

# The Airtechnology Group Pension Plan

## Implementation Statement

This Implementation Statement has been prepared by the Trustee of the Airtechnology Group Pension Plan (“the Plan”) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 31 March 2021.

### How voting and engagement policies have been followed

The Plan invests entirely in pooled funds, and as such the Trustee delegates responsibility for carrying out voting and engagement activities to the Plan’s fund managers.

The Trustee reviews the fund managers’ strategies and processes for exercising rights and conducting engagement activities periodically, usually annually alongside the preparation of the Implementation Statement, and will engage with the investment managers to the extent that any issues or questions are identified.

Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Plan’s stewardship policies.

The Trustee is currently carrying out a wholesale review of its investment strategy. The Trustee will ensure that they are comfortable with the fund managers’ strategies and processes for exercising rights and conducting engagement activities when selecting any new managers as part of that review.

Additional information on the voting and engagement activities carried out for the Plan’s investments are provided on the following pages.

**Trustee of the Airtechnology Group Pension Plan  
September 2021**

## Voting Data

Manager	BlackRock	Newton	Aberdeen Standard Investments
<b>Fund name</b>	Dynamic Diversified Growth Fund	BNY Mellon Real Return Fund	Global Absolute Return Strategies (GARS) Fund & Integrated Liability Plus Solutions (ILPS) Fund
<b>Structure</b>	Pooled	Pooled	Pooled
<b>Ability to influence voting behaviour of manager</b>	Pooled fund means there is limited scope for the Trustee to influence voting behaviour.		
<b>Number of company meetings the manager was eligible to vote at over the year</b>	977	98	245
<b>Number of resolutions the manager was eligible to vote on over the year</b>	12,398	1,307	3,365
<b>Percentage of resolutions the manager voted on</b>	96.6%	99.2%	98.2%
<b>Percentage of resolutions the manager abstained from</b>	0.9%	0.0%	0.1%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	93.3%	85.4%	87.5%
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	5.9%	14.6%	12.5%
<b>Percentage of resolutions voted <i>contrary to the recommendation of proxy advisor</i></b>	n/a	9.9%	n/a
<b>Proxy voting advisor*</b>	Sustainalytics	ISS	ISS

\*BlackRock use Sustainalytics where required by regulation not to vote themselves or where they are actual or perceived conflicts of interest. Newton use ISS for administrative purposes and for their research; they only rely on ISS recommendations in the event of a potential material conflict of interest.

There are no voting rights attached to the other assets held by the Plan. This includes the corporate bond and index-linked gilt holdings. Therefore there is no voting information shown for these assets in the table above or in the significant votes section below. The Aberdeen Standard Investments ILPS Fund uses leverage to obtain 1x exposure to the Aberdeen Standard Investments GARS Fund and 2x exposure to liability hedging instruments. The voting data shown for this fund relates to the GARS exposure. The liability hedging instruments do not provide voting rights.

## Significant votes

For the first year of implementation statements we have delegated to the investment manager(s) to define a “significant” vote. A summary of the data they have provided is set out below.

### BlackRock Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Barclays	Alphabet, inc.	Chevron Corporation
<b>Date of vote</b>	7 May 2020	3 June 2020	27 May 2020
<b>Summary of the resolution(s)</b>	Barclays Commitment to Tackling Climate Change & ShareAction Requisitioned Resolution to set and disclose targets to phase out the provision of financial services to energy sector companies not aligned with the Paris Agreement.	To elect Director Ann Mather and Shareholder Proposal to approve Recapitalization Plan for all stock to have one-vote per share	Report on how company lobbying is aligned with the goals of the Paris Agreement
<b>How the manager voted</b>	For Barclay’s Commitment to Tackling Climate Change; and; against the ShareAction resolution	Against the election of Director Mather and for the shareholder proposal.	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Votes were with management	Not provided	Not provided
<b>Rationale for the voting decision</b>	Both resolutions consider climate change. Approving the ShareAction resolution would have been problematic as both resolutions would be binding. It was felt that Barclay’s own resolution addressed shareholder concerns and was clearer.	Ms. Mather sits on five public boards and BlackRock expect no more than four for non-CEO directors. BlackRock have a preference for a “one vote for one share” capital structure for publically traded companies as it provides control proportionate to shareholders’ capital at risk.	Greater transparency about the company’s political spending and lobbying, as aligned with the company’s stated support for the Paris Agreement, will help investors understand company action in the context of policy that support the transition to a lower-carbon economy.
<b>Outcome of the vote</b>	99.9% voted for Barclay’s Commitment to Tackling Climate change, 24% voted for the ShareAction resolution.	78% voted to elect Ann Mather as a director, 68% voted against the Shareholder proposal	Approximately 53% of the votes were for the stockholder proposal.
<b>Implications of the outcome</b>	Not provided	Not provided	Not provided
<b>Criteria on which the vote is considered “significant”</b>	Not provided	Not provided	Not provided

## Newton BNY Mellon Real Return Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	LEG Immobilien AG	Microsoft Corporation	Linde plc
<b>Date of vote</b>	19-Aug-20	02-Dec-20	27-Jul-20
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.31%	1.26%	1.12%
<b>Summary of the resolution</b>	Remuneration policy	Elect Director; Advisory vote to ratify named Executive Officers' compensation; and, Ratify Deloitte & Touche LLP as auditors	Executive compensation arrangements
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	Yes	No
<b>Rationale for the voting decision</b>	Newton voted against the proposed pay arrangements on account of their lack of alignment with performance, with no performance based targets being disclosed.	Newton were concerned that around half of long-term pay awards vest irrespective of performance. Newton also voted against the re-appointment of the company's external auditor given that its independence was jeopardised by having served in this role for 37 consecutive years.	A majority of long-term pay awards vest based on time served, which means executive pay is not subject to rigorous performance conditions and therefore not aligned with shareholders' interests. In addition, some perks to the CEO seem excessive (e.g. personal use of company aircraft).
<b>Outcome of the vote</b>	22.2% voted against	Vast majority voted in favour of resolutions	9.6% voted against
<b>Implications of the outcome</b>	The vote outcome is considered significant owing to more than 20% of votes being against management. It is likely that the company will seek to address concerns to avoid future dissent.	The vote outcome demonstrates shareholders are not concerned with the executive pay arrangements. Newton will continue to engage on this matter.	Newton did not consider the vote outcome on the pay resolution to be material and of a level where the company is expected to address concerns.
<b>Criteria on which the vote is considered "significant"</b>	Newton believe investor scrutiny of pay arrangements is increasing. The significance of the high vote against is important to note given that a majority of pay proposals from companies rarely see such high levels of dissent.	The company is recognised as a leader among its US peers in terms of its approach to corporate governance. Its executive pay structure is also better than most but fundamental improvements could be made.	Newton expect more shareholders will increase their scrutiny of pay and reflect this in their voting decisions. As such, shareholder dissent may increase and result in media attention that can foster both financial and reputational issues.

### Aberdeen Standard Investments GARS and ILPS funds

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. Our Investment Consultants are working with them to improve the process and should be able to provide something more substantial going forward.

## Fund level engagement

Manager	BlackRock	Newton	ASI	LGIM
<b>Fund name</b>	Dynamic Diversified Growth Fund	BNY Mellon Real Return Fund	Global Absolute Return Strategy Fund Integrated Liability Plus Solutions Fund	Active Corporate Bond Fund Over 15 Year Index-Linked Gilt Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	938	63	This data was not provided at a fund level	This data was not provided at a fund level
<b>Number of engagements undertaken at a firm level in the year</b>	3,501*	153 entities engaged with	2,493	974
<b>Examples of engagements undertaken with holdings in the fund</b>	No Fund level examples were given.  Main engagement topics included: Board Quality & Effectiveness; Climate & Natural Capital; Strategy, Purpose & Resilience; Incentives Aligned with Value Creation; and, Company Impacts on People.	No Fund level examples were given.  Newton's key engagement topics included: Net Zero targets; biodiversity; circular economy and resource efficiency; human capital; cybersecurity; food sustainability; and, control and regulation.	No fund level examples were given.  At a firm level the key engagement topics included: disclosure concerns, climate change, corporate governance, labour practices, remuneration, and social issues.	No Fund level examples were given.  The key engagement topics at a firm level included: ESG, remuneration, climate change, board composition, diversity, public health, and strategy engagements.

\*BlackRock were not able to provide data for Q1 2021 and so figures are shown to 31 December 2020. ASI figures cover their holdings in public markets.