



# Scottish Enterprise Pension and Life Assurance Scheme: Implementation Report

September 2021

# Background and Implementation Statement

## Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their statement of investment principles (SIP) and demonstrate adherence to these policies in an implementation report.

## Statement of Investment Principles (SIP)

The Scheme updated its SIP in to in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments

The SIP can be found online at the web address <https://www.scottish-enterprise.com/media/4214/se-pension-life-assurance-scheme-sip-september-2021.pdf>

Changes to the SIP are detailed on the following page.

## Implementation Report

This implementation report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Trustees have taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Trustees have followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 March 2021 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

## Summary of key actions undertaken over the Scheme reporting year

- Following the 2020 Actuarial Valuation, the Trustees have been reviewing the investment strategy and are in the process of implementing a revised investment strategy, which is due to be fully implemented over the remainder of 2021.
- A key focus of the investment strategy is to improve alignment with the Trustees' ESG objectives. Post reporting period, the equity portfolio was restructured which involved the introduction of ESG tilted and impact equity mandates. These changes were implemented in April and May 2021.
- In June 2020, the Trustees agreed to terminate the Stewart Investors Emerging Market Equity fund following team changes, poor performance and a review of the investment manager's risk and investment processes. This mandate was terminated in May 2021 as part of the equity restructuring project.
- In November 2020, the Trustees completed an annual review of the LDI hedge following receipt of the 2020 Actuarial Valuation cashflows. The analysis indicated that the Scheme was slightly underhedged relative to the target hedge ratio. Remedial trading activity took place over December 2020 to rebalance the hedge ratio back to target.
- In March 2021, the Trustees agreed to implement a renewable energy mandate with BlackRock. This mandate has been committed to as part of the Scheme's new infrastructure equity portfolio.

## Implementation Statement

This report demonstrates that Scottish Enterprise Pension and Life Assurance Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed: **Alistair Gray**

Position: **Chair of Trustee Board**

Date: **16 September 2021**

# Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 65% of movements in interest rates and inflation on a flat gilts basis.	The Trustees rebalanced the BlackRock LDI hedge in December 2020 which increased the hedge ratio back to the 65% target level.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	The Trustees regularly monitor the collateral and liquidity position to reduce the impact of this risk via a specific quarterly report provided by the investment consultant.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.  To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.	
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:  1. Responsible Investment ('RI') Policy / Framework  2. Implemented via Investment Process	The Trustees held a Round Table event in December 2020 with a selection of the Scheme's investment managers. A key area of discussion was in relation to the importance of managing ESG risks and the extent to which the Scheme's investment managers

		<p>3. A track record of using engagement and any voting rights to manage ESG factors</p> <p>4. ESG specific reporting</p> <p>5. UN PRI Signatory</p> <p>The Trustees monitor the managers on an ongoing basis.</p>	integrate ESG within their process.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	<p>Hedge all currency risk on all assets that deliver a return through contractual income.</p> <p>Hedge 50% of currency risk on passive equities.</p>	Post reporting period, the Trustees agreed to remove the 50% currency hedge on the Scheme's passive equity holdings.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	

# Current ESG policy and approach

## ESG as a financially material risk

The SIP describes the Scheme's policy with regarding to ESG as a financially material risk. This page details how the Scheme's ESG policy is implemented, while the following page outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Scheme's managers' ESG policies and procedures. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

The below table outlines the areas which the Scheme's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustees intend to review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

### Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights	<ul style="list-style-type: none"><li>• The Trustees will obtain regular training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments.</li><li>• As part of ongoing monitoring, the Trustees will use any ESG ratings information provided by their investment consultant to assess how the Scheme's investment managers take accounts of ESG issues.</li><li>• Through their investment consultant, the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.</li><li>• Through the manager selection process, ESG considerations will form part of the evaluation criteria.</li></ul>	<ul style="list-style-type: none"><li>• The manager has not acted in accordance with their policies and frameworks.</li><li>• The manager has received a 'red' ESG rating from the investment consultant, signifying that its ESG approach is below satisfactory.</li></ul>

# ESG summary and engagement with the investment managers

Manager, fund	ESG Summary	Actions identified	Engagement with manager commentary
Baillie Gifford UK Equity	<p>Baillie Gifford view the assessment of ESG factors as a risk management exercise. This translates into case by case analysis of ESG risks and opportunities, rather than a filter out approach.</p> <p>Baillie Gifford should consider introducing fund-specific ESG objectives and introduce measures to assess engagement effectiveness.</p> <p>Baillie Gifford should also consider collecting more data from portfolio companies to improve the reporting on ESG metrics.</p>	<p>Baillie Gifford should consider introducing fund-specific ESG objective and introduce a means of measuring the effectiveness of engagement activities.</p>	<p>Isio engaged with Baillie Gifford on the Trustee's behalf to remove the UK equity fund in favour of a global mandate with explicit ESG objectives and a global equity fund with an ESG tilt. This was implemented in Q2 2021.</p>
BlackRock Global Equity	<p>BlackRock has clear firm-wide sustainability goals and have a dedicated team to deal with developing and implementing ESG initiatives. They are actively driving change in ESG through their collaboration with various ESG groups. BlackRock are good at communicating their views on ESG, but tangible evidence at Fund level is required.</p>	<p>BlackRock should provide reporting highlighting the effectiveness of engagement at a Fund level.</p> <p>BlackRock could improve reporting to include voting data, alongside engagement information, and incorporate ESG risk metrics within regular fund reporting.</p>	<p>Isio engaged with BlackRock on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the BlackRock engagements.</p>
Stewart Investors EM Equity	<p>At the June 2020 Trustee meeting, agreement was reached to terminate this mandate. The mandate was terminated in May 2021 as part of the equity restructuring project. No further engagement has taken place with Stewart Investors on ESG since late 2019.</p>		

<p>Baillie Gifford Diversified Growth</p>	<p>Baillie Gifford considers ESG risk management an essential part of the investment process overseen by the in-house Governance &amp; Sustainability team. Their voting &amp; engagement policies aim to collaborate with companies with clear goals for progress.</p> <p>In the coming months, we will look to monitor Baillie Gifford's use of ESG metrics as part of their investment process, and also the inclusion of ESG in their quarterly client reports.</p>	<p>Baillie Gifford should consider including ESG as a key risk metric. The manager notes that ESG factors are integrated into the initial process which feeds into their ESG score therefore no ESG metrics are in place.</p>	<p>Isio engaged with Baillie Gifford on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the Baillie Gifford engagements.</p>
<p>Aberdeen Standard Global Absolute Return Strategies</p>	<p>At the December 2018 Trustee meeting, agreement was reached to terminate this mandate. The allocation is earmarked to fund the Whitehelm Infrastructure Debt mandate and is due to be terminated over the second half of 2021. No further engagement has taken place with ASI on ESG since late 2019.</p>		
<p>BlackRock UK Balanced and Long Lease Property</p>	<p>BlackRock has a strong ESG background and have implemented ESG policies successfully at firm-wide level.</p> <p>At a Fund level, while they do not have a dedicated ESG team/officer, they can demonstrate that ESG is a key aspect of the due diligence process and ongoing engagement is apparent through an investment's lifecycle. BlackRock have developed a clear framework for recognising ESG factors within the investment process and are looking to improve the depth of its reporting on these issues.</p>	<p>BlackRock to consider assigning a dedicated team/person that oversees ESG risks in Real Assets. BlackRock should also provide reporting to a similar level as gender pay gap reporting on other inclusion and diversity factors such as ethnicity, nationality and social standing.</p> <p>Whilst BlackRock do provide regular commentary and inclusion of ESG data in quarterly reporting it would be good to see more granular analysis included, such as carbon emissions and energy and water consumption.</p> <p>BlackRock should also consider adapting the ESG questionnaire to quantify ESG risks and drive their engagement priorities.</p>	<p>Isio engaged with BlackRock on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the BlackRock engagements.</p>
<p>CQS Multi-Asset Credit</p>	<p>CQS lack some of the intellectual capital and processes other managers possess with respect to ESG, however, they are taking steps to address this.</p>	<p>CQS should create a centralised scorecard to rate credits and set clear ESG priorities. The investment manager should also define specific ESG objectives for the Fund which are</p>	<p>Isio engaged with CQS on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the CQS engagements.</p>

	<p>Whilst CQS have an ESG policy in place and have integrated this into the Fund's investment process, through their internal research portal, we note the lack of an ESG-dedicated team to centrally manage ESG engagements.</p> <p>CQS are currently lacking KPIs to ensure targets are being specified and met.</p>	<p>quantifiable and measureable.</p>	
Apollo Semi-Liquid Credit	<p>Apollo uses a team approach across the firm to address ESG issues, and ESG considerations are included in bottom up credit analysis for each potential investment for the Total Return Fund.</p>	<p>Apollo is looking to incorporate a formal scoring system for each individual investment. Apollo also currently provides firm-level reporting on ESG activities, and it was proposed that this should be extended to quarterly fund-specific client reporting.</p>	<p>Isio engaged with Apollo on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on Apollo engagements.</p> <p>Apollo has now adopted an ESG scoring system from 1-5 and stated that investments would be escalated to the Investment Committee if necessary. Apollo is also now a UNPRI signatory. Apollo previously felt that the governance burden of signing up to the UNPRI was not worth the benefit.</p>
Partners Group - Direct Lending (PMCS 2018)	<p>Partners Group has a specialist ESG and Sustainability team, who support the business in achieving their ESG objectives. At a fund level they can demonstrate that ESG is a key aspect of the due diligence process and ongoing engagement is apparent through an investment's lifecycle. Partners Group could improve the level of ESG reporting compared to its peers and we would like to see a clearer focus on diversity metrics in their ESG risk assessment at a fund level.</p>	<p>Partners Group should provide examples of how they have worked with portfolio companies to bring about a desired change and how they have worked with other managers to bring about a positive ESG change. Partners Group could aim to provide more granular information/data on the diversity metrics in place at portfolio level, including ethnicity, LGBTQ+ and social mobility stats.</p>	<p>Isio engaged with Partners Group on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the Partners Group engagements.</p>
BlackRock LDI Portfolio	<p>BlackRock has extensive firm-wide capabilities in assessing and applying ESG factors. However, it has previously believed there are</p>	<p>BlackRock only incorporates governance screens around derivative counterparties. BlackRock should incorporate additional screens.</p>	<p>Isio engaged with BlackRock on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with</p>

	<p>few opportunities to do so within LDI funds.</p> <p>Following discussions, we have had with BlackRock, BlackRock has made and continues to make progress towards incorporating ESG factors within their LDI funds. It is however still behind some of its competitors who can more clearly evidence how they incorporate ESG into their range of LDI funds.</p>	<p>BlackRock should provide ESG reporting for its LDI funds however this has not been included in standard reporting at this stage.</p>	<p>updates on the BlackRock engagements.</p>
<p>Pantheon Private Equity &amp; Pantheon and Standard Life Listed Private Equity</p>	<p>The Scheme has a small allocation to historic Private Equity Fund of Funds with Pantheon and listed Private Equity funds with Pantheon and Standard Life. No engagement has taken place with these mangers on ESG issues.</p>		

# Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 31 March 2021.

Fund name	Engagement summary	Commentary
Baillie Gifford UK Equity	Total engagements: 49 Voting engagements: 20 Corporate Governance: 14 Environmental and Social: 3 Executive Remuneration: 12	<p>Baillie Gifford engaged on a wide range of subjects when contacting companies with their voting intentions. Baillie Gifford focussed predominantly on corporate governance and executive pay over the period however wider issues were captured across environmental and social factors.</p> <p><b>Rio Tinto:</b> Baillie Gifford has written to the board with concerns after the destruction of the Juukan Gorge site and to encourage improved corporate governance. Further recommendations focused at an industry and government level aimed to raise overall standards for cultural heritage including greater protection and empowerment of Indigenous people.</p>
BlackRock Global Equity	Total engagements: 6,138 Governance: 2,742 Social: 1,338 Environmental: 2,058	The BlackRock Investment Stewardship Team (BIS) carry out all voting and engagement activities. The BIS engage across all funds at an issuer level thereby leveraging all the capital at their disposal (for example across equity and credit) to maximise engagement effectiveness.

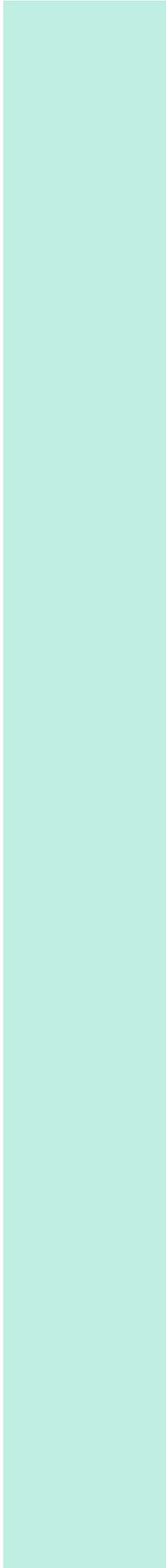
		<p>Examples of significant engagements include:</p> <p><b>Chevron Corporation:</b>  BlackRock has a long and constructive history of engagement with Chevron. BlackRock has discussed a range of topics, including corporate governance, climate reporting, greenhouse gas (GHG) and methane emissions reductions, human capital management, and risk oversight processes, among other topics. While Chevron has not made the commitments of some of its European peers towards emissions reductions or business model shifts towards lower carbon alternatives, the company has been consistently open to evolving its reporting processes in response to feedback from investors. Chevron now provides reporting aligned with the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB).</p>
Stewart Investors EM Equity	<p>Stewart Investors do not currently provide details of their engagement activity for the Stewart Investors EM Equity Fund.</p> <p>Stewart Investors is aware of the requirement to supply engagement activities and are currently in the process of developing a system to be able to supply investors with this information.</p>	The Fund does not undertake specific ESG engagement. All ESG-focused engagement is considered at point of analysis rather than as a result of clear ESG policies.
Baillie Gifford Diversified Growth Fund	Total engagements: 50 Voting engagements: 17 Corporate Governance: 15 Environmental and Social: 17 Executive Remuneration: 1	Baillie Gifford engaged on a wide range of subjects when contacting companies with their voting intentions. Baillie Gifford focussed predominantly on corporate governance and executive pay over the period however wider issues were captured across environmental and social factors.

		<p><b>Boussard &amp; Gavaudan:</b> Baillie Gifford raised concerns about management of the hedge fund, as the discount to NAV has increased steadily over the last year. The board's initial proposal was to convert all existing shares into an unlisted, open-ended share class. Baillie Gifford expressed concerns over the lack of shareholder engagement and communicated a preference for the fund to be wound up. The board proposed giving shareholders the option to convert their shares to a new pooled fund, which Baillie Gifford voted in favour of.</p>
<p>Aberdeen Standard Global Absolute Return Strategies</p>	<p>Isio has contacted ASI regarding acquiring data on their engagements with portfolio companies and counterparties.</p> <p>ASI has been unable to provide specific examples of engagements but have been able to provide commentary on their engagement policy. An extract is provided to the right.</p> <p>We are disappointed with ASI being unable to provide examples of their engagement and believe this calls into questions the strength of their framework and reporting of engagements.</p>	<p><i>“Aberdeen Standard Investments views ESG considerations as fundamental to how we invest. We believe that ESG factors are financially material and can meaningfully impact an asset’s performance, and that an asset’s ability to sustainably generate returns for investors is dependent on its ability to manage its relationship with the environment, its relationship with society and stakeholders, and on the way it is governed.</i></p> <p><i>It is our belief that a full and thorough understanding of ESG factors allows us to make better investment decisions, leading to better outcomes for our clients. This begins with rigorous research. We undertake thorough due diligence before we invest, considering material ESG risks and opportunities alongside other financial metrics. We seek to understand whether an asset is adequately managing those risks, and whether the market has</i></p>

*understood and priced them accordingly.”*

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<p>BlackRock UK Balance and Long Lease Property Funds</p>	<p>BlackRock currently do not provide details of their engagement activities due to the nature of the Fund. Isio will work with BlackRock on the development of the firm’s engagement reporting.</p>	<p>BlackRock’s ESG related engagement is led by the BlackRock Investment Stewardship (BIS) team. BlackRock lease on full repairing and insuring (“FRI”) terms, which means that whilst a tenant is in a property BlackRock has little control over that property, therefore engagement opportunities are limited.</p>
<p>CQS Multi-Asset Credit</p>	<p>Total Engagements: 29  Environmental: 7  Social: 6  Governance: 3  Environmental and Social: 1  Social and Governance: 6  ESG: 6</p>	<p>CQS has a clear and robust due diligence process and investment framework. CQS are in the process of implementing an updated framework that provides greater guidance on engagement process and improves the overall ability to monitor the effectiveness of their engagement.</p> <p><b>Shearer’s Foods:</b>  CQS became concerned from a social perspective around the safety protocols in place to continue operating through the Coronavirus pandemic. CQS engaged directly with the CFO who provided assurances around the protocols the business had in place to continue to operate safely and effectively, including staggered start times and purchasing disinfectant mister machines. The CFO confirmed they had some positive cases, however, they were not thought to be as a result of in-facility transmission and confirmed the firm was paying staff full pay whilst quarantining. CQS remain invested following this engagement.</p>
<p>Apollo Total Return Fund</p>	<p>Total Engagements: 31  Environmental: 8  Social: 5  Governance: 5  Human Capital: 3</p>	<p>Apollo has a clear due diligence and engagement framework. The team continually engage with portfolio companies</p>

	<p>ESG: 3 All: 7</p>	<p>through discussion with management, and these engagements have been a key driver for the production for formal company ESG reports and Key Performance Indicators. As bond investors, Apollo's voting rights are limited, making it more difficult to engage with portfolio companies in comparison to equity investors.</p> <p><b>Clearway Energy:</b> Apollo met with the firm's CEO and CFO to discuss the efficiency of the company's existing renewable wind farms, as well as the acquisition of new renewable wind and solar powered projects. Following this engagement, the company intend to invest at least \$300m in renewable energy projects during 2020.</p> <p><b>Gannett Co. Inc.:</b>At the Board meeting Apollo discussed the overall health of the organization as well as diversity and inclusion. The Company has established a Diversity Advisory Council and Employee Resources Groups to increase representation particularly among the leadership team. Following this engagement with Apollo, the company has now set a goal of &gt;50% of the workforce consisting of underrepresented groups by 2025 and increasing diversity at the director level and above.</p>
Partners Group - Direct Lending (PMCS 2018)	<p>Total engagements: 6 Corporate: 5 Monitoring: 1</p> <p>*Note that Partners Group provide data semi-annually, and as such the engagement data shown reflects their activity over the 2020 calendar year.</p>	Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private



companies also reduces the transparency of the information available to assess ESG risks.

Partners Group has engaged on mostly governance related issues over the period, relative to environmental or social considerations. Examples of significant corporate governance activities within portfolio projects include:

**Gong Cha:**

Partners Group engaged with the company on their financial performance and the impact of COVID-19 over the period. Partners Group held monthly update calls with the company's CFO and management to discuss the FY20 performance overview, operations during the pandemic, FY21 expectations, reporting and covenant requirements. Partners Group established a line of communication for early intervention in case Covid-19 disrupts the business again. They also had more frequent verbal updates on performance and set out the timetable for delivery of the new budget and performance.

**TEG:**

Partners Group held quarterly lender calls and engaged with the company regarding specific updates on the impact of Covid-19. Following this engagement Partners Group had comfort that the company has sufficient liquidity to withstand COVID-19 and the associated cancellations / delays of events, including an understanding of cost cutting measures taken and monthly levered cash burn.

BlackRock LDI	<p>BlackRock currently do not provide details of their engagement activities due to the nature of the funds. Isio will work with BlackRock on the development of the firm's engagement reporting.</p>	<p>BlackRock has started to engage with derivative counterparties on governance issues and are working on engaging with them on environmental issues.</p> <p>At a firm-level, BlackRock engages with many companies and are continually developing the channels and proactivity in which they inform clients about their engagement and voting policies.</p>
Pantheon Private Equity & Pantheon and Standard Life Listed Private Equity	<p>Pantheon and Standard Life have been unable to provide specific examples of engagements given the Fund of Funds approach but Pantheon have been able to provide commentary on their engagement policy in relation to the unlisted Private Equity mandate. An extract is provided to the right.</p>	<p><i>"Stewardship and Governance are both embedded in private equity practices and as Pantheon is a fund of funds, we closely monitor for any ESG concerns, engaging with GPs on a case by case basis. Effective post-investment care and the maintenance of close relationships are important to maximise the value of Pantheon's fund investments, protect client interests and to evaluate the investment activity within each fund. Pantheon generally serves on fund advisory boards to contribute actively during the life of the fund. Together with Pantheon's rigorous monitoring procedures, such positions enable Pantheon to maintain close relationships with GPs to protect client interests and to evaluate investment activity within each fund effectively."</i></p>

# Voting (for equity/multi asset funds only)

As the Scheme invests via fund managers the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2021. The managers also provided examples of any significant votes.

Fund name	Voting summary	Examples of significant votes	Commentary
Baillie Gifford UK Equity	Votable Proposals: 605 Proposals Voted: 100% For votes: 98.5% Against votes: 1.0% Abstain votes: 0.5%	<b>Jupiter Fund Management:</b> Baillie Gifford abstained on the vote to approve the acquisition of Merian Global Investors. Upon the outcome passing, Baillie Gifford felt that the acquisition was not identifiable in the interest of long-term shareholders and have since sold out of the holding.	Whilst Baillie Gifford makes use of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource stewardship activities or rely upon their recommendations. All client voting decisions are made in-house.
BlackRock Global Equity	Votable Proposals: 52,478 Proposals Voted: 93.3% For votes: 90.9% Against votes: 8.3% Abstain votes: 0.5% Withheld votes: 0.2%	<b>Daimler AG:</b> BlackRock voted against three resolutions in July 2020, including the ratification of Supervisory Board members' actions in the 2019 financial year, the election of a member to the Supervisory Board and on an amendment of Article 16 of the Articles of Incorporation. Despite the Boards' recommendation that shareholders vote for all resolutions, BlackRock voted against given their concerns about progress on climate-related risk reporting, the external mandates held by the proposed Supervisory Board member, and the reduction in shareholder rights from the proposed article amendment.  <b>Facebook Class A Inc:</b>	BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holding directors accountable and supporting shareholder proposals. Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against the re-election of the directors responsible to express this concern.

		BlackRock voted against the proposal to elect a Director to the Board as he also serves on the Audit Committee and is therefore not considered independent. Blackrock also voted for a shareholder proposal to approve a recapitalization plan for all stock to have one vote per share. BlackRock voted for this proposal as they generally support one share one vote capital structures.	
Stewart Investors EM Equity	Votable Proposals: 795 Proposals Voted: 99.8% For votes: 93.0% Against votes: 2.5% Abstain votes: 4.5%	No specific examples of voting activity provided.	Stewart Investors do not outsource voting decisions. However, the manager does use Glass Lewis as a third-party provider to assist with proxy voting operations.
Baillie Gifford Diversified Growth Fund	Votable Proposals: 925 Proposals Voted: 96% For votes: 93.6% Against votes: 5.2% Abstain votes: 1.2%	<b>Ediston Property Investment Company:</b> Baillie Gifford opposed resolution to approve the remuneration policy because of concerns that an additional fee proposed for a senior independent director could impact his independence. BG engaged with the company on the issue and will continue to take voting action if concerns remain.	Whilst Baillie Gifford makes use of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource stewardship activities or rely upon their recommendations. All client voting decisions are made in-house.
Aberdeen Standard Global Absolute Return Strategies	Votable Proposals: 3365 Proposals voted: 98.2% For votes: 85.9% Against votes: 12.3% Abstain votes: 1.8%	N/A - ASI did not provide any examples of significant votes cast.	ASI use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions.

