Radius Group Pension Scheme

The table below records how LGIM voted on our behalf in the most significant votes that we have identified.

	MeetingDate	Proposal	Votes For (%)	Votes Against (%)	LGIM
Audit & Reporting					
LOCKHEED MARTIN CORPORATION	25/04/2019	Appoint the Auditors	50	50	For
FERREXPO PLC	07/06/2019	Receive the Annual Report	67	33	Against
SOCIETE GENERALE SA	21/05/2019	Approve the Audit Report	71	29	Against
LAFARGEHOLCIM LTD	15/05/2019	Approve Consolidated Financial Statements	76	22	Against
SWISS RE	17/04/2019	Appoint the Auditors	77	21	For
Shareholder Capital & Rights					
QUILTER PLC	16/05/2019	Issue Shares with Pre-emption Rights	49	51	For
ORANGE S.A	21/05/2019	Allow Board to Use Delegations under Item 20 Above in the Event of a Public Tender Offer	47	53	Against
TELEPERFORMANCE SE	09/05/2019	Issue Shares for Cash	55	45	Against
SAFRAN SA	23/05/2019	Public Offer	60	40	Against
CUSTODIAN REIT PLC	31/07/2019	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	61	39	Against
Pay & Remuneration					
ATLANTIA SPA	20/04/2019	Approve Remuneration Policy	50	50	Against
NETFLIX INC	06/06/2019	Advisory Vote on Executive Compensation	50	50	Against
ARCHER-DANIELS-MIDLAND COMPANY	01/05/2019	Advisory Vote on Executive Compensation	50	50	For
ALIGN TECHNOLOGY INC	15/05/2019	Advisory Vote on Executive Compensation	42	53	Against
CLARKSON PLC	09/05/2019	Approve the Remuneration Report	50	47	Against
Constitution of Company, Board & Advisers					
ATLANTIA SPA	20/04/2019	Appoint Directors (Slate Election) - Slate 2 Submitted by Institutional Investors (Assogestioni)	50	50	For
LOCKHEED MARTIN CORPORATION	25/04/2019	Elect James D. Taiclet, Jr.	50	50	For
FRESENIUS MEDICAL CARE AG & CO KGAA	16/05/2019	Discharge the Board	52	48	Against
FLEETCOR TECHNOLOGIES INC	12/06/2019	Elect Joseph W. Farrelly	54	45	Against
EATON CORPORATION PLC	24/04/2019	Re-elect Todd M. Bluedorn	55	45	Against
Merger, Acquisition, Sales & Finance					
FERROVIAL S.A.	05/04/2019	Approve Total or Partial Sale of Assets of the Services Division of the Ferrovial Group	72	28	Against
AJ BELL PLC	22/01/2020	Approve Waiver on Tender-Bid Requirement Pursuant to the Grant of Options to AJ Bell Trust	79	20	For
NORTH ATLANTIC SMALLER COMPANIES I.T. PLC	25/06/2019	Approve Rule 9 Waiver	34	17	Against
CALEDONIA INVESTMENTS PLC	24/07/2019	Approve Rule 9 Waiver	86	14	Against
AMADEUS IT GROUP	18/06/2019	Rights up to EUR 5 Billion	87	13	For
Other Company Resolutions					
DRAX GROUP PLC	17/04/2019	Approve Political Donations	56	40	Against
TWENTYFOUR INCOME FUND LIMITED	19/09/2019	Meeting Notification-related Proposal	67	33	Against
SHAFTSBURY PLC	31/01/2020	Meeting Notification-related Proposal	68	32	For
TE CONNECTIVITY LTD	11/03/2020	Adjourn Meeting	69	31	Against
UCB SA/NV	25/04/2019	Approve Change-of-Control Clause Re: LTI Plans of the UCB Group	70	30	Against
Governance & Other Shareholder Resolutions					
THE TRAVELERS COMPANIES INC.	22/05/2019	Shareholder Resolution: Employment Issues	50	49	For
DOMINION ENERGY INC	07/05/2019	Approve Shareholder Proposal: Policy to Require an Independent Board Chair	49	49	For
PEPSICO INC.	01/05/2019	Shareholder Resolution: Introduce an Independent Chairman Rule	49	49	For
ABBVIE INC	03/05/2019	Shareholder Resolution: Political Donations	49	49	For
OREILLY AUTOMOTIVE INC	07/05/2019	Shareholder Resolution: Right to Call Special Meetings	51	49	For
Environmental & Socially Focussed Shareholder Resolutions					
MICROCHIP TECHNOLOGY INCORPORATED	20/08/2019	Shareholder Resolution: Report on Human Rights Risks in Operations and Supply Chain	51	48	For
AMPHENOL CORPORATION	22/05/2019	Shareholder Resolution on Recruitment and Forced Labor Report	43	55	For
DUKE ENERGY CORPORATION	02/05/2019	Shareholder Resolution: Report on Mitigating Health and Climate Impacts of Coal Use	41	57	For
ROSS STORES INC	22/05/2019	Shareholder Resolution on Greenhouse Gas Emission Goals	41	59	For
APPLE INC	26/02/2020	Shareholder Resolution: Report on Freedom of Expression and Access to Information Policies	38	56	For

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.