

# Implementation Statement for the Commonwealth War Graves Commission Superannuation Scheme

Covering 1 April 2020 to 31 March 2021

## 1. Background

The Trustees of the Commonwealth War Graves Commission Superannuation Scheme (the “Scheme”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Scheme’s Statement of Investment Principles (“SIP”) during the previous Scheme year, in relation to engagement and voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used.

This is the first implementation statement produced by the Trustees.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found at <https://cwgc.pensions-directory.co.uk>

## 2. Voting and Engagement

The Trustees are keen that their managers are signatories of the UK Stewardship Code, which is the case.

All of the Trustees’ holdings are within pooled funds and the voting rights in the underlying investments are exercised by the companies that manage the funds. Therefore, the Trustees are not able to direct how votes are exercised and consequently have not directly used proxy voting services over the year.

The Scheme is invested in the following funds:

- LGIM All World Equity Fund
- LGIM Emerging Market Passive Local Currency Government Bond Fund
- LGIM World Emerging Markets Equity Index Fund
- Threadneedle Property Unit Trust
- Schroders Life Diversified Growth Fund
- Ninety One Diversified Growth Fund
- Schroders LDI Portfolio

The Trustees were unable to include voting data for the underlined funds as they are a mixture of fixed income and property funds and do not hold physical equities.

### **3. Description by Investment Managers of their voting processes**

#### **LGIM**

All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's voting and engagement activities are driven by Environmental, Social and Governance (ESG) professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for clients. Their voting policies are reviewed annually and take into account feedback from clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

LGIM's Investment Stewardship team uses the Institutional Shareholders Services' (ISS) 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. Their use of ISS recommendations is to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on LGIM's custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

#### **Schroders**

Schroders evaluates voting issues arising at their investee companies and, where they have the authority to do so, votes on them in line with their fiduciary responsibilities in what they deem to be

the interests of their clients. Schroders utilises company engagement, internal research, investor views and governance expertise to confirm their intention.

They receive research from both ISS and the Investment Association’s Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into their voting decisions. In addition to relying on their policies they will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.

It is important to stress that their own research is also integral to their final voting decision; this will be conducted by both their financial and ESG analysts. For contentious issues, their Corporate Governance specialists will be in deep dialogue with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

They continue to review their voting practices and policies during their ongoing dialogue with their portfolio managers. This has led them to raise the bar on what they consider ‘good governance practice’.

### **Ninety One**

Ninety One recognises that local best practice codes may differ: although their proxy voting guidelines apply globally, they recognise regional differences. In markets where the codes are still evolving and not yet fully aligned with global best practice, they take this into account. In these markets, they aim to engage actively with policy makers, regulators and stock exchanges, together with other global and local investors, to address the more critical potential shortcomings. Furthermore, they consider the size and maturity of each individual business, and if deemed appropriate, they may take a more pragmatic approach while remaining actively engaged. The overall proxy voting guidelines rest within their broader stewardship policy framework. They focus on the following five principles whereby Ninety One: 1. Will disclose how it discharges its stewardship duties through publicly available policies and reporting. 2. Will address the internal governance of effective stewardship, including conflicts of interest and potential obstacles. 3. Will support a long-term investment perspective by integrating, engaging, escalating and monitoring material ESG issues. 4. Will exercise its ownership rights responsibly, including engagement and voting rights. 5. Is, where appropriate, willing to act alongside other investors. The voting guidelines in this document apply across all their holdings as allowed by legal arrangements. Some clients may have their own policy which differs from that of Ninety One. In this situation, clients are expected to opt out of Ninety One’s stewardship policy, so that an alternative system can be put in place that accommodates the client’s own guidelines. Ninety One publicly discloses its voting decisions on a quarterly basis their website. ([www.ninetyone.com/en/investment-expertise/stewardship/proxy-voting-results](http://www.ninetyone.com/en/investment-expertise/stewardship/proxy-voting-results)).

## **4. Summary of voting behaviour over the year**

A summary of voting behaviour over the period is provided in the tables below

| <b>Summary Info*</b> |                                       |
|----------------------|---------------------------------------|
| Manager name         | Legal & General Investment Management |
| Fund name            | All World Equity Fund                 |

|   |                              |
|---|------------------------------|
| Approximate value of trustees' assets                               | c.£23.1m as at 31 March 2021 |
| Number of equity holdings at year end                               | 4077                         |
| Number of meetings eligible to vote                                 | 6779                         |
| Number of resolutions eligible to vote                              | 70672                        |
| % of resolutions voted  | 99.85%                       |
| % of resolutions voted with management                              | 83.25%                       |
| % of resolutions voted against management                           | 15.96%                       |
| % of resolutions abstained  | 0.79%                        |
| % of meetings with at least one vote against managements            | 5.59%                        |
| % of resolutions voted contrary to the proxy adviser recommendation | 0.2%                         |

|   | Summary Info*                            |
|---|--|
| Manager name  | Legal & General Investment Management    |
| Fund name   | World Emerging Markets Equity Index Fund |
| Approximate value of trustees' assets                               | c.£3.7m as at 31 March 2021              |
| Number of equity holdings at year end                               | 1882                                     |
| Number of meetings eligible to vote                                 | 3998                                     |
| Number of resolutions eligible to vote                              | 36036                                    |
| % of resolutions voted  | 99.89%                                   |
| % of resolutions voted with management                              | 85.23%                                   |
| % of resolutions voted against management                           | 13.4%                                    |
| % of resolutions abstained  | 1.38%                                    |
| % of meetings with at least one vote against managements            | 5.07%                                    |
| % of resolutions voted contrary to the proxy adviser recommendation | 0.02%                                    |

|  | Summary Info*                |
|--|------------------------------|
| Manager name   | Schroders                    |
| Fund name  | Life Diversified Growth Fund |
| Approximate value of trustees' assets                    | c.£16.7m as at 31 March 2021 |
| Number of equity holdings at year end                    | 1,360                        |
| Number of meetings eligible to vote                      | 1,711                        |
| Number of resolutions eligible to vote                   | 20,478                       |
| % of resolutions voted                                   | 99.6%                        |
| % of resolutions voted with management                   | 91.9%                        |
| % of resolutions voted against management                | 7.7%                         |
| % of resolutions abstained                               | 0.3%                         |
| % of meetings with at least one vote against managements | 45.3%                        |

|                                       | Summary Info*                |
|---------------------------------------|------------------------------|
| Manager name                          | Ninety One                   |
| Fund name                             | Diversified Growth Fund      |
| Approximate value of trustees' assets | c.£13.5m as at 31 March 2021 |
| Number of equity holdings in the fund | -                            |

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| Number of meetings eligible to vote                                 | 147    |
| Number of resolutions eligible to vote                              | 1,865  |
| % of resolutions voted  | 92.23% |
| % of resolutions voted with management                              | 93.08% |
| % of resolutions voted against management                           | 4.01%  |
| % of resolutions abstained  | 2.15%  |
| % of meetings with at least one vote against managements            | 34.69% |
| % of resolutions voted contrary to the proxy adviser recommendation | 5.00%  |

## 5. Most significant votes over the year

The Trustees were unable to include most significant voting data for some of the pooled funds, however they will continue to work with their advisers and investment managers with the aim of providing more information in future statements.

### LGIM

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold LGIM to account.

For many years, LGIM has regularly produced case studies and/or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

Given the similar holdings within each of the funds with their respective currency hedged version of the funds, significant votes cast in each fund were the same for both unhedged and hedged fund versions.

**Below we have provided 10 significant votes made over the period for the LGIM All World Equity Index Fund. (Please note in relation to the LGIM World Emerging Markets Index Fund there were no significant votes made in relation to the underlying securities held by the fund during this period.)**

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| Company name   | <b>Qantas Airways Limited</b>  |
| Date of vote   | 23-Oct-20  |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |  |
| Summary of the resolution  | Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.   |
| How you voted  | LGIM voted against resolution 3 and supported resolution 4.  |
| Where you voted against management, did you communicate your intent to the company ahead of the 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.  |
| Rationale for the voting decision  | The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as we wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. In collaboration with our Active Equities team, LGIM's Investment Stewardship team engaged with the Head of Investor Relations of the company to express our concerns and understand the company's views. The voting decision ultimately sat with the Investment Stewardship team. 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. |
| Outcome of the vote  | 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, in our view.   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | We will continue our engagement with the company.  |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.  |

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| Company name  | <b>Whitehaven Coal</b> |
| Date of vote  | 22-Nov-20              |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) |                        |

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| Summary of the resolution  | 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.   |
| How you voted  | LGIM voted for the resolution.   |
| Where you voted against management, did you communicate your intent to the company ahead of the 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.   |
| Rationale for the voting decision  | The role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation: in Q4 2020 alone three of Australia's main export markets for coal – Japan, South Korea and China – have announced targets for carbon neutrality around 2050. 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. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets. |
| Outcome of the vote  | The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour. However, the environmental profile of the company continues to remain in the spotlight: in late 2020 the company pleaded guilty to 19 charges for breaching mining laws that resulted in 'significant environmental harm'. As the company is on LGIM's Future World Protection List of exclusions, many of our ESG-focused funds – and select exchange-traded funds – were not invested in the company.  |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor this company.  |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism.  |

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| Company name  | <b>International Consolidated Airlines Group</b>  |
| Date of vote  | 07-Sep-20   |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)                     |   |
| Summary of the resolution   | Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.   |
| How you voted   | We voted against the resolution.  |
| Where you voted against management, did you communicate your intent to the company ahead of the 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. |

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| Rationale for the voting decision  | <p>The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model. At the end of March 2020, LGIM addressed a private letter to the company to state our support during the pandemic. We also encouraged the board to demonstrate restraint and discretion with its executive remuneration. As a result of the crisis, the company took up support under various government schemes. The company also announced a 30% cut to its workforce. On the capital allocation front, the company decided to withdraw its dividend for 2020 and sought shareholder approval for a rights issue of €2.75 billion at its 2020 AGM in order to strengthen its balance sheet. The remuneration report for the financial year to 31 December 2019 was also submitted to a shareholder vote. We were concerned about the level of bonus payments, which are 80% to 90% of their salary for current executives and 100% of their salary for the departing CEO. We noted that the executive directors took a 20% reduction to their basic salary from 1 April 2020. However, whilst the bonuses were determined at the end of February 2020 and paid in respect of the financial year end to December 2019, LGIM would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders). Over the past few years, we have been closely engaging with the company, including on the topic of the succession of the CEO and the board chair, who were long-tenured. This engagement took place privately in meetings with the board chair and the senior independent director. This eventually led to a success, as the appointment of a new CEO to replace the long-standing CEO was announced in January 2020. A new board chair: an independent non-executive director, was also recently appointed by the board. He will be starting his new role in January 2021.</p> |
| Outcome of the vote  | 28.4% of shareholders opposed the remuneration report.   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage closely with the renewed board.   |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | LGIM considers this vote significant as it illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis.   |

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| Company name  | <b>Lagardère</b>  |
| Date of vote  | 05-May-20   |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) |   |
| Summary of the 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). |

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| How you 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 you voted against management, did you communicate your intent to the company ahead of the 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 for the 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 continues to have a 'commandite' structure; a limited partnership, which means that the managing partner has a tight grip on the company, despite only having 7 % share capital and 11% voting rights. LGIM engages with companies on their strategies, any lack of challenge to these, and with governance concerns. The company strategy had not been value-enhancing and the governance structure of the company was not allowing the SB to challenge management on this. Where there is a proxy contest, LGIM engages with both the activist and the company to understand both perspectives. LGIM engaged with both Amber Capital, where we were able to speak to the proposed new SB Chair, and also Lagardère, where we spoke to the incumbent SB Chair. This allowed us to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management. |
| Outcome of the 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. (Source: ISS data)   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | 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 (as explained in the cover email) have you assessed this vote to be "most significant"?                              | LGIM noted significant media and public interest on this vote given the proposed revocation of the company's board.  |

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| Company name  | <b>Imperial Brands plc</b>   |
| Date of vote  | 03-Feb-21  |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)                     |  |
| Summary of the resolution   | Resolutions 2 and 3, respectively, Approve Remuneration Report and Approve Remuneration Policy.  |
| How you voted   | LGIM voted against both resolutions.   |
| Where you voted against management, did you communicate your intent to the company ahead of the 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. |

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| Rationale for the voting decision  | The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. A higher base salary has a consequential ripple effect on short- and long-term incentives, as well as pension contributions. 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. Further, we would expect companies to adopt general best practice standards. Prior to the AGM, we engaged with the company outlining what our concerns over the remuneration structure were. We also indicated that we publish specific remuneration guidelines for UK-listed companies and keep remuneration consultants up to date with our thinking. |
| Outcome of the vote  | Resolution 2 (Approve Remuneration Report) received 40.26% votes against, and 59.73% votes of support. Resolution 3 (Approve Remuneration Policy) received 4.71% of votes against, and 95.28% support.   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | 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.  |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | 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.  |

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| Company name  | <b>Pearson</b>  |
| Date of vote  | 18-Sep-20   |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)                     |   |
| Summary of the resolution   | Resolution 1: Amend remuneration policy was proposed at the company's special shareholder meeting, held on 18 September 2020.   |
| How you voted   | We voted against the amendment to the remuneration policy.  |
| Where you voted against management, did you communicate your intent to the company ahead of the 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 for the voting decision   | Pearson issued a series of profit warnings under its previous CEO. Yet shareholders have been continuously supportive of the company, believing that there is much value to be gained from new leadership and a fresh approach to their strategy. However, the company decided to put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy. This resolution at the extraordinary general meeting (EGM) was seeking shareholder approval for the grant of a co- |

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|  | <p>investment award, an unusual step for a UK company, yet if this resolution was not passed the company confirmed that the proposed new CEO would not take up the CEO role. This is an unusual approach and many shareholders felt backed into a corner, whereby they were keen for the company to appoint a new CEO, but were not happy with the plan being proposed. 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. LGIM spoke with the chair of the board earlier this year, on the board's succession plans and progress for the new CEO. We also discussed the shortcomings of the company's current remuneration policy. We also spoke with the chair directly before the EGM, and relayed our concerns that the performance conditions were weak and should be re-visited, to strengthen the financial underpinning of the new CEO's award. We also 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.</p> |
| Outcome of the vote  | At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | 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 (as explained in the cover email) have you assessed this vote to be "most significant"?                              | 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.  |

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| Company name  | <b>Barclays</b>   |
| Date of vote  | 07-May-20   |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)                     |   |
| Summary of the resolution   | Resolution 29 Approve Barclays' Commitment in Tackling Climate Change Resolution 30 Approve ShareAction Requisitioned Resolution  |
| How you voted   | LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction.  |
| Where you voted against management, did you communicate your intent to the company ahead of the 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. |

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| Rationale for the voting decision  | The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome.   |
| Outcome of the vote  | Resolution 29 - supported by 99.9% of shareholders<br>Resolution 30 - supported by 23.9% of shareholders (source: Company website)   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | The hard work is just beginning. Our focus will now be to help Barclays on the detail of their plans and targets, more detail of which is to be published this year. We plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | Since the beginning of the year there has been significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM. We thank our clients for their patience and understanding while we undertook sensitive discussions and negotiations in private. We consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as our clients.                    |

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| Company name   | <b>Medtronic plc</b>  |
| Date of vote   | 11-Dec-20   |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |   |
| Summary of the resolution  | Resolution 3 Advisory Vote to Ratify Named Executive Officers' Compensation.  |
| How you voted  | LGIM voted against the resolution.  |
| Where you voted against management, did you communicate your intent to the company ahead of the 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.  |
| Rationale for the voting decision  | 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. |
| Outcome of the vote  | The voting outcome was as follows: For: 91.73%; against: 8.23%.   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor this company.   |

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| On which criteria (as explained in the cover email) have you assessed this vote to be "most 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. |
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| Company name   | <b>Olympus Corporation</b>  |
| Date of vote   | 30-Jul-20   |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |   |
| Summary of the resolution  | Resolution 3.1: Elect Director Takeuchi, Yasuo at the company's annual shareholder meeting held on 30 July 2020.  |
| How you voted  | We voted against the resolution.  |
| Where you voted against management, did you communicate your intent to the company ahead of the 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 for the voting decision  | Japanese companies in general have trailed behind European and US companies, as well as companies in other countries, in ensuring more women are appointed to their boards. The lack of women is also a concern below board level. 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. Globally, we aspire to all boards comprising 30% women. Last year in February we sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at executive level, indicating that we expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation. In the beginning of 2020, we announced that we would commence voting against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for those companies included in the TOPIX100. 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 this issue. |
| Outcome of the vote  | 94.90% of shareholders supported the election of the director   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with and require increased diversity on all Japanese company boards.   |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | This vote is deemed significant as LGIM considers it imperative that the boards of Japanese companies increase their diversity.   |

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| Company name  | <b>Toshiba Corp.</b> |
| Date of vote  | 18-Mar-21            |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) |                      |

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| Summary of the 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  |
| How you voted  | LGIM voted for the resolutions.  |
| Where you voted against management, did you communicate your intent to the company ahead of the 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.   |
| Rationale for the voting decision  | Toshiba Corp's extraordinary general meeting (EGM) was precipitated by a significant decline in trust between its shareholders and management team following recent controversies, including allegations of abnormal practices and behaviour by the company surrounding its July 2020 AGM. As a result, the company faced two independent shareholder resolutions at the EGM calling for it to introduce remedies that would restore confidence and trust in the company's governance, management and strategy. 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, which is unlikely to be a burden on the company, 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 in order to send a clear message to the Toshiba Board and executive team: shareholders expect increased transparency and accountability. |
| Outcome of the vote  | Resolution 1 was passed with 57.9% of participating shareholders in support. The company promptly put investigators in place and set up a confidential hotline for any individuals who are willing to provide information. Resolution 2, in respect to the company's capital allocation and strategic investment policy received 39.3% support and did not pass. However, the vote serves to send a clear signal to the board and executive team that shareholders expect increased transparency and accountability.   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor the company.   |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | The vote was high profile and controversial.   |

## Schroders

Schroders consider "most significant" votes as those against company management.

They are not afraid to oppose management if they believe that doing so is in the best interests of shareholders and their clients. For example, if they believe a proposal diminishes shareholder rights or if remuneration incentives are not aligned with the company's long-term performance and creation of shareholder value. Such votes against will typically follow an engagement and they will inform the company of their intention to vote against before the meeting, along with their rationale. Where there have been ongoing and significant areas of concern with a company's performance they may choose to vote against individuals on the board.

However, as active fund managers they usually look to support the management of the companies that they invest in. Where they do not do this, they classify the vote as significant and will disclose the reason behind this to the company and the public.

The Trustees were unable to include specifics regarding the most significant votes cast within the Schroders Life Intermediated Diversified Growth Fund, however they will continue to work with their advisers and Schroders with the aim of providing more information in future statements.

## Ninety One

Ninety One describes these as votes with significant client, media or political interest, material holdings, those of a thematic nature (i.e., climate change) and significant corporate transactions that have a material impact on future company performance, for example approval of a merger, etc.

### **Below we have provided 10 significant votes made over the period for the Ninety One Diversified Growth Fund**

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| Company name   | <b>Citigroup Inc.</b>   |
| Date of vote   | 21-Apr-20   |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |   |
| Summary of the resolution  | Report on Lobbying Payments and Policy  |
| How you voted  | Against   |
| Where you voted against management, did you communicate your intent to the company ahead of the vote?                                  | We voted with management  |
| Rationale for the voting decision  | 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. |
| Outcome of the vote  | Passed  |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? |   |

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| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | Thematic Vote/Shareholder Proposal - Social |
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| Company name   | <b>Bank of America Corporation</b>  |
| Date of vote   | 22-Apr-20   |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |   |
| Summary of the resolution  | Report on Gender Pay Gap  |
| How you voted  | Against   |
| Where you voted against management, did you communicate your intent to the company ahead of the vote?                                  | We voted with management  |
| Rationale for the voting decision  | Global median gender/racial pay gap" report would not produce meaningful information about worker fairness because categories of underrepresented minorities differ from country to country |
| Outcome of the vote  | Failed  |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? |   |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | Thematic Vote/Shareholder Proposal - Social/Diversity   |

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| Company name   | <b>Johnson &amp; Johnson</b>   |
| Date of vote   | 23-Apr-20  |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |  |
| Summary of the resolution  | Report on Governance Measures Implemented Related to Opioids   |
| How you voted  | For  |
| Where you voted against management, did you communicate your intent to the company ahead of the vote?                                  | We voted with management   |
| Rationale for the voting decision  | Shareholders would benefit from more specific information about proactive steps the board is taking to mitigate risks related to the manufacture and marketing of opioid-related products, and that incentives are aligned with the health of the communities it serves. |
| Outcome of the vote  | Passed   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | We will continue closely monitoring similar issues   |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | Controversial vote that garnered media interest - Thematic Vote/Shareholder Proposal   |

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| Company name   | <b>The Walt Disney Company</b>   |
| Date of vote   | 11-Mar-20  |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |  |
| Summary of the resolution  | Report on Lobbying Payments and Policy   |
| How you voted  | For  |
| Where you voted against management, did you communicate your intent to the company ahead of the vote?                                  | We voted with management   |
| Rationale for the voting decision  | Additional disclosure of the company's indirect lobbying-related oversight mechanisms, along with its trade association payments, would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process. |
| Outcome of the vote  | Failed   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? |  |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | Thematic Vote/Shareholder Proposal - Social  |

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|--|---|
| Company name   | <b>A-Living Services Co., Ltd.</b>  |
| Date of vote   | 17-Mar-20   |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |   |
| Summary of the resolution  | Approve CMIG PM Agreement and Related Transactions  |
| How you voted  | For   |
| Where you voted against management, did you communicate your intent to the company ahead of the vote?                                  | We voted with management  |
| Rationale for the voting decision  |   |
| Outcome of the vote  | Passed  |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? |   |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | Significant corporate transactions that have a material impact on future company performance (approval of a merger) |

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| Company name | <b>JPMorgan Chase &amp; Co.</b> |
| Date of vote | 19-May-20                       |

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| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |  |
| Summary of the resolution  | Report on Climate Change   |
| How you voted  | For  |
| Where you voted against management, did you communicate your intent to the company ahead of the vote?                                  | We did not engage pre-AGM  |
| Rationale for the voting decision  | Shareholders would benefit from additional information on the company's plans regarding aligning its GHG emissions with the Paris Agreement climate goals. |
| Outcome of the vote  | Not available  |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? |  |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | Thematic Vote - Climate  |

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|--|---|
| Company name   | <b>The Home Depot, Inc.</b>   |
| Date of vote   | 21-May-20   |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |   |
| Summary of the resolution  | Report on Congruency Political Analysis and Electioneering Expenditures   |
| How you voted  | For   |
| Where you voted against management, did you communicate your intent to the company ahead of the vote?                                | We did not engage pre-AGM   |
| Rationale for the voting decision  | The requested report would be beneficial for shareholders in order to help them evaluate how well the company is assessing and mitigating risks related to its political communication expenditures |
| Outcome of the vote  | Failed  |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? |   |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                            | Thematic Vote/Shareholder Proposal - Social   |

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|---|--|
| Company name  | <b>Coca-Cola European Partners Plc</b> |
| Date of vote  | 27-May-20                              |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) |  |

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| Summary of the resolution  | Authorise EU Political Donations and Expenditure   |
| How you voted  | For  |
| Where you voted against management, did you communicate your intent to the company ahead of the vote?                                  | We voted with management   |
| Rationale for the voting decision  | The Company states that it does not intend to make overtly political payments but is making this technical proposal in order to avoid inadvertent contravention of EU legislation. |
| Outcome of the vote  | Passed   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? |  |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | Thematic Vote/Shareholder Proposal - Social/Politics   |

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| Company name   | <b>The TJX Companies, Inc.</b>   |
| Date of vote   | 09-Jun-20  |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)  |  |
| Summary of the resolution  | Report on Reduction of Chemical Footprint  |
| How you voted  | For  |
| Where you voted against management, did you communicate your intent to the company ahead of the vote?                                  | We did not engage pre-AGM  |
| Rationale for the voting decision  | Shareholders would benefit from a better understanding of steps the company is taking to mitigate its risks related to toxic chemicals |
| Outcome of the vote  | Failed   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? | We continue to require adequate disclosure from the Company  |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | Thematic Vote - Climate  |

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|---|--|
| Company name  | <b>Unilever Plc</b>  |
| Date of vote  | 12-Oct-20  |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) |  |
| Summary of the resolution   | Approve the Cross-Border Merger between Unilever PLC and Unilever N.V. |
| How you voted   | For  |

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| Where you voted against management, did you communicate your intent to the company ahead of the vote?                                  | We voted with management   |
| Rationale for the voting decision  | The proposal to unify the Company's structure through a cross-border merger into Unilever plc has a strong strategic rationale, including simplifying Unilever's complex dual-headed structure and the increased optionality it would give the Company in terms of M&A and other business transactions; · The Group's listings on the Amsterdam, London and New York stock exchanges will be maintained, and the Company has stated there will be no change to the operations, locations, activities or staffing levels in either the UK or The Netherlands as a result of the proposed unification. |
| Outcome of the vote  | Passed   |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome? |  |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?                              | Significant corporate transactions that have a material impact on future company performance (approval of a merger)  |