
Consumers' Association Pension and Employee Benefits Scheme

SIP Implementation Statement

Introduction

This SIP Implementation Statement ("the Statement") has been prepared by the Trustees of the Consumer's Association Pension and Employee Benefits Scheme ("the Scheme").

This is the first Statement produced by the Trustees as required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. The regulations state that the Statement must:

- Describe any review of the SIP during the period covered by the Statement including an explanation of any changes to the SIP.
- Set out how, and the extent to which, in the opinion of the Trustees, the SIP has been followed during the year; and
- Describe the voting behaviour by, or on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) during the year and state any use of the services of a proxy voter during that year.

Based on regulatory requirements, the Statement will cover the period from 1st April 2020 to the end of the Scheme's financial year on 31st March 2021.

The Statement is split into three sections:

1. An overview of the Trustees' actions and highlights during the period covered (including any reviews and changes to the SIP);
2. The policies set out in the Scheme's SIPs for both the Hybrid and DC sections and the extent to which they have been followed during the reporting period; and
3. The voting behaviour and significant votes undertaken by the fund managers on behalf of the Scheme.

Overview of Trustees' Actions – Hybrid & DC

SIP Updates

Several changes were made to the SIP over the reporting period. These included:

- Several presentational updates within section 5
- Updates to the Investment Manager and stewardship policies to bring the Scheme in line with the latest Shareholder Rights Directive II (SRD II) regulations
- The removal of various investment-related sections, which were used to form a newly created Investment Policy Implementation Document (IPID)

The above changes were finalised on 14 September 2020. This Implementation Statement reports on these updated policies.

Trustees' Policies for Investment Managers

The Trustees rely on Investment Managers for the day-to-day management of the Scheme's assets but retain control over the Scheme's investment strategy.

The Scheme’s assets, excluding cash in the Trustee Bank Account, are invested in pooled investment vehicles, which have standardised fund terms. Given no notifications were received from the relevant Investment Managers, the Trustees do not believe that any material changes were made to the pooled fund terms over the scheme year.

Final Remarks

The actions the Trustees have undertaken during the relevant reporting period reflects the policies within the Scheme’s SIP.

The Trustees, without prejudice, delegates the responsibility for the stewardship activities that apply to the Scheme’s investments to their Investment Managers. The Trustees expect the Investment Managers to exercise their voting powers with the objective of preserving and enhancing long-term shareholder value.

The Trustees recognise that stewardship encompasses engagement with the companies in which the Scheme invests, as this can improve the longer-term returns of Scheme’s investments. The Trustees note that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

Review of SIP Policies – Hybrid & DC Sections

Policy	Has the policy been followed?	Evidence
Scheme Governance (3)		
<p>The Trustees consider that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Managers or the Advisers as appropriate.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>There were no issues experienced in relation to the governance structure as set out in the SIP during the period.</p>
Investment Manager Policy (4.2.3)		

<p>The Trustees set general investment policy, but have delegated the day-to-day investment of the Scheme’s assets to professional Investment Managers.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Trustees kept within their remit of general investment policy decision-making, while the Scheme’s Investment Managers managed the day-to-day investment of the Scheme’s assets over the period.</p>
<p>When relevant, the Trustees requires its Investment Managers to invest with a medium to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. For some asset classes, the Trustees do not expect the respective Investment Managers to make decisions based on long-term performance. These may include investments that provide risk reduction through diversification or through hedging, consistent with the Trustees’ strategic asset allocation.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>All of the Scheme’s Investment Managers (excluding those managing the Liability-Driven Investments) implement a pre-defined investment strategy which adopts a medium to long-term time horizon. There were no material changes to the time horizon aspect of these strategies over the period.</p> <p>Please refer to the “Overview of the Trustees’ voting and engagement policies” section below for information on the Scheme’s managers effecting better long-term outcomes.</p>

<p>Managers are paid an ad valorem fee for a defined set of services as well as additional performance fees, where these have been previously agreed with a manager in repayment for performance above a specified benchmark. The Trustees review the fees regularly to confirm they are in line with market practices.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>Within the Hybrid Scheme, the Invesco GTR fund offered its clients a new performance fee structure during the period. The Scheme's Investment Adviser recommended the Trustees to switch to this new fee as they view it as a more cost effective fee over the long-term.</p> <p>Additionally, over the period, a further fee discount was negotiated in respect of the TwentyFour Strategic Income Fund.</p> <p>Within the DC section, the Scheme moved its assets onto the LGIM platform over the period. This resulted in a lower asset management cost borne by the Scheme's members.</p> <p>All of the Scheme's Investment Manager fees are monitored by the Scheme's respective Investment Advisers to ensure they remain in line with market practices. Any divergence is reported to the Trustees.</p>
<p>The Trustees review the portfolio transaction costs and portfolio turnover range with managers, where the data is disclosed and available. The Trustees will then determine whether the costs incurred were within reasonable expectations.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>There were no reports of materially high portfolio transaction and turnover costs over the period.</p>

Financially Material Factors (9.1)

<p>The Trustees incorporate all financially material considerations into decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of Investment Managers, so far as possible. This includes considerations of what the Trustees believe to be financially material (whether ESG related or not) and is relevant for the Hybrid Section, and both default arrangement and non-default arrangements within the DC Section.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>Investment Advisers for both the Hybrid and DC sections of the Scheme provide holistic advice to the Trustees that incorporates all financially material considerations, including ESG considerations.</p> <p>The investment advisors of the Hybrid section take ESG considerations into account when recommending and monitoring Investment Managers and provide climate scenario analysis within their regular performance reporting.</p>
<p>The Trustees believe that environmental, social and governance factors 'ESG' will be financially material over the time horizon of the Scheme, and should be considered as part of the investment strategy and implementation decisions.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>Investment Advisers for both the Hybrid and DC sections of the Scheme provide holistic advice to the Trustees that incorporates all financially material considerations, including ESG considerations.</p> <p>The investment advisors of the Hybrid section take ESG considerations into account when recommending and monitoring Investment Managers and provide climate scenario analysis within their regular performance reporting.</p>

<p>When investing in new asset classes, the Trustees assess, with advice from their Advisers, the relevance of ESG-related risks and the most appropriate way to ensure that they are incorporated into the mandate.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>Investment Advisers for both the Hybrid and DC sections of the Scheme provide holistic advice to the Trustees that incorporates all financially material considerations, including ESG considerations.</p> <p>The investment advisors of the Hybrid section take ESG considerations into account when recommending and monitoring Investment Managers and provide climate scenario analysis within their regular performance reporting.</p>
<p>ESG factors and stewardship are considered in the context of long term performance by the Trustees (in conjunction with their Advisers) as part of the manager selection criteria. This review occurs before funds are approved for investment. For invested funds, the Trustees monitor ongoing compliance with ESG and other factors (like Stewardship) as part of overall engagement and performance monitoring, based on reports from Investment Managers.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>Investment Advisers for both the Hybrid and DC sections of the Scheme provide holistic advice to the Trustees that incorporates all financially material considerations, including ESG considerations.</p> <p>The investment advisors of the Hybrid section take ESG considerations into account when recommending and monitoring Investment Managers and provide climate scenario analysis within their regular performance reporting.</p> <p>Details on the stewardship and engagement of the Scheme’s Investment Managers over the period can be found in the final section of this Implementation Statement.</p> <p>No breaches of compliance by the Scheme’s Investment Managers were reported during the period.</p>
<p>Non-financially material factors (9.2)</p>		

<p>The Trustees' policy at present is to not take into account non-financially material factors (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions in relation to the Hybrid Section or to the DC Section default arrangement, as there is no likely common view on any ethical matters which members are likely to hold. This policy is reviewed periodically.</p> <p>However, the Trustees recognise that members may have different beliefs and have made available a fund within the DC Section which invests based on certain ethical criteria. While not part of the default arrangement, members can invest additional voluntary contributions in this fund.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>No changes were made to this policy over the period.</p>
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Corporate Governance and Stewardship (9.3)

<p>The Trustees expect their Investment Managers to practise good stewardship. This includes monitoring, engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>Details on the stewardship and engagement of the Scheme's Investment Managers over the period can be found in the final section of this Implementation Statement.</p>
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When selecting, monitoring and de-selecting Investment Managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.	Yes, the Trustees are satisfied that this policy has been followed.	Details on the stewardship and engagement of the Scheme's Investment Managers over the period can be found in the final section of this Implementation Statement.
The Trustees monitor and discloses the voting records of its managers on a regular basis.	Yes, the Trustees are satisfied that this policy has been followed.	Details on the stewardship and engagement of the Scheme's Investment Managers over the period can be found in the final section of this Implementation Statement.

Review of SIP Policies – DC Section

Policy	Has the policy been followed?	Evidence
Aims and Objectives of the default strategy (5.1.1)		
The Trustees regard their duty as creating a robust default fund offering to cater for the proportion of the workforce who do not wish to actively manage their pension investments. This default should be focused on members' needs and outcomes.	Yes, the Trustees are satisfied that this policy has been followed.	<p>The Trustees undertook a review of the DC Which? Mixed Investment Funds during the period and agreed to make certain small changes to the investment strategy to bring it in line with its agreed return objectives. These changes were implemented during the period.</p> <p>Such investment strategy reviews are conducted by the Trustees regularly, following advice from their Investment Adviser, to ensure that they continue to meet the required risk and return needs of the Scheme's members.</p>
Act in the best interests of members and beneficiaries (5.1.3)		

<p>This belief is supplemented by undertaking regular (generally annual) investment strategy reviews of the default investment strategy, investment governance and annual value for members reviews.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Trustees undertook a review of the DC Which? Mixed Investment Funds during the period and agreed to make certain small changes to the investment strategy to bring it in line with its agreed return objectives. These changes were implemented during the period.</p> <p>Such investment strategy reviews are conducted by the Trustees regularly, following advice from their Investment Adviser, to ensure that they continue to meet the required risk and return needs of the Scheme's members.</p>
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Diversification (5.2)

<p>The Trustees monitor the strategy regularly to ensure that they are comfortable with the choice of funds offered to members.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Trustees undertook a review of the DC Which? Mixed Investment Funds during the period and agreed to make certain small changes to the investment strategy to bring it in line with its agreed return objectives. These changes were implemented during the period.</p> <p>Such investment strategy reviews are conducted by the Trustees regularly, following advice from their Investment Adviser, to ensure that they continue to meet the required risk and return needs of the Scheme's members.</p>
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Suitability (5.3)

<p>The Trustees have taken advice from the Advisers that the investment strategy offered to members (including both the default and non-default arrangements) is suitable.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Trustees undertook a review of the DC Which? Mixed Investment Funds during the period and agreed to make certain small changes to the investment strategy to bring it in line with its agreed return objectives. These changes were implemented during the period.</p> <p>Such investment strategy reviews are conducted by the Trustees regularly, following advice from their Investment Adviser, to ensure that they continue to meet the required risk and return needs of the Scheme's members.</p>
<p>Risks (6)</p>		
<p>The Trustees recognise a number of risks for the members of the Defined Contribution Section of the Scheme (including both the default and non-default arrangement) ... The Trustees will keep these risks and how they are measured and managed under regular review.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>All key risks were adequately managed during the period.</p> <p>Over the period, there were no material changes to how the Trustees measure and manage the key risks.</p>
<p>Investment Managers (7.1)</p>		
<p>As and when required, the Trustees meet with the Investment Managers to satisfy themselves that the Managers continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments of the Fund.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Trustees periodically monitor the performance of their Investment Managers.</p> <p>The Trustees were satisfied that their Investment Managers continued to carry out their work competently over the period.</p>

<p>The appointment of the Investment Managers will be reviewed by the Trustees from time to time, based on the recommendations of the Scheme's Investment Consultant, and the results of their monitoring of performance and process. The Trustees will monitor the extent to which the Investment Managers give effect to the policies set out in it.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Trustees periodically monitor the performance of their Investment Managers.</p> <p>Given the Trustees' concern over the underperformance of the Invesco fund, it was agreed at the February 2021 Trustee meeting that alternative options to the fund would be explored at the next Trustee meeting.</p> <p>There was no change in the Trustees' view of the Investment Managers over the period.</p>
<p>Advisers (7.2)</p>		
<p>The Trustees will monitor the advice given by the Advisers on a regular basis.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Trustees were satisfied that their Investment Adviser continued to carry out their work competently over the period.</p>
<p>Other (7.3)</p>		
<p>The Trustees will review this SIP annually, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Company if deemed appropriate. There will be no obligation to change this SIP, any Investment Manager or Adviser as part of such a review.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>In consultation with their Investment Adviser, the Trustees made several updates to the Scheme's SIP over the period.</p> <p>These included introducing a new Investment Manager and stewardship policy, as well as transferring several investment strategy sections to a newly-formed Investment Policy Implementation Document (IPID).</p> <p>The Trustees consulted with the Employer before implementing these changes.</p>

Review of SIP Policies – Hybrid Section

Policy	Has the policy been followed?	Evidence
Objectives (4.1)		
<p>The Trustees maintain a diversified portfolio of assets which seeks to maintain a balance between expected investment return and volatility of returns.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Hybrid Scheme’s current portfolio includes seven funds of varying asset classes. Each of these funds provide diversification to the Scheme’s asset portfolio. This portfolio is monitored on at least a quarterly basis to ensure the right balance of expected returns and risks are adequately balanced.</p> <p>Over the Scheme year, the Trustees discussed several concerns around the Invesco fund and are currently exploring potential alternatives.</p>
<p>The Trustees also seek to manage the Scheme’s exposure to interest rate and inflation risk whilst keeping expected returns at an appropriate level.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Hybrid Scheme has a leveraged allocation to Liability-Driven Investments to help manage its exposure to interest rate and inflation.</p>
Process for Choosing Investments (4.2.1)		
<p>The Trustees are responsible for the investment of the Scheme’s assets. Where the Trustees are required to make an investment decision, they always receive written advice from the Advisers first and they believe that this, together with their own collective expertise, ensures that they are appropriately familiar with the issues concerned.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>Over the period, one adjustment was made to the Scheme’s asset allocation in response to material market movements at the time. This adjustment was made under the advice of the Scheme’s Investment Adviser, through the delivery and presentation of a strategy paper at a quarterly Trustee meeting.</p>

Investment Strategy (4.2.2)

<p>Having considered advice from the Advisers, the Trustees have set the investment policy with respect to the Scheme's liabilities and funding level.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Trustees set and monitor the Scheme's investment strategy based on an agreed return objective. This objective was set and agreed based on the Scheme's liabilities and target funding level at a pre-determined time horizon.</p> <p>Risk, return and several other metrics are monitored on at least quarterly basis via the Scheme's Pension Risk Management Framework (PRMF).</p> <p>No material changes were made to the investment strategy over the period.</p>
<p>The Trustees have set an investment strategy to achieve the principal funding objective within an acceptable risk budget and an acceptable timeframe.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Trustees set and monitor the Scheme's investment strategy based on an agreed return objective. This objective was set and agreed based on the Scheme's liabilities and target funding level at a pre-determined time horizon.</p> <p>Risk, return and several other metrics are monitored on at least quarterly basis via the Scheme's Pension Risk Management Framework (PRMF).</p> <p>No material changes were made to the investment strategy over the period.</p>
<p>The risk budget is defined by the Scheme's aim to have a level of protection against interest rate and inflation risk so as to minimise the volatility of the funding level to these market factors whilst maintaining an appropriate level of expected returns. The level of such protection is regularly discussed with the sponsor in the light of their views and alternative protection methodologies which may be available.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Hybrid Scheme has a leveraged allocation to Liability-Driven Investments to help manage its exposure to interest rate and inflation.</p>

<p>The objectives will be reviewed alongside each actuarial valuation to ensure they remain relevant and appropriate. Progress against objectives is monitored and reviewed by the Trustees on a regular basis.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>There was no actuarial valuation carried out during the reporting period. However, the Trustees continue to monitor its objectives on a regular basis.</p>
<p>In consultation with the Employer and having considered advice from the Advisers and also having due consideration for the objectives and attitude to risk of the Trustees and the liability profile of the Scheme, the Trustees run an investment strategy whereby the portfolio is split into two elements: member's money-purchase fund, which is invested in the Prudential With-Profits Fund and a portfolio consisting of return-seeking assets and liability-hedging assets.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>There were no material changes to either elements of the Hybrid Scheme's portfolio over the period.</p>
<p>The Trustees are responsible for reviewing both the asset allocation and the investment strategy of the Scheme in conjunction with each actuarial valuation in consultation with the Advisers. The Trustees may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where they deem it appropriate.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>There was no actuarial valuation carried out during the reporting period.</p> <p>Over the period, one adjustment was made to the Scheme's asset allocation in response to material market movements at the time. This adjustment was made under the advice of the Scheme's Investment Adviser, through the delivery and presentation of a strategy paper at a quarterly Trustee meeting.</p>

Diversification and Risk Control (4.3)

<p>Having received advice from the Investment Adviser, the Trustees are satisfied that the range of pooled vehicles in which the Scheme's assets are invested provides adequate diversification.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Hybrid Scheme's current portfolio includes seven funds of varying asset classes. Each of these funds provide diversification to the Scheme's asset portfolio. This portfolio is monitored on at least a quarterly basis to ensure the right balance of expected returns and risks are adequately balanced.</p>
<p>The Trustees acknowledge that it is not possible to monitor all the risks the Scheme is exposed to at all times. However, it seeks to take on those risks which it expects to be rewarded for over time, in the form of excess returns, in a diversified manner, and to hedge out an element of those risks that are not expected to be rewarded.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Hybrid Scheme's current portfolio includes seven funds of varying asset classes. Each of these funds provide diversification to the Scheme's asset portfolio. This portfolio is monitored on at least a quarterly basis to ensure the right balance of expected returns and risks are adequately balanced.</p> <p>In holding a diversified portfolio, this enables the Scheme to take on several rewarded risks in appropriate amounts.</p> <p>The Hybrid Scheme has a leveraged allocation to Liability-Driven Investments to help manage its exposure to interest rate and inflation.</p>
<p>Risk Management Policy (4.3.1)</p>		

<p>Within this risk budget, the Trustees will aim to diversify risks across a range of exposures and to focus on risks that they view as well rewarded in terms of outperforming the liabilities.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Hybrid Scheme's current portfolio includes seven funds of varying asset classes. Each of these funds provide diversification to the Scheme's asset portfolio. This portfolio is monitored on at least a quarterly basis to ensure the right balance of expected returns and risks are adequately balanced.</p> <p>In holding a diversified portfolio, this enables the Scheme to take on several rewarded risks in appropriate amounts.</p> <p>The Hybrid Scheme has a leveraged allocation to Liability-Driven Investments to help manage its exposure to interest rate and inflation.</p>
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Changes to the Statement of Investment Principles (SIP) (4.4.1)

<p>The Trustees are obliged to consult with the Employer when changing the SIP.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>In consultation with their Investment Adviser, the Trustees made several updates to the Scheme's SIP over the period.</p> <p>These included introducing a new Investment Manager and stewardship policy, as well as transferring several investment-related sections to a newly formed Investment Policy Implementation Document (IPID).</p> <p>The Trustees consulted with the Employer before implementing these changes.</p>
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Frequency of Review (4.4.2)

<p>The Trustees will review this SIP annually, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Employer if deemed appropriate. There will be no obligation to change this SIP, any Investment Manager or Adviser as part of such a review.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>In consultation with their Investment Adviser, the Trustees made several updates to the Scheme's SIP over the period.</p> <p>These included introducing a new Investment Manager and stewardship policy, as well as transferring several investment-related sections to a newly formed Investment Policy Implementation Document (IPID).</p>
<p>Professional Advice (4.4.3)</p>		
<p>The Trustees receive written advice from the Advisers to help review the investment strategy.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>The Scheme's Investment Adviser, on a quarterly basis, provide the Trustees with written advice in relation to their investment strategy, outlining progress towards objectives and any recommended changes, where necessary. In between quarterly Trustee meetings, if necessary, the Investment Advisers may provide written advice in the form of emails to the Trustees.</p>
<p>Additional Voluntary Contributions ("AVCs") (4.4.4)</p>		
<p>The Trustees have full discretion as to the appropriate investment vehicles made available to members of the Scheme for their AVCs. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustees, having taken appropriate written advice from properly qualified and authorised financial advisers.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>No material changes were made over the period in relation to the Scheme's AVC provisions.</p>
<p>The Trustees will continue to manage AVC arrangements having taken professional advice on these matters.</p>	<p>Yes, the Trustees are satisfied that this policy has been followed.</p>	<p>No material changes were made over the period in relation to the Scheme's AVC provisions.</p>

Overview of the Trustees' Voting and Engagement Policies

Summary of Scheme Policies

The Trustees have delegated all aspects of monitoring the behavior of the investee companies to the individual Investment Managers who are, in the Trustees' opinion, best placed to make judgments and to engage in dialogue with the underlying issuers.

Stewardship refers to the responsible allocation and management of capital to create long-term value and sustainable benefits for the economy, the environment and society.

The Trustees' stewardship policy includes:

- The Trustees expect their Investment Managers to practice good stewardship. This includes monitoring, engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.
- The Trustees' Investment Advisers assess the ability of each Investment Manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustees on an annual basis covering how the Investment Managers have acted in line with this policy.
- When selecting, monitoring and de-selecting Investment Managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.
- Engagement with relevant persons includes the exercise of rights (including voting rights) attaching to the Scheme's equity investments, which are exercised by the Investment Managers of the Scheme. The Trustees monitors and discloses the voting records of its managers on a regular basis.

The Trustees' ability to influence Investment Managers' voting and stewardship activities will depend on the nature of the investments held. As the majority of the Scheme's assets are invested in pooled funds, where the Trustees hold units in a fund rather than having any direct ownership rights over the underlying assets, the Trustees have limited scope to influence managers' voting and stewardship activities. However, the Trustees do take stewardship into account when selecting, monitoring, and retaining their Investment Managers.

How have the policies been followed for the Scheme?

All the Scheme's Investment Managers are signatories to the UN Principles of Responsible Investment (UN PRI) and are all rated A+ except for TwentyFour, who are not yet rated, and Lothbury, which has been awarded an A.

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. Given that the vast majority of the Scheme's assets are invested with Investment Managers that hold credit assets in their portfolios, voting is only relevant for mandates held with Invesco and Prudential in the Hybrid section and LGIM in the DC section (note that given the Schroders Volatility Controlled Equity Fund predominantly consists of derivatives, the manager does not have voting rights). As the holdings are made via pooled funds, where the Investment Manager is responsible for voting and engagement on the underlying assets rather than the Trustees, the Trustees' ability to influence voting activities undertaken is limited.

Voting Behaviour

The Scheme invests in pooled fund arrangements and, as such, it is not necessary for managers to consult with the Trustees before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Trustees request the managers to produce information that demonstrate the manager is exercising good stewardship.

The Trustee's investment advisor circulated voting information templates to the Scheme's relevant Investment Managers, who then directly filled these in (unless explicitly stated otherwise). **References to "we", "us" and "our" in these sections refer to the relevant investment manager, rather than the Trustees.** Under the 'Most significant vote(s)' section for each manager below, of the managers that completed this, only a maximum sample of three significant votes for this Implementation Statement have been included per manager.

Hybrid Section

Voting criteria	Invesco	Prudential
Value of trustees' assets (as at 31 st March 2021)	£13.4m	£51.1m
Number of holdings at period end	313	c.10,000
No of meetings eligible to vote during the period	365	2,125
No of resolutions eligible to vote during the period	5,036	29,590
% of resolutions voted	98%	85%
% of resolutions voted with management	94%	93%
% of resolutions voted against management	6%	6%
% of resolutions abstained	0%	1%
% of meetings with at least one vote against management	33%	39%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	3%	3%
Any use of proxy voting services during the period	Yes (ISS and Glass Lewis)	Yes (ISS and Investment Association)

Most significant votes

Invesco

	Vote 1	Vote 2	Vote 3
Company name	Bayer AG	Citigroup Inc.	China Oilfield Services Limited

	Vote 1	Vote 2	Vote 3
Approximate value of trustees' holding at time of vote [as % of portfolio]	>1% IVZ Ownership	>1% IVZ Ownership	>1% IVZ Ownership
Date	28-Apr-2020	21-Apr-2020	28-May-2020
Summary of resolution	Ratify Deloitte GmbH as Auditors for Fiscal 2020	Report on Lobbying Payments and Policy	Approve Provision of Guarantees for Other Parties
How manager voted	In line with management Recommendation	Voted In line with Management recommendations	Voted In line with Management recommendations
Where manager voted against management, did the manager communicate intent to company ahead of vote?	N/A	N/A	N/A
Rationale (brief) for voting decision	A vote FOR is warranted because there are no concerns regarding this proposal. ISS is not aware of any issues that would impact the suitability of the proposed auditor.	A vote AGAINST this resolution is warranted, as the company is disclosing adequate information for shareholders to be able to assess its engagement in the political process and its management of related risks.	At this time we support this proposal as there is no significant known issues concerning the nominees and the company.
Outcome of vote	PASS	PASS	PASS
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	N/A	N/A	N/A
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	>1% IVZ Ownership and Part of ESG Watchlist	>1% IVZ Ownership and Includes Key ESG proposal	>1% IVZ Ownership and Part of ESG Watchlist

Please note, no significant vote reported by Invesco over the period involved one of the top 5 or top 10 (in terms of weight) holdings in the portfolio.

Prudential

	Vote 1	Vote 2	Vote 3
Company name	Samsung Electronics Co. Ltd.	Royal Dutch Shell Plc	HSBC
Date	17/03/2021	19/05/2020	24/04/2020
Summary of resolution	Elect directors	Shareholder resolution requesting Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	Approve Remuneration Report
How manager voted	Against	For	Against
Where manager voted against management, did the manager communicate intent to company ahead of vote?	No	Yes	Yes
Rationale (brief) for voting decision	Concerns over corporate behaviour and insufficient shareholder engagement: Incumbent directors Byung-gook Park, Jeong Kim and Sun-uk Kim have collectively failed to remove criminally convicted directors from the board. The inaction is indicative of a material failure of governance and oversight at the company.	In our view, the company should provide comprehensive disclosure to shareholders on its environmental impacts and risks.	Opposition due to concern that remuneration is excessive given the dividend cut and current market conditions
Outcome of vote	Pass	Fail	Pass

	Vote 1	Vote 2	Vote 3
Implications of outcome – eg manager’s lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	We engaged with the company on three occasions including a formal letter expressing our views on shareholder returns. The company did not comply with our views.	After engaging directly with Shell and other investors via the IIGCC coalition, we supported the resolutions at Shell which ended up receiving 14% support. This shows that there is a growing number of shareholders which would like to see Shell disclose more on its alignment strategy going forward and has encouraged the company to be more progressive in its transition plans.	This was a one-off COVID situation where the dividend was cut but management still received variable pay. We do not envisage this being repeated going forward.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	Shareholder rights and Governance	Environmental and social	Remuneration

DC Section

The DC section invests in 16 Scheme-specific DC funds via the LGIM Investment platform. These funds, along with their values as at the end of the Scheme year, are listed below.

Scheme-specific DC fund	Allocation as at 31 March 2021
Consumers DC AVC Lifestyle (Cash) (N)	£11,382.83
Consumers AVC (Cash) (N)	£113,188.72
Consumers AVC (Linkers) (N)	£27.19
Consumers AVC (Gilts) (N)	£29,577.90
Consumers DC AVC (N)	£258,256.18
Consumers DC (Cash) (N)	£393,738.13
Consumers (Gilts) (N)	£21.75
Which? Hybrid Mixed Investment Fund A (N)	£312,520.55
Which? Hybrid AVC Mixed Fund C (N)	£622,001.30

Scheme-specific DC fund	Allocation as at 31 March 2021
Which? DC AVC Mixed Fund C (N)	£140,966.25
Which? Mixed Fund C (N)	£2,879,417.79
Which? Hbd AVC Md Invst Fnd A 75%Eq (N)	£6,231.44
Which? DC AVC Md Invst Fund A 75% Eq (N)	£739,475.80
Which? Mixed Invst Fnd A (75% Eq) (N)	£36,146,410.03
Which? Hybd AVC Mxd Inv Fnd B 50% Eq (N)	£225,067.31
Which? DC AVC Mxd Invs Fnd B 50% Eq (N)	£740,717.38

Each of the above funds wrap units from multiple LGIM funds. The following tables outline the voting statistics of each of the relevant LGIM funds. There are 15 funds in total.

Voting criteria	Global Developed Small Cap Index Fund	World (ex UK) Developed Equity Index Fund - GBP Currency Hedged	World (ex UK) Developed Equity Index Fund
Number of holdings at period end	3,514	2,073	2,073
No of meetings eligible to vote during the period	4,260	2,645	2,645
No of resolutions eligible to vote during the period	42,219	31,896	31,896
% of resolutions voted	99.55%	99.80%	99.80%
% of resolutions voted with management	77.63%	79.76%	79.76%
% of resolutions voted against management	22.13%	20.04%	20.04%
% of resolutions abstained	0.24%	0.20%	0.20%
% of meetings with at least one vote against management	8.03%	6.50%	6.50%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0.17%	0.31%	0.31%
Any use of proxy voting services during the period	ISS's 'ProxyExchange'		

Voting criteria	Global Real Estate Equity Index Fund	Private Equity Passive Fund	World Emerging Markets Equity Index Fund
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Number of holdings at period end	344	68	1,882
No of meetings eligible to vote during the period	385	104	3,998
No of resolutions eligible to vote during the period	4121	880	36,036
% of resolutions voted	99.83%	100.00%	99.89%
% of resolutions voted with management	82.84%	76.48%	85.23%
% of resolutions voted against management	16.80%	23.52%	13.40%
% of resolutions abstained	0.36%	0.00%	1.38%
% of meetings with at least one vote against management	6.30%	8.07%	5.07%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0.34%	0.45%	0.02%
Any use of proxy voting services during the period	ISS's 'ProxyExchange'		

Voting criteria	Asia Pacific (ex Japan) Developed Equity Index Fd - GBP Ccy Hgd	Asia Pacific (ex Japan) Developed Equity Index Fund	Japan Equity Index Fund - GBP Currency Hedged
Number of holdings at period end	404	404	509
No of meetings eligible to vote during the period	534	534	551
No of resolutions eligible to vote during the period	3,774	3,774	6,518
% of resolutions voted	100.00%	100.00%	100.00%
% of resolutions voted with management	74.22%	74.22%	86.08%
% of resolutions voted against management	25.76%	25.76%	13.92%
% of resolutions abstained	0.03%	0.03%	0.00%
% of meetings with at least one vote against management	10.12%	10.12%	5.85%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0.21%	0.21%	0.21%
Any use of proxy voting services during the period	ISS's 'ProxyExchange'		

Voting criteria	Europe (ex UK) Equity Index Fund - GBP Currency Hedged	Europe (ex UK) Equity Index Fund	North America Equity Index Fund
Number of holdings at period end	461	461	662
No of meetings eligible to vote during the period	686	686	794
No of resolutions eligible to vote during the period	11,412	11,412	9,495
% of resolutions voted	99.89%	99.89%	100.00%
% of resolutions voted with management	84.21%	84.21%	71.79%
% of resolutions voted against management	15.26%	15.26%	28.17%
% of resolutions abstained	0.53%	0.53%	0.04%
% of meetings with at least one vote against management	4.35%	4.35%	7.75%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0.40%	0.40%	0.32%
Any use of proxy voting services during the period	ISS's 'ProxyExchange'		

Voting criteria	North America Equity Index Fund - GBP Currency Hedged	UK Equity Index Fund	Ethical UK Equity Index Fund
Number of holdings at period end	662	598	218
No of meetings eligible to vote during the period	794	943	336
No of resolutions eligible to vote during the period	9,495	12,574	5,109
% of resolutions voted	100.00%	100.00%	100.00%
% of resolutions voted with management	71.79%	92.94%	93.76%
% of resolutions voted against management	28.17%	7.05%	6.24%
% of resolutions abstained	0.04%	0.01%	0.00%
% of meetings with at least one vote against management	7.75%	3.27%	2.84%

% of resolutions where manager voted contrary to recommendation of proxy adviser?	0.32%	0.80%	0.90%
Any use of proxy voting services during the period	ISS's 'ProxyExchange'		

Most significant votes

LGIM Global Developed Small Cap Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Lagardère	SIG plc.	Mitchells & Butlers
Date	05-May-20	09-Jul-20	11-Mar-21
Summary of resolution	Shareholder resolutions A to P. Activist Amber Capital, proposed 8 new directors to the Supervisory Board (SB), as well as to remove all the incumbent directors (apart from two 2019 appointments).	Resolution 5: Approve one-off payment to Steve Francis proposed at the company's special shareholder meeting held on 9 July 2020.	Resolution 1: Authorise Issue of Equity in Connection with the Open Offer Resolution 2: Authorise Issue of Shares Pursuant to the Open Offer at a Discount to Middle Market Price Resolution 3: Authorise Implementation of Open Offer
How manager voted	LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardère SB directors (resolutions B,C,E,F,G).	We voted against the resolution.	LGIM voted against all three resolutions.
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		

	Vote 1	Vote 2	Vote 3
Rationale (brief) for voting decision	Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures.	The company wanted to grant the interim CEO an additional one-off fee for work carried out over a two month period beyond the scope of the remuneration policy and therefore needed shareholder support. The decision was taken by LGIM due to the size of the payment (65% of annual salary) and timing of the payment given a poor liquidity position of the company.	Due to the formation of a consolidation of three already major shareholders into Odyzean Limited, holding c.55% of issued share capital, LGIM opposed an Open Offer given our concerns about the influence it had over our investee company's governance and the interests of minority investors.
Outcome of vote	Even though shareholders did not give majority support to Amber's candidates, its proposed resolutions received approx. between 30-40% support.	The resolution passed. However, 44% of shareholders did not support it. We believe that with this level of dissent the company should not go ahead with the payment.	Only 6.8% of shareholders opposed these resolutions.
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.	We intend to engage with the company over the coming year to find out why this payment was deemed appropriate and whether they made the payment despite the significant opposition.	LGIM will continue to monitor the company closely.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	LGIM noted significant media and public interest on this vote given the proposed revocation of the company's board.	The vote is high-profile and controversial.	We have taken the rare step of opposing a capital raise given our serious concerns for minority shareholders' rights.

LGIM World (ex UK) Developed Equity Index Fund - GBP Currency Hedged

	Vote 1	Vote 2	Vote 3
Company name	Qantas Airways Limited	Whitehaven Coal	Lagardère
Date	23/10/2020	22-Nov-20	05-May-20
Summary of resolution	Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan. Resolution 4 Approve Remuneration Report.	Resolution 6 Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.	Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardère, as well as to remove all the incumbent directors (apart from two 2019 appointments).
How manager voted	LGIM voted against resolution 3 and supported resolution 4.	LGIM voted for the resolution.	LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardère SB directors (resolutions B,C,E,F,G).
Where manager voted against management, did the manager communicate intent to company ahead of vote?	Given our engagement, LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	

	Vote 1	Vote 2	Vote 3
Rationale (brief) for voting decision	<p>Due to COVID the company raised capital to execute its recovery plan. We supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, our concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. We voted against resolution 3 to signal our concerns.</p>	<p>LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets</p>	<p>Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures</p>
Outcome of vote	<p>About 90% of shareholders supported resolution 3 and 91% supported resolution 4.</p>	<p>The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour.</p>	<p>Even though shareholders did not give majority support to Amber's candidates, its proposed resolutions received approx. between 30-40% support, a clear indication that many shareholders have concerns with the board.</p>

	Vote 1	Vote 2	Vote 3
Implications of outcome – eg manager’s lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	We will continue our engagement with the company.	LGIM will continue to monitor this company.	LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.	The vote received media scrutiny and is emblematic of a growing wave of ‘green’ shareholder activism.	LGIM noted significant media and public interest on this vote given the proposed revocation of the company’s board.

LGIM World (ex UK) Developed Equity Index Fund

The non-currency hedged version of this fund has identical voting information as the currency hedged share class above.

LGIM Global Real Estate Equity Index Fund

	Vote 1	Vote 2	Vote 3
There were no significant votes made in relation to the securities held by this fund during the reporting period.			

LGIM Private Equity Passive Fund

	Vote 1	Vote 2	Vote 3
There were no significant votes made in relation to the securities held by this fund during the reporting period.			

LGIM World Emerging Markets Equity Index Fund

	Vote 1	Vote 2	Vote 3
There were no significant votes made in relation to the securities held by this fund during the reporting period.			

LGIM Asia Pacific (ex Japan) Developed Equity Index Fd - GBP Ccy Hgd

	Vote 1	Vote 2	Vote 3
Company name	Qantas Airways Limited	Whitehaven Coal	Samsung Electronics
Date	23-Oct-20	22-Nov-20	17-Mar-21

	Vote 1	Vote 2	Vote 3
Summary of resolution	Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.	Resolution 6 Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.	Resolution 2.1.1: Elect Park Byung-gook as Outside Director Resolution 2.1.2: Elect Kim Jeong as Outside Director Resolution 3: Elect Kim Sun-uk as Outside Director to Serve as an Audit Committee Member
How manager voted	LGIM voted against resolution 3 and supported resolution 4.	LGIM voted for the resolution.	LGIM voted against all three resolutions.
Where manager voted against management, did the manager communicate intent to company ahead of vote?	Given our engagement, LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	

	Vote 1	Vote 2	Vote 3
Rationale (brief) for voting decision	<p>Due to COVID the company raised capital to execute its recovery plan. We supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, our concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. We voted against resolution 3 to signal our concerns</p>	<p>LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets.</p>	<p>We are concerned that Lee Jae-yong, former Vice-Chairman twice convicted for bribery & embezzlement continues to make strategic company decisions from prison. Additionally, we were not satisfied with the independence of the company board and that the independent directors are really able to challenge management. LGIM voted against the resolutions as the outside directors, who should provide independent oversight, have collectively failed to remove criminally convicted directors from the board. The inaction is indicative of a material failure of governance and oversight at the company.</p>
Outcome of vote	<p>About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration.</p>	<p>The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour.</p>	<p>The meeting results are not yet available.</p>

	Vote 1	Vote 2	Vote 3
Implications of outcome – eg manager’s lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	We will continue our engagement with the company.	LGIM will continue to monitor this company.	LGIM will continue to monitor the company.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.	The vote received media scrutiny and is emblematic of a growing wave of ‘green’ shareholder activism.	This was a high-profile vote, which has such a degree of controversy that there is high client and/or public scrutiny and the sanction vote was a result of a direct or collaborative engagement.

LGIM Asia Pacific (ex Japan) Developed Equity Index Fund

The non-currency hedged version of this fund has identical voting information as the currency hedged share class above.

LGIM Japan Equity Index Fund - GBP Currency Hedged

	Vote 1	Vote 2	Vote 3
Company name	Toshiba Corp.	Olympus Corporation	Fast Retailing Co. Limited.
Date	18-Mar-21	30-Jul-20	26-Nov-20
Summary of resolution	Resolution 1: Appoint Three Individuals to Investigate Status of Operations and Property of the Company. Resolution 2: Amend Articles to Mandate Shareholder Approval for Strategic Investment Policies including Capital Strategies	Resolution 3.1: Elect Director Takeuchi, Yasuo at the company’s annual shareholder meeting held on 30 July 2020.	Resolution 2.1: Elect Director Yanai Tadashi.
How manager voted	LGIM voted for the resolutions.	We voted against the resolution.	LGIM voted against the resolution.

	Vote 1	Vote 2	Vote 3
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
Rationale (brief) for voting decision	LGIM supported the resolution calling for the appointment of investigators to address doubts over the company's 2020 AGM conduct and vote tallying. We believe the enquiry will be an important step in rebuilding trust between shareholders and the company's executive team and board. We also supported the shareholder resolution mandating the company to present its strategic investment policy to a shareholder vote to signal that shareholders expect increased transparency and accountability.	LGIM have for many years promoted and supported an increase of women on boards, at the executive level and below. On a global level we consider that every board should have at least one female director. We deem this a de minimis standard. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to take action on the issue of appointing female representation to boards, executive level and below.	
Outcome of vote	Resolution 1 was passed with 57.9% of participating shareholders in support. Resolution 2 received 39.3% support and did not pass.	Resolution 1 was passed with 57.9% of participating shareholders in support. Resolution 2 received 39.3% support and did not pass.	Shareholders supported the election of the director.
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to monitor the company.	LGIM will continue to monitor the company.	LGIM will continue to engage with and require increased diversity on all Japanese company boards, including Fast Retailing.

	Vote 1	Vote 2	Vote 3
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	The vote was high profile and controversial.	The vote was high profile and controversial.	LGIM considers it imperative that the boards of Japanese companies increase their diversity.

LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged

	Vote 1 (The manager has evidenced just one significant vote over the reporting period)
Company name	Lagardère
Date	05-May-20
Summary of resolution	Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardère, as well as to remove all the incumbent directors (apart from two 2019 appointments).
How manager voted	LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardère SB directors (resolutions B,C,E,F,G).
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale (brief) for voting decision	Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures
Outcome of vote	Even though shareholders did not give majority support to Amber’s candidates, its proposed resolutions received approx. between 30-40% support, a clear indication that many shareholders have concerns with the board.
Implications of outcome – eg manager’s lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.

	Vote 1 (The manager has evidenced just one significant vote over the reporting period)
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	LGIM noted significant media and public interest on this vote given the proposed revocation of the company’s board.

LGIM Europe (ex UK) Equity Index Fund

The non-currency hedged version of this fund has identical voting information as the currency hedged share class above.

LGIM North America Equity Index Fund - GBP Currency Hedged

	Vote 1	Vote 2	Vote 3
Company name	Medtronic plc	Amazon	AmerisourceBergen Corporation
Date	11-Dec-20	27-May-20	11-Mar-21
Summary of resolution	Resolution 3 Advisory Vote to Ratify Named Executive Officers' Compensation.	Shareholder resolutions 5 to 16	Resolution 3: Advisory Vote to Ratify Named Executive Officers' Compensation
How manager voted	LGIM voted against the resolution.	Supported 10/12 shareholder proposals. There are two main areas which drove our decision-making: disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16), and governance structures that benefit long-term shareholders (resolutions 9 and 14).	LGIM voted against the resolution.
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		

	Vote 1	Vote 2	Vote 3
Rationale (brief) for voting decision	<p>Following the end of the financial year, executive directors were granted a special, one-off award of stock options to compensate for no bonus being paid out during the financial year. LGIM voted against the one-off payment as we are not supportive of one-off awards in general and in particular when these are awarded to compensate for a payment for which the performance criterion/criteria were not met. Prior to the AGM we engaged with the company and clearly communicated our concerns over one-off payments.</p>	<p>Our team has had multiple engagements with Amazon over the past 12 months. The topics of our engagements touched most aspects of ESG, with an emphasis on social topics. Amazon employees have raised issues of: Safety, Inadequate sick pay and only a \$2/hr incentive to work during COVID. Also cited is an ongoing culture of retaliation, censorship, and fear. We discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies.</p>	<p>LGIM has in previous years voted against executives' pay packages due to concerns over the remuneration structure not comprising a sufficient proportion of awards assessed against the company's performance. We voted against the resolution to signal our concern over the overall increased compensation package during a year that the company recorded a \$6.6bn charge related to opioid lawsuits and a total operating loss of \$5.1 billion.</p>
Outcome of vote	<p>The voting outcome was as follows: For: 91.73%; against: 8.23%.</p>	<p>Resolution 5 to 8, and 14 to 16 each received approx. 30% support from shareholders. Resolutions 9 and 10 received respectively 16.7 and 15.3% support. Resolution 11 received 6.1% support. Resolution 12 received 1.5% support. Resolution 13 received 12.2% support.</p>	<p>The resolution encountered a significant amount of oppose votes from shareholders, with 48.36% voting against the resolution and 51.63% supporting the proposal.</p>

	Vote 1	Vote 2	Vote 3
Implications of outcome – eg manager’s lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to monitor this company.	Despite shareholders not giving majority support to the raft of shareholder proposals, the sheer number and focus on these continues to dominate the landscape for the company. Our engagement with the company continues as we push it to disclose more and to ensure it is adequately managing its broader stakeholders, and most importantly, its human capital.	LGIM continues to engage with US companies on their pay structures and has published specific pay principles for US companies.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	We believe it is contrary to best practice in general and our pay principles in particular to award one-off awards, especially if they are to compensate for a forgone payment.	The market attention was significant leading up to the AGM, with 12 shareholder proposals on the table, diverse investor coalitions submitting and rallying behind the proposals, substantial press coverage, multiple state treasurers speaking out and even holding an online targeted pre-annual meeting investor forum. Anecdotally, the Stewardship team received more inquiries related to Amazon than any other company this season.	LGIM considers it imperative that pay structures are aligned with company performance and that certain expenses over which directors have control and influence should not be allowed to be excluded in the calculation of their pay, in particular if these would be detrimental to the executive director(s) in question.

LGIM North America Equity Index Fund

The non-currency hedged version of this fund has identical voting information as the currency hedged share class above.

LGIM UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	International Consolidated Airlines Group	Imperial Brands plc	Pearson
Date	11-Dec-20	27-May-20	11-Mar-21
Summary of resolution	Resolution 8: Approve Remuneration Report was proposed at the company's annual shareholder meeting held on 7 September 2020.	Resolutions 2 and 3, respectively - approve Remuneration Report and Approve Remuneration Policy.	Resolution 1: Amend remuneration policy was proposed at the company's special shareholder meeting, held on 18 September 2020.
How manager voted	We voted against the resolution.	LGIM voted against both resolutions.	We voted against the amendment to the remuneration policy.
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		

	Vote 1	Vote 2	Vote 3
Rationale (brief) for voting decision	At the end of March 2020, LGIM encouraged the board to demonstrate restraint and discretion with its executive remuneration. LGIM were concerned about the level of bonus payments and would have expected the remuneration committee to exercise greater discretion in light of the COVID impacted financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders).	The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. Further, the company did not apply best practice in relation to post-exit shareholding guidelines as outlined by both LGIM and the Investment Association. An incoming CEO with no previous experience in the specific sector, or CEO experience at a FTSE100 company, should have to prove her or himself beforehand to be set a base salary at the level, or higher, of an outgoing CEO with multiple years of such experience.	The co-investment grant ultimatum being proposed meant that the CEO would not take up the role if the co-investment grant was not passed. However, shareholders were not able to vote separately on the two distinctly different items, and felt forced to accept a less-than-ideal remuneration structure for the new CEO. We asked that the post-exit shareholding requirements were reviewed to be brought into line with our expectations for UK companies. In the absence of any changes, LGIM took the decision to vote against the amendment to the remuneration policy.
Outcome of vote	28.4% of shareholders opposed the remuneration report.	Resolution 2 received 40.26% votes against. Resolution 3 received 4.71% of votes against.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.

	Vote 1	Vote 2	Vote 3
Implications of outcome – eg manager’s lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage closely with the renewed board.	LGIM continues to engage with companies on remuneration both directly and via IVIS, the corporate governance research arm of The Investment Association. LGIM annually publishes remuneration guidelines for UK listed companies.	Such significant dissent clearly demonstrates the scale of investor concern with the company’s approach. It is important that the company has a new CEO, a crucial step in the journey to recover value; but key governance questions remain which will now need to be addressed through continuous engagement.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	LGIM considers this vote significant as it illustrates the importance for investors of monitoring our investee companies’ responses to the COVID crisis.	We are concerned over the ratcheting up of executive pay; and we believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives’ post-exit shareholding guidelines to be set.	Pearson has had strategy difficulties in recent years and is a large and well-known UK company. Given the unusual approach taken by the company and our outstanding concerns, we deem this vote to be significant.

LGIM Ethical UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	International Consolidated Airlines Group	Pearson	SIG plc.
Date	07-Sep-20	18-Sep-20	09-Jul-20
Summary of resolution	Resolution 8: Approve Remuneration Report’ was proposed at the company’s annual shareholder meeting held on 7 September 2020.	Resolution 1: Amend remuneration policy was proposed at the company’s special shareholder meeting, held on 18 September 2020.	Resolution 5: Approve one-off payment to Steve Francis proposed at the company’s special shareholder meeting held on 9 July 2020.

	Vote 1	Vote 2	Vote 3
How manager voted	We voted against the resolution.	We voted against the amendment to the remuneration policy.	We voted against the resolution.
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
Rationale (brief) for voting decision	At the end of March 2020, LGIM encouraged the board to demonstrate restraint and discretion with its executive remuneration. LGIM were concerned about the level of bonus payments and would have expected the remuneration committee to exercise greater discretion in light of the COVID impacted financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders).	The co-investment grant ultimatum being proposed meant that the CEO would not take up the role if the co-investment grant was not passed. However, shareholders were not able to vote separately on the two distinctly different items, and felt forced to accept a less-than-ideal remuneration structure for the new CEO. We asked that the post-exit shareholding requirements were reviewed to be brought into line with our expectations for UK companies. In the absence of any changes, LGIM took the decision to vote against the amendment to the remuneration policy.	The company wanted to grant the interim CEO an additional one-off fee for work carried out over a two month period beyond the scope of the remuneration policy and therefore needed shareholder support. The decision was taken by LGIM due to the size of the payment (65% of annual salary) and timing of the payment vs a poor liquidity position of the company
Outcome of vote	28.4% of shareholders opposed the remuneration report.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.	The resolution passed. However, 44% of shareholders did not support it. We believe that with this level of dissent the company should not go ahead with the payment.

	Vote 1	Vote 2	Vote 3
Implications of outcome – eg manager’s lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage closely with the renewed board.	Such significant dissent clearly demonstrates the scale of investor concern with the company’s approach. It is important that the company has a new CEO, a crucial step in the journey to recover value; but key governance questions remain which will now need to be addressed through continuous engagement.	We intend to engage with the company over the coming year to find out why this payment was deemed appropriate and whether they made the payment despite the significant opposition.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be “significant”?	LGIM considers this vote significant as it illustrates the importance for investors of monitoring our investee companies’ responses to the COVID crisis.	Pearson has had strategy difficulties in recent years and is a large and well-known UK company. Given the unusual approach taken by the company and our outstanding concerns, we deem this vote to be significant.	The vote is high-profile and controversial.