

Implementation Statement

Scheme year ended 31 March 2020

SONI Limited Pension Scheme

How voting and engagement policies have been followed

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

At the Scheme year-end, the investment managers were Legal & General Investment Management ("LGIM") and BlackRock. The Trustees meet quarterly to discuss performance of the funds and receive updates on important issues. Over this Scheme year, one of the Trustees' focuses has been on ESG and Stewardship issues, and these have been discussed with their investment advisors.

The Trustees undertook training over the year on ESG and Stewardship, and agreed their policies in relation to these.

Each year, the Trustees receive and review voting information and engagement policies from the asset managers, which is reviewed to ensure alignment with the Trustees' own policies.

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

Voting behaviour

The Scheme invests in pooled funds, so the Scheme's investment managers vote on behalf of the Scheme's holdings in the funds.

We have noted below the key voting themes over the year made on behalf of the Trustees, the key votes taken, and the use of proxy voting advisors by the fund managers.

DB Section

Fund Name	Description of vote category	% of votes cast as a proportion of total possible votes*	Key voting action over the year
LGIM Equity Index funds:) UK Equity Index Fund) North America Equity Index Fund) North America Equity Index Fund (GBP Hedged)) Europe (ex-UK) Equity Index Fund) Europe (ex-UK) Equity Index Fund (GBP Hedged)) Japan Equity Index Fund) Japan Equity Index Fund (GBP Hedged)) Asia Pacific (ex-Japan) Equity Index Fund) Asia Pacific (ex-Japan) Equity Index Fund (GBP Hedged)	The proportion of the total number of possible votes, where voting rights were exercised	99%) From 1 January 2020 LGIM announced that they would be voting against the largest 100 companies in the S&P500 Index that have less than 25% women on the board, and have announced that they will strengthen this policy to include all companies in the S&P500 from 2021.)) LGIM announced their decision to vote against all companies where the Board chair also acts as CEO from 1 January 2020 (excluding Japan due to the unique structure).)) LGIM announced their decision to vote against all companies in the Japanese large-cap TOPIX 100 Index that do not have at least one female board member. This policy also took effect from 1 January 2020.)) Ahead of the 2019 Metro Bank annual general meeting, LGIM publicly pre-announced their intention to vote against the board chair, members of the audit committee, and directors over whom they had concerns in relation to independence.)) LGIM have also signed up to a climate impact pledge under which they divest from companies that do not meet their requirements following a period of engagement. Over 2019 this involved LGIM taking action against 11 companies.)) LGIM co-filed their first ever shareholder resolution over the year to 31 March 2020. LGIM and other major shareholders put forward a proposal calling on BP to explain how its strategy is consistent with the Paris Agreement on climate change.
	Proportion of the total number of possible votes for which the fund manager abstained	1%	
	Proportion of total votes cast that were against management	17%	

*LGIM engage with companies at a firm level as they are predominantly a passive manager. All voting data is therefore provided at a firm level. Voting data has been provided over the year to 31 March 2020.

We note that there are no voting rights attached to the liability-driven investment ("LDI"), corporate bond or liquidity fund holdings, and as such there is no voting information shown above for these funds. LGIM employ Institutional Shareholder Services (ISS) as a proxy voting service, and approximately 8% of the votes cast by LGIM were against the advice of ISS over the year to 31 March 2020.

Taking the key voting action above into account, the Trustees believe that LGIM has acted in accordance with the Scheme's stewardship policies. The Trustees are supportive of the key voting action taken by LGIM over the period to 31 March 2020 to encourage positive governance changes in the companies in which the funds hold shares.

DC Section

Fund Name	Description of vote category	% of votes cast as a proportion of total possible votes*
BlackRock: J LifePath Target Retirement Date Funds J Diversified Growth Fund J UK Equity Optimum Fund	The proportion of the total number of possible votes, where voting rights were exercised	97%
	Proportion of the total number of possible votes for which the fund manager abstained	1%
	Proportion of total votes cast that were against management	9%
LGIM Global Equity 50:50 Index Fund	The proportion of the total number of possible votes, where voting rights were exercised	99%
	Proportion of the total number of possible votes for which the fund manager abstained	1%
	Proportion of total votes cast that were against management	17%

*Voting data provided by LGIM and BlackRock is at a firm level. Voting data has been provided over the year to 31 March 2020

There are no voting rights attached to the cash and bond holdings, and as such there is no voting information shown above for these funds. BlackRock employ the use of Institutional Shareholder Services (ISS) and Glass Lewis as a proxy voting service.

For this year, the voting information provided by BlackRock was not in a format that allowed the Trustees to ascertain the key votes over the period. The Trustees' investment consultant is liaising with BlackRock to improve delivery of the data going forward, and the Trustees are aware that BlackRock is working to improve the disclosure. The corresponding information for LGIM at a firm level is shown under the DB section. This statement will be updated next year, once the appropriate information has been received.

Taking the voting action above into account, the Trustees believes that the fund managers have acted in accordance with the Scheme's stewardship policies.

Data Limitations

Information relating to key voting data including significant votes was requested from LGIM and BlackRock, but was not provided in the requested format, instead being provided at a firm level. The Trustees' investment consultant is working with LGIM and BlackRock to improve the depth of the information provided, which will also include details of any significant votes actioned over the period and their rationale on what defines a vote as 'significant'.

This was also the case for requested information on engagement policies relating to the Scheme's investments and the managers are working to provide an in-depth response in the requested format.

How the Statement of Investment Principles (“SIP”) has been followed over the year

In the Trustees’ opinion, the Statement of Investment Principles has been followed over the year in the following ways:

-)] The Trustees received training and reviewed their policies on ESG and Stewardship. The Trustees agreed that ESG factors are potentially financially material, and that Stewardship is an important issue. The Trustees’ policies in their SIP were updated in September 2019 to reflect this. The SIP was updated in September 2020 to incorporate the Trustees’ policies on monitoring and reviewing the investment managers’ performance and activities relative to the Trustees’ objectives.
-)] The Scheme offers a suitable default strategy for DC members. This was reviewed in 2017 and the Trustees’ view is that it remains appropriate for the membership profile of the Scheme.
-)] The Scheme offers a range of self-select fund options which gives DC members a reasonable choice from which to select their own strategy. The self-select fund range was reviewed with the default strategy in 2017 and is viewed to remain suitable.
-)] The Trustees monitor the performance of the manager funds quarterly to ensure that the funds are meeting their stated objectives. Their investment consultant and fund managers provide quarterly reports for review.
-)] The Trustees review the ESG approach of the fund managers as part of the monitoring process.
-)] The Trustees have made no new manager appointments over the year.