

# Taylor Maxwell Group Limited Pension and Assurance Scheme Implementation Statement for the year ended 31 March 2021

## Purpose

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This Implementation Statement provides information on how, and the extent to which, the Trustees of the Taylor Maxwell Group Limited Pension and Assurance Scheme (“the Scheme”) have followed the policies documented in their Statement of Investment Principles (“SIP”) during the year ended 31 March 2021 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## Latest review of the Statement of Investment Principles

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During the reporting year, the Scheme’s SIP was reviewed and amended from 30 September 2020. This review was initiated due to new regulations which took effect from 1 October 2020 which required Trustees of all Schemes to update their Statement of Investment Principles to include the following:

- > Additional information on the Trustees’ policy in relation to:
  - The exercise of rights (including voting rights) attaching to investments; and
  - The undertaking of engagement activities in respect of the investments (e.g. the approach to monitoring investment managers over how they take into account performance, strategy, capital structure, management of actual or potential conflicts of interest and ESG issues in relation to issuers of debt or equity).
  
- > The Trustees’ policy relating to arrangements with asset managers, including how the following matters are set out:
  - Incentives for asset managers to align their investment strategy and decisions with the Trustees’ investment policies;
  - Incentives for asset managers to make decisions based on medium to long term financial and non-financial performance assessments of an issuer of debt or equity and to engage with the issuer in order to improve performance over the medium to long term;
  - How the method and time horizon of the evaluation of an asset manager’s performance and the remuneration for their services are in line with the Trustees’ investment policies;
  - The monitoring of “portfolio turnover costs” incurred by the asset manager and how the trustees define and monitor targeted portfolio or turnover range; and
  - The duration of the arrangement with the asset manager.

## Investment related activity

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### **Asset allocations**

In understanding that asset allocation plays an important role in achieving investment objectives and good member outcomes, the Trustees monitor the asset allocation of the Scheme to ensure that these are in line with the current investment objectives.

The Trustees are required to review the strategy of the default investment arrangements offered by the Scheme at least every three years or immediately following any significant change in investment policy. During the reporting year, there have been no changes to the asset allocations. The review of the default strategy was last completed in June 2021.

### **Manager selections**

One of the ways in which this updated policy is expressed is via manager selection exercises: The Trustees received advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

Following advice from XPS, the DB Scheme fully disinvested from the Baillie Gifford UK Equity Core Fund and Baillie Gifford Global Stewardship Fund in September 2020. The proceeds from both disinvestments were invested into the Baillie Gifford Diversified Growth Fund.

In February 2021, the Trustees transitioned the Scheme's DB portfolio into a Buy Out ready strategy. Following advice from XPS, the Trustees fully disinvested from the Baillie Gifford Diversified Growth Fund, LGIM Managed Property Fund and LGIM Matching Core Fixed Short Fund. The proceeds were invested into the LGIM AAA-AA-A Corporate Bond All Stocks Index Fund, LGIM 2022 Gilt Fund (September), LGIM 2034 Gilt Fund, LGIM 2042 Gilt Fund, LGIM 2030 Index Linked Gilt Fund, LGIM 2037 Index Linked Gilt Fund and LGIM 2047 Index Linked Gilt Fund.

### **CMA Objectives**

Objectives were put in place for XPS Investment Limited, in line with the 10 June 2019 CMA Order which required Trustees to set objectives for existing and new investment consultant appointments from 10 December 2019, in order to receive investment advice after that date.

### **Ongoing governance**

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Furthermore, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

The Trustees meet four times a year to discuss investment matters and receive investment monitoring reports from XPS on a bi-annual basis.

### **New policies**

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. The Trustees require the Scheme's investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest. In pooled

funds the Trustees have limited influence over the managers' investment practices, particularly in relation to those pooled funds which are designed to track an index where the choice of the index dictates the assets held by the manager.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments. Furthermore, the Trustees revert to the investment manager's approach when determining vote significance unless stated otherwise.

The Trustees will seek advice from the Investment Adviser on the extent to which its views on ESG and climate change risks may be considered in any future investment manager selection exercises.

### The Trustees' investment policies

The Trustees had various investment policies for the Scheme on the topics listed in the table below; the table also provides commentary on how and the extent to which the various policies were followed during the reporting year.

Policy	How the policy was followed <sup>1</sup>	The extent to which the policy was followed <sup>2</sup>
<p><b>Kinds of investments to be held</b></p> <p>DB Section: The Trustees' policy is to invest in equity funds, multi-asset funds, property fund, bond funds, credit funds and cash funds and company .</p> <p>DC Section: The Trustees have agreed with the Company to maintain a policy of offering equity funds, multi-asset funds, multi-asset funds, property fund, bond funds, credit funds and a cash fund.</p>	<p>The range of investment options available incorporates both real and monetary assets. The self-select range includes options in all the asset classes in the policy.</p>	<p>The Trustees are satisfied that they followed the policy in full.</p>
<p><b>Balance between different investments</b></p> <p>The amounts allocated to any individual asset class will be influenced by the choices made by the members.</p> <p>The Trustees' policy is to ensure that the investment options made available to members hold a suitably diversified range of</p>	<p>Members' choices were maintained throughout the year.</p>	<p>The Trustees are satisfied that the policy has been followed in respect of all investment options available to members.</p>

<p>securities, avoiding an undue concentration of assets.</p>		
<p><b>Risks (measurement and management)</b></p> <p>The Trustees have several policies in respect of risk management and measurement.</p>	<p>The range of investment options made available to members includes bond funds, a cash fund and a property fund.</p> <p>The Trustees receive quarterly reporting from XPS Pensions Group.</p>	<p>The Trustees are satisfied that they followed the policy in full although market volatility also impacted non-equity orientated funds due to the Covid-19 pandemic in March 2020.</p> <p>The Trustees have only partially followed this policy as reporting does not cover the managers' approach to risk or provide the Trustees with the underlying exposures to monitor any unintended risk being taken.</p>
<p><b>Expected return</b></p> <p>DC Scheme: The Trustees' policy is to make available a range of investment funds with different risk-reward characteristics that will allow members to maintain the real value of their fund.</p> <p>DB Scheme: The Trustees aim to hold a portfolio of assets that will achieve returns in excess of the investment return indicated in the Statement of Funding Principles without exposing the Scheme to excessive risk.</p>	<p>The Trustees made a range of investment options available to members which include lifestyle funds. Standalone funds are also available for members who want to take more or less risk.</p> <p>The DB Scheme is invested in a range of growth and matching assets to deliver investment returns in a risk-controlled way.</p>	<p>The Trustees are satisfied that they followed the policy in full over the reporting period.</p>
<p><b>ESG</b></p> <p>The Trustees' policy is to delegate the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers.</p>	<p>The Investment Managers have responsibility for the ongoing monitoring and management of ESG risks and those related to climate change.</p>	<p>The Trustees are satisfied that it followed the policy in full over the period.</p>
<p><b>Non-financial matters</b></p> <p>The Trustees' policy is to act in the best interests of the beneficiaries of the Scheme when selecting, retaining or realising investments. It has neither sought nor taken into account the beneficiaries'</p>	<p>The Trustees seek professional advice in relation to the management of the assets of the Scheme to ensure any decisions it</p>	<p>The Trustees are satisfied that they followed the policy in full in relation to the investment decisions it took over the period.</p>

views on risks including (but not limited to) ethical, social and environmental issues	makes are in the best interests of Scheme's beneficiaries.	
<b>Voting rights</b> The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers	The underlying investment managers vote in accordance with their internal voting policies.	The Trustees are satisfied that it followed the policy in full over the period.
<b>Stewardship/relationship with managers</b> The Trustees' policy is to encourage investment managers to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.	The Trustees have yet to engage in any meaningful way with the investment managers.	The Trustees acknowledge that the policy has not been followed during the reporting year.

## Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to public equities, in UK and overseas market. Investments in equities will also form part of the strategy for the multi-asset funds in which the Scheme invests.

The Scheme currently has primary exposure to equities through four equity funds, namely, Baillie Gifford UK Equity Core Fund, Baillie Gifford Global Stewardship Fund, LGIM Global Equity (70:30) Index Fund, and the LGIM UK Equity Index Fund. The scheme also has exposure to three multi-asset funds; Baillie Gifford Diversified Growth Fund, LGIM Dynamic Diversified Growth Fund and the LGIM Multi-Asset (formerly consensus) Fund. A summary of the voting behaviour and most significant votes cast by each of the investment manager organisations for the relevant funds is shown below.

## DB assets

### Baillie Gifford Life Limited

#### Voting Information

##### Baillie Gifford Diversified Growth Fund

The manager voted on 96% of resolutions of which they were eligible out of 925 eligible votes.

#### Investment Manager Client Consultation Policy on Voting

All voting decisions are made by the Governance & Sustainability team in conjunction with investment managers. Baillie Gifford do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote, then Baillie Gifford will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

#### Investment Manager Process to determine how to Vote

Thoughtful voting of the clients' holdings is an integral part of Baillie Gifford's commitment to stewardship. Baillie Gifford believe that voting should be investment led, because voting is an important part of the long-term investment process, which is why Baillie Gifford have a strong preference to be given this responsibility by their clients. The ability to vote their clients' shares also strengthens Baillie Gifford's position when engaging with investee companies. The Governance and Sustainability team oversees Baillie Gifford's voting analysis and execution in conjunction with their investment managers. Unlike many of their peers, Baillie Gifford do not outsource any part of the responsibility for voting to third-party suppliers. Baillie Gifford utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their Governance & Sustainability Principles and Guidelines and they endeavour to vote every one of their clients' holdings in all markets.

#### How does this manager determine what constitutes a 'Significant' Vote?

- The list below is not exhaustive, but exemplifies potentially significant voting situations:
- Baillie Gifford's holding had a material impact on the outcome of the meeting
  - The resolution received 20% or more opposition and Baillie Gifford opposed
    - Egregious remuneration
    - Controversial equity issuance
  - Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
    - Where there has been a significant audit failing
    - Where Baillie Gifford have opposed mergers and acquisitions

- Where Baillie Gifford have opposed the financial statements/annual report
- Where Baillie Gifford have opposed the election of directors and executives.

### Does the manager utilise a Proxy Voting System? If so, please detail

Whilst they are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), Baillie Gifford does not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. Baillie Gifford votes in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford also have specialist proxy advisors in the Chinese and Indian markets to provide them with more nuanced market specific information.

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Covivio REIT	Remuneration - Policy	Against	Pass
Following the AGM in 2020, BG informed the company of their voting decision and advised that they expect more stretching performance criteria to apply to long term incentives going forward. BG have yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action.			
Gecina	Incentive Plan	Against	Pass
BG have been opposing remuneration at the company since 2017 due to concerns with the targets applied to the restricted stock plan. BG are yet to see improvements in the remuneration plan however continue to engage with the company to advise of areas for improvement.			
Merlin Properties	Remuneration - Report	Against	Pass
BG have been opposing remuneration at the company since 2017 and engaging with the company on the issue. In 2020, BG saw significant improvements in the company's remuneration policy which is a positive outcome.			
Ediston Property Investment Company	Remuneration - Policy	Against	Pass

BG engaged with the company on the issue and will continue to take voting action in relation to the vote if concerns remain.			
Gecina	Remuneration - Report	Against	Pass
BG have been opposing remuneration at the company since 2017 due to concerns with the targets applied to the restricted stock plan. BG are yet to see improvements in the remuneration plan however continue to engage with the company to advise of areas for improvement.			

### Voting Information

#### Baillie Gifford Global Stewardship Fund

The manager voted on 100% of resolutions of which they were eligible out of 789 eligible votes.

### Investment Manager Client Consultation Policy on Voting

All voting decisions are made by the Governance & Sustainability team in conjunction with investment managers. Baillie Gifford do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote, then Baillie Gifford will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

### Investment Manager Process to determine how to Vote

Thoughtful voting of the clients' holdings is an integral part of Baillie Gifford's commitment to stewardship. Baillie Gifford believe that voting should be investment led, because voting is an important part of the long-term investment process, which is why Baillie Gifford have a strong preference to be given this responsibility by their clients. The ability to vote their clients' shares also strengthens Baillie Gifford's position when engaging with investee companies. The Governance and Sustainability team oversees Baillie Gifford's voting analysis and execution in conjunction with their investment managers. Unlike many of their peers, Baillie Gifford do not outsource any part of the responsibility for voting to third-party suppliers. Baillie Gifford utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their Governance & Sustainability Principles and Guidelines and they endeavour to vote every one of their clients' holdings in all markets.

### How does this manager determine what constitutes a 'Significant' Vote?

The list below is not exhaustive, but exemplifies potentially significant voting situations:  
 — Baillie Gifford's holding had a material impact on the outcome of the meeting



- The resolution received 20% or more opposition and Baillie Gifford opposed
  - Egregious remuneration
  - Controversial equity issuance
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
  - Where there has been a significant audit failing
  - Where Baillie Gifford have opposed mergers and acquisitions
  - Where Baillie Gifford have opposed the financial statements/annual report
  - Where Baillie Gifford have opposed the election of directors and executives.

#### Does the manager utilise a Proxy Voting System? If so, please detail

Whilst they are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), Baillie Gifford does not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. Baillie Gifford votes in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford also have specialist proxy advisors in the Chinese and Indian markets to provide them with more nuanced market specific information.

#### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Sumitomo Mitsui Trust	Approve Allocation of Income	Abstain	Pass
<p>BG believe the company is in a position to utilise its balance sheet more effectively. In normal circumstances, when BG determine the dividend to be inappropriate, they generally vote against the dividend proposal. Given the current market environment, BG abstained on the dividend proposal, and they will monitor this again next year.</p>			
Alphabet Inc	Remuneration - Say on Pay	Against	Pass
<p>BG had concerns regarding the short vesting period attached to the transitional award, the short performance period for the PSUs – 50% based on 2-year performance, and the weak TSR hurdles for threshold and target pay-outs. Given the quantum of pay, BG did not think the structure and stringency of objectives were appropriate.</p>			
Alphabet Inc	Shareholder Resolution - Governance	For	Fail

<p>The board is currently elected by according to a plurality voting standard. Majority voting raises the threshold for re-election and therefore greater accountability. They will continue to assess similar proposals in the future.</p>			
Amazon.com	Shareholder Resolution – Governance	For	Fail
<p>Amazon provides good disclosure of its direct political expenditures and there is board level oversight of its activities by the audit committee. However, areas for improvement relate to its indirect spending through trade associations, coalitions, and charities. Whilst the company discloses the gross amounts of trade association payments, it does not break out payment by group and does not disclose the portion of these payments that are used for lobbying. Peer companies Facebook and Alphabet publish a list of trade associations where they maintain membership, while Amazon only discloses names of those associations it made payments &gt;\$10,000. Greater transparency of all political expenditures and lobbying would enable shareholders to assess alignment with Amazon’s values and corporate goals.</p>			
Cosmo Pharmaceuticals	Remuneration – Policy	Against	Pass
<p>BG have previously opposed this because non-executives are eligible to participate in the Employee Stock Option Plan. Additionally, there are other aspects of the policy which also fall below best practice, for example a lack of disclosure of metrics and targets in relation to the short-term incentive plan. BG will continue to engage with the company on this matter.</p>			

<p>Voting Information</p>
<p>Baillie Gifford UK Equity Core Fund</p>
<p>The manager voted on 100% of resolutions of which they were eligible out of 1108 eligible votes.</p>
<p>Investment Manager Client Consultation Policy on Voting</p>
<p>All voting decisions are made by the Governance &amp; Sustainability team in conjunction with investment managers. Baillie Gifford do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote, then Baillie Gifford will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.</p>
<p>Investment Manager Process to determine how to Vote</p>

Thoughtful voting of the clients' holdings is an integral part of Baillie Gifford's commitment to stewardship. Baillie Gifford believe that voting should be investment led, because voting is an important part of the long-term investment process, which is why Baillie Gifford have a strong preference to be given this responsibility by their clients. The ability to vote their clients' shares also strengthens Baillie Gifford's position when engaging with investee companies. The Governance and Sustainability team oversees Baillie Gifford's voting analysis and execution in conjunction with their investment managers. Unlike many of their peers, Baillie Gifford do not outsource any part of the responsibility for voting to third-party suppliers. Baillie Gifford utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their Governance & Sustainability Principles and Guidelines and they endeavour to vote every one of their clients' holdings in all markets.

### How does this manager determine what constitutes a 'Significant' Vote?

- The list below is not exhaustive, but exemplifies potentially significant voting situations:
- Baillie Gifford's holding had a material impact on the outcome of the meeting
  - The resolution received 20% or more opposition and Baillie Gifford opposed
    - Egregious remuneration
    - Controversial equity issuance
  - Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
    - Where there has been a significant audit failing
    - Where Baillie Gifford have opposed mergers and acquisitions
    - Where Baillie Gifford have opposed the financial statements/annual report
    - Where Baillie Gifford have opposed the election of directors and executives.

### Does the manager utilise a Proxy Voting System? If so, please detail

Whilst they are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), Baillie Gifford does not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. Baillie Gifford votes in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford also have specialist proxy advisers in the Chinese and Indian markets to provide them with more nuanced market specific information.

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Just Eat Takeaway.com	Amendment of Share Capital	For	Pass

BG have made an exception in the current environment as they understand board/management may need flexibility to deploy capital quickly and have encouraged the company to lower this value in the future.			
Bodycote	Amendment of Share Capital	For	Pass
BG have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment. BG will monitor this at next year's AGM.			
British American Tobacco	Remuneration - Report	Against	Pass
BG continued to oppose remuneration due to concern that pay is not aligned with performance. The company has steadily increased pay over recent years whilst the company has delivered poor value to shareholders. This year, the CEO, Jack Bowles', salary has increased by 9.5%, taking his salary to a rate comparable to his predecessor (£1.3m). In addition, BG have previously taken issue with the high maximum award on the LTIP, which is still 500% for the CEO, and has increased from 350% to 400% of salary for the CFO (for 2020 onwards). BG will continue to engage with the company on this matter.			
Bunzl	Amendment of Share Capital	For	Pass
BG have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment. BG will monitor this at next year's AGM.			
FDM Group	Amendment of Share Capital	For	Pass
BG have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment. BG will monitor this at next year's AGM.			

## DC assets

### Legal and General Investment Management

Fund Information
LGIM Global Equity (70:30) Fund
The fund manager has not provided stewardship code data at present
The manager voted on 99.9% of resolutions of which they were eligible out of 79,697 eligible votes.
Investment Manager Client Consultation Policy on Voting

Their voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and consider feedback from their 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. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

### Investment Manager Process to determine how to Vote

All decisions are made by their 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.

### How does this manager determine what constitutes a 'Significant' Vote?

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 LGIM 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 their vote positions to clients for what LGIM 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, their 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 their 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.

If you have any additional questions on specific votes, please note that LGIM publicly disclose their votes for the major markets on their website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page:

[http://documentlibrary.lgim.com/litlibrary/lglibrary\\_463150.html?req=internal](http://documentlibrary.lgim.com/litlibrary/lglibrary_463150.html?req=internal)

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Qantas Airways Limited	Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.	LGIM voted against resolution 3 and supported resolution 4	About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight their stronger stance on the topic of executive remuneration, in their view.
LGIM will continue to engage with the company.			
International Consolidated Airlines Group	Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.	LGIM voted against the resolution.	28.4% of shareholders opposed the remuneration report.
LGIM will continue to engage closely with the renewed board.			
Pearson	'Resolution 1: Amend remuneration policy' was proposed at the company's special shareholder meeting, held on 18 September 2020.	LGIM voted against the amendment to the remuneration policy.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.

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.

SIG plc.	'Resolution 5: Approve one-off payment to Steve Francis' proposed at the company's special shareholder meeting held on 9 July 2020.	LGIM voted against the resolution.	The resolution passed. However, 44% of shareholders did not support it. LGIM believe that with this level of dissent the company should not go ahead with the payment.
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LGIM 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.

Hollywood Bowl Group	Resolution 2: approve remuneration report Resolution 3: re-elect Nick Backhouse as director Resolution 7: re-elect Ivan Schofield as director Resolution 8: re-elect Claire Tiney as director	LGIM voted against the resolutions.	47.7% of shareholders opposed the remuneration report (resolution 2) and 15.8% the re-election of the chair of the remuneration committee (resolution 8). The other members of the remuneration committee (resolution 3 and 7) were only opposed by 4.2% and 4.0% of shareholders respectively.
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LGIM will continue to monitor this company.

### Fund Information

LGIM UK Equity Index Fund

The fund manager has not provided stewardship code data at present

The manager voted on 100% of resolutions of which they were eligible out of 12,574 eligible votes.

### Investment Manager Client Consultation Policy on Voting

Their voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and consider feedback from their 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. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

### Investment Manager Process to determine how to Vote

All decisions are made by their 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.

### How does this manager determine what constitutes a 'Significant' Vote?

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 LGIM 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 their vote positions to clients for what LGIM 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, their 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 their 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.

If you have any additional questions on specific votes, please note that LGIM publicly disclose their votes for the major markets on their website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page:

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Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
International Consolidated Airlines Group	Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.	LGIM voted against the resolution	28.4% of shareholders opposed the remuneration report.
LGIM will continue to engage closely with the renewed board.			
Imperial Brands plc	Resolutions 2 and 3, respectively, Approve Remuneration Report and Approve Remuneration Policy.	LGIM voted against the resolutions.	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.
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.			
Pearson	'Resolution 1: Amend remuneration policy' was proposed at the company's special shareholder meeting, held on 18 September 2020.	LGIM voted against the amendment to the remuneration policy.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.
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.			
SIG plc.	'Resolution 5: Approve one-off payment to Steve Francis' proposed at the company's special	LGIM voted against the resolution.	The resolution passed. However, 44% of shareholders did not support it. LGIM believe that with this level of dissent the

	shareholder meeting held on 9 July 2020.		company should not go ahead with the payment.
LGIM 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.			
Hollywood Bowl Group	Resolution 2: approve remuneration report Resolution 3: re-elect Nick Backhouse as director Resolution 7: re-elect Ivan Schofield as director Resolution 8: re-elect Claire Tiney as director	LGIM voted against the resolutions.	47.7% of shareholders opposed the remuneration report (resolution 2) and 15.8% the re-election of the chair of the remuneration committee (resolution 8). The other members of the remuneration committee (resolution 3 and 7) were only opposed by 4.2% and 4.0% of shareholders respectively.
LGIM will continue to monitor this company.			

### Fund Information

#### LGIM Dynamic Diversified Fund

The fund manager has not provided stewardship code data at present

The manager voted on 99.9% of resolutions of which they were eligible out of 83,262 eligible votes.

### Investment Manager Client Consultation Policy on Voting

Their voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and consider feedback from their 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. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

### Investment Manager Process to determine how to Vote

All decisions are made by their 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.

### How does this manager determine what constitutes a 'Significant' Vote?

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 LGIM 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 their vote positions to clients for what LGIM 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, their 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 their 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.

If you have any additional questions on specific votes, please note that LGIM publicly disclose their votes for the major markets on their website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page:

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### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Qantas Airways Limited	Resolution 3: Approve participation of Alan Joyce	LGIM voted against resolution 3 and	About 90% of shareholders supported resolution 3 and

	in the Long-Term Incentive Plan. Resolution 4: Approve Remuneration Report.	supported resolution 4.	91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration, in their view.
LGIM will continue their engagement with the company.			
International Consolidated Airlines Group	'Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.	LGIM voted against the resolution.	28.4% of shareholders opposed the remuneration report.
LGIM will continue to engage closely with the renewed board.			
Imperial Brands plc	Resolutions 2 and 3, respectively; Approve Remuneration Report and Approve Remuneration Policy.	LGIM voted against both resolutions.	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.
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.			
Pearson	'Resolution 1: Amend remuneration policy' was proposed at the company's special shareholder meeting, held on 18 September 2020.	LGIM voted against the amendment to the remuneration policy.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.
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.			
SIG plc			

	'Resolution 5: Approve one-off payment to Steve Francis' was proposed at the company's special shareholder meeting held on 9 July 2020.	LGIM voted against the resolution.	The resolution passed. However, 44% of shareholders did not support it. LGIM believe that with this level of dissent the company should not go ahead with the payment.
LGIM 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.			

### Fund Information

LGIM Multi-Asset (Formerly Consensus) Fund

The fund manager has not provided stewardship code data at present

The manager voted on 99.8% of resolutions of which they were eligible out of 114,616 eligible votes.

### Investment Manager Client Consultation Policy on Voting

Their voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and consider feedback from their 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. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

### Investment Manager Process to determine how to Vote

All decisions are made by their 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.

How does this manager determine what constitutes a 'Significant' Vote?

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 LGIM 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 their vote positions to clients for what LGIM 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, their Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

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### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
International Consolidated Airlines Group	Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020	LGIM voted against the resolution	28.4% of shareholders opposed the remuneration report
LGIM will continue to engage closely with the renewed board			
SIG plc.	'Resolution 5: Approve one-off payment to Steve Francis' proposed at the company's special	LGIM voted against the resolution	The resolution passed. However, 44% of shareholders did not support it. LGIM believe that

	shareholder meeting held on 9 July 2020		with this level of dissent the company should not go ahead with the payment
<p>LGIM 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.</p>			
Pearson	'Resolution 1: Amend remuneration policy' was proposed at the company's special shareholder meeting, held on 18 September 2020.	LGIM voted against the amendment to the remuneration policy.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.
<p>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.</p>			
Imperial Brands plc	Resolutions 2 and 3, respectively, Approve Remuneration Report and Approve Remuneration Policy.	LGIM voted against the resolution.	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.
<p>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.</p>			
Mitchells & Butlers	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	LGIM voted against all resolutions	Only 6.8% of shareholders opposed these resolutions.

LGIM will continue to monitor the company.

Signed: \_\_\_\_\_, Chair of Trustees

Date: \_\_\_\_\_