

Marks & Spencer Pension Scheme

**Annual Implementation
Statement – year ending
31 March 2022**

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Section 1: Introduction

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustee of the Marks & Spencer Pension Scheme (“the Scheme”) covering the Scheme year (“the year”) from 1 April 2021 to 31 March 2022.

The purpose of this statement is to set out:

- Details of how and the extent to which, in the opinion of the Trustee, the Trustee’s policies on engagement and voting as set out in the Statement of Investment Principles (the “SIP”) have been adhered to during the year; and
- A description of voting behaviour (including the most significant votes made on behalf of the Trustee) and any use of proxy voting services during the year.

The SIP is a document which outlines the Trustee’s policies with respect to various aspects related to investing and managing the Scheme’s assets, including but not limited to investment managers, portfolio construction and risks.

Over the Scheme Year, the SIP was revised and updated to reflect changes in the Scheme’s governance structure, which included the establishment of the Environmental, Social and Governance (“ESG”) Committee. The “Responsible Investing” Section of the SIP was also amended to reflect the ESG Committee’s role and beliefs. However, due to the timing of the updates, a new SIP was not formally agreed and implemented during the Scheme Year. Due to this, the SIP referred to throughout this statement is dated September 2020, however, it should be noted that an updated version of the Scheme’s SIP was published shortly after the Scheme Year end (dated March 2022).

Unless otherwise stated, this statement will refer to wording within the the SIP dated September 2020, a copy of which can be found on the Scheme’s website.

Section 2: How the Trustee has adhered to policies related to voting and engagement

As set out in the Trustee's ESG Beliefs, engagement and voting are both thought to be highly influential activities and the Trustee recognises that they can lead to changing behaviour of companies and ultimately improving investment performance, as well as having a positive impact on the environment and society. The primary goal of the Trustee is to act in the best financial interests of its members, and the investment strategy is formulated to support its primary objective of paying member benefits as and when they fall due. Contributing towards this objective, the Trustee works in close partnerships with the Scheme's investment managers, monitoring stewardship processes closely, with the advice and expertise of third parties.

The Scheme makes use of both pooled and segregated vehicles. Investing in pooled funds allows the Scheme to benefit from economies of scale and potentially lower fees. However, this means that the investment or engagement decisions regarding the companies invested in by each fund are made at the discretion of the investment manager of the pooled fund. The Trustee is comfortable with this approach, given that ESG factors form a significant part of manager selection exercises and ongoing due diligence, particularly when considering long-term investments. Across both pooled and segregated mandates, whilst the Trustee does not direct voting or engagement activities themselves, they seek to exert their influence as an asset owner through engaging with the managers where concerns are highlighted through the various monitoring processes. The Trustee requires the investment managers to develop and maintain appropriate voting and engagement policies, both as part of the initial selection process and ongoing where applicable.

The Trustee's policies relevant to voting and engagement as stated in the SIP are as follows:

- The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.
- Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee, or its advisers, will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.
- For most of the Scheme's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustee may from time to time invest in certain strategies (e.g. hedge fund strategies) where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making. The appropriateness of the Scheme's allocation to such mandates is determined in the context of the Scheme's overall objectives.
- As the Scheme is now closed to future accrual, the Trustee increasingly holds longer dated assets that better match the liability cashflows of the Scheme, including credit and real assets. Because these assets are relatively illiquid, the Trustee is very focussed on the sustainability of these and other longer-term, illiquid assets that the Trustee's appointed investment managers invest in and the companies and other entities in which they invest or lend to.
- The Trustee believes that ESG factors, including Climate Change, are financially material considerations that will have a significant influence on the future success of companies, their ability to service debt and the value of their assets. Integration of ESG factors is fundamental to the design and implementation of the investment strategy of the Scheme.

- In appointing investment managers, the Trustee considers in detail their experience and capabilities and in managing ESG factors and sustainability in the securities or assets in which they invest, and this assessment forms a part of the regular on-going monitoring of the investment managers.
- The Trustee believes that companies that effectively manage Environmental Social and Governance (“ESG”) risks can protect and enhance value by, for example, avoiding risk to their reputation, reducing potential financial liability and by increasing their ability to recruit and retain high-quality staff.
- Therefore, the Trustee wishes to promote the proactive management of ESG risks amongst the companies in which the Scheme invests and expects its appointed investment managers, where appropriate, to have integrated ESG factors as part of their investment analysis and decision-making process and also to exercise their voting rights. To aid the Trustee in monitoring of and engagement with ESG issues, the Trustee requests quarterly voting reports from equity managers, and where possible utilises detailed ESG monitoring of equity and bond mandates through the Scheme’s custodian.
- The Trustee monitors the stewardship practices of its managers to understand how they exercise their duties with regard to ownership rights (including voting rights) on the Trustee’s behalf. The Trustee seeks the advice of expert third parties in such matters.
- The Trustee is a signatory to the United Nations Principles of Responsible Investment and has produced a policy on voting and engagement which is shared with the Scheme’s appointed equity investment managers.

The Trustee has been involved in extensive activities over the course of the year to 31 March 2022 in order to meet its engagement and voting policies, and, more widely, the incorporation of responsible investment factors in decision-making. These activities included (but are not limited to) the following:

- The Trustee and its committees monitored the performance of the Scheme's investment managers (and the Scheme as a whole) throughout the Scheme Year. As part of this the Scheme's custodian provided quarterly monitoring which includes quantitative performance data, reviewed at quarterly meetings with the Investment Committee, and further considered by the Trustee Executive Team.
- In addition, as part of ongoing responsible investment monitoring, the Scheme's investment adviser reviewed the investment managers' approach to engagement and voting on a qualitative basis. This incorporated managers' proxy vote decision-making and execution process (where applicable), including disclosure of policy and results, and managers' processes for proactive corporate engagement (where applicable), including disclosure of engagement activity.
- In August 2021, the Trustee established an ESG Committee (ESGC) which held on average monthly meetings before Scheme Year end. The Committee is responsible for exploring the opportunities and risks within responsible investment (including voting and engagement), helps to meet evolving regulatory requirements and generally accelerates the Scheme's progress to the forefront of good practice in responsible investment.
- A key activity, undertaken by the ESG Committee and discussed with the wider Trustee, involved producing a set of ESG beliefs. These beliefs were integrated into the Trustee's investment beliefs. The Trustee relies on their advisers to take into account these beliefs in the advice that they provide, regardless of whether these beliefs align with their own. These beliefs reflect the Trustee's collective responsibility to deliver member benefit security and will be reviewed regularly as part of the ongoing focus on responsible investment.
- One of the Trustee's ESG beliefs states that "the Trustee believes in promoting the proactive management of ESG risks amongst the companies in which the Scheme invests, and in using engagement to drive improved medium and long-term performance. Engagement and voting are influential and can be effective in changing behaviour and improving investment performance as well as having a positive impact on the environment/society".
- Due to the Trustee's consideration that ESG factors are financially material, the Trustee also set a clear mission statement over the Scheme Year, stating "The Scheme should be managed sustainably to create long-term value, provide security to members, and contribute to better outcomes for everybody". As part of ongoing reviews, the Trustee ensures that this mission statement aligns closely with the actions and decisions carried out by its investment managers and advisers.
- As part of the formal recommendations by the Task Force on Climate Related Disclosures (TCFD), the Trustee began preparing its first Climate Change Report. Having set an ambitious net zero target of 2040 (with a 50% reduction in emissions by 2030), the report highlights that engagement will be a critical element in achieving this, noting that the Trustee will aim to reduce emissions through changing the behaviour of existing companies. This will involve engaging with managers of key mandates and expecting managers to do the same with underlying holdings, including the Scheme's buy-in providers. Third party stewardship and engagement services may be used where appropriate, whilst the Scheme will also look to lend its voice to industry-wide collaborative initiatives.
- For example, within the Scheme's investment portfolio, the Trustee has continued to phase equity exposure into Legal & General Investment Management's Future World index funds, which tilt exposure towards those companies with strong ESG credentials, rewarding those companies who are leaders in this area and responsive to engagement.

- The Trustee contacted all of the Scheme's managers with a series of questions as suggested by the government- and industry-backed Pensions Climate Risk Industry Group (PCRIG). This was aimed at better understanding the investment managers' engagement with the Trustee's investment beliefs, stewardship and investment policies. The responses from this process were considered by the ESGC when monitoring the activities of individual managers with respect to responsible investment.
- Over the Scheme Year, the Trustee was a signatory of the United Nations Principles for Responsible Investment, whilst looking to adhere to the principles as set out in the updated FRC UK Stewardship Code.

More widely, in line with the Trustee's fiduciary duty to meet member benefit payments as they fall due, the Trustee considers that the balance of investments held and the approach to managing risk is in the best interests of members in order to mitigate downside risk to the funding position of the Scheme whilst helping the Scheme to achieve its ultimate objectives over an appropriate time horizon.

At present, the Trustee does not explicitly take account of non-financial matters in the Scheme's investment strategy but may consider reflecting specific non-financial considerations in future. Over the Scheme Year, no member views relating to investments were sought, and none were received. The Trustee, however, is working to provide more regular updates on the topic of Responsible Investment to members. The Trustee also recognises that, with ever increasing focus on Responsible Investment, a number of non-financial considerations may materialise into financial considerations which may affect the Scheme and its underlying companies in meeting financial obligations in future.

Equity manager (LGIM) voting/engagement case studies:

As highlighted above, the Trustee considers engagement as a key aspect of ongoing Scheme management, and an important responsibility of both the Trustee and its investment managers, expected to provide long-term value to the Scheme. The Trustee expects the Scheme's investment managers to act as responsible stewards of capital as applicable to their mandates, through engagement undertaken.

As part of the ongoing monitoring and reviewing of the Scheme's investment managers, the Trustee has explored the approach to voting and engagement carried out across the portfolio, including by the Scheme's equity manager, LGIM. Key case studies related to LGIM's voting and engagement activities are highlighted below. The Trustee considered these areas as significant as they closely align with the Trustee's investment beliefs (including ESG beliefs), policies, and mission statement in relation to responsible investment.

Climate Impact Pledge

In October 2021, LGIM launched the fifth engagement cycle of the Climate Impact Pledge, their flagship climate engagement programme. The firm analyse and directly engage with around 60 companies in 15 climate-critical sectors on their strategic approach to climate change, and to what extent they are aligning their businesses with the constraints and opportunities of a net-zero transition.

The programme targets large and influential companies who are not yet meeting 'best practice' expectations. These are companies who could have a significant positive trickle-down effect across their industries and value chains by setting and pursuing ambitious net-zero targets.

75% of companies have responded to engagement requests and the firm has seen financial institutions improve their emissions reporting practices. In 2022, LGIM plan to continue to press companies to establish robust decarbonisation strategies, with granular interim roadmaps out to 2050, to accompany their public announcements.

Corporate engagement with investee companies around ethnic diversity on boards

In August 2020 LGIM announced their minimum expectations for ethnic diversity on corporate boards. They did so because of a belief that more diverse views create better boards, and the manager began their engagement campaign by focusing on the largest UK- and US-based companies. Of the 79 companies initially engaged, 51 have added at least one ethnically diverse director since September 2020 (with a total of 54 individual ethnically diverse directors added). 65% of these new directors hold no other public board positions (20% hold one other board seat, and 15% hold two or more), representing a very encouraging expansion of the universe of board talent.

The campaign also spurred an improvement in the data on this issue. 15 of the 79 companies engaged were incorrectly listed by third-party providers as lacking ethnic diversity on their boards, and the manager subsequently updated their records. While the manager recognises there is still evidently much to be done, they are pleased with the progress shown. The manager's view is that improving diversity in all its forms is financially material; and they believe more diverse organisations make better strategic decisions, show superior growth and innovation, and exhibit lower risk.

Based on current data, in the 2022 proxy season the manager expects to vote against seven companies (two UK and five US) because of their lack of board ethnic diversity. The manager has already informed these companies of their voting intentions, and in the coming months will publicly pre-announce voting intentions for these companies, amplifying the message across the whole

market. Beyond that, the manager plans to extend their expectations to other regions and to smaller companies.

Modern Slavery

LGIM's Investment Stewardship team has been engaging on the implementation of the Modern Slavery Act since 2015. They, and the Trustee, believe it is fundamentally important that companies comply with all provisions of the UK Modern Slavery Act 2015 to demonstrate a strong commitment to fighting modern slavery. The manager expects investee companies to implement processes to tackle modern slavery within their own operations and within their supply chains. They have undertaken company-specific engagement and joined industry peers in collaborations to ensure that the companies in which they invest are taking action to identify and eliminate slavery in their supply chains.

By way of example, the manager engaged with BooHoo Group during 2020, following allegations of slavery within its supply chain, following which the company took significant steps to address the findings of modern slavery within its operations. This included improving its supply chain management, strengthening its expertise in these areas and identifying areas for future improvement.

Broader collaborations include working with investors managing a total of £3.2 trillion in assets to challenge FTSE 350 companies that had failed to meet the reporting requirements of Section 54 of the Modern Slavery Act, 2015. As part of a group of 100 investors representing over \$4.2 trillion in assets under management (AUM) and driven by the Investor Alliance for Human Rights, the manager wrote to policymakers around the world calling for the introduction of new requirements to mandate companies to disclose their due diligence on human rights. The manager believes this type of regulation is (i) materially good for business, investors, and the economy; (ii) essential in creating uniformity and efficiency as an increasing number of governments are starting to introduce regulations; and (iii) a necessary component for investors to fulfil their own responsibility to respect human rights.

Election of a Director - NVIDIA

Manager stance: Voted against

LGIM views gender diversity as a financially material issue for clients, with implications for the assets managed on their behalf. For 10 years, they have been using their position to engage with companies on this issue. As part of efforts to influence investee companies on having greater gender balance, the manager has increased its expectations on gender diversity on the board by placing a vote against the largest 100 companies in the S&P500 and the S&P/TSX where there are less than 25% women on the board. In 2021, they expanded the scope of their vote policy to include all companies in the S&P 500 and the S&P/TSX. Their expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023.

Whilst 94.2% of shareholders supported the resolution, the manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The Trustee supports this approach.

Section 3: Voting information

The Scheme is invested in a diverse range of asset classes. However, this section focuses on the equity investments which have voting rights attached. Over the course of the year, the Scheme held equities in the following standalone equity funds:

- **LGIM FTSE RAFI All World 3000 Equity Index Fund (Passive):** Global equity index fund that employs an index tracking strategy, aiming to replicate the performance of its benchmark.
- **LGIM Future World Global Equity Index Fund (Passive):** Global equity index fund which includes considerations to climate change and sustainable investment factors through allocation weightings and exclusions.
- **GW&K Trilogy Emerging Market Equity Fund (Active):** Emerging market equity fund investing across all market capitalisations. *(part year only)*
- **LGIM Future World Emerging Markets Equity Index Fund:** Emerging market equity fund that employs an index tracking strategy, aiming to provide exposure to emerging equity markets while reflecting significant environmental, social and corporate governance issues. *(part year only)*

As part of the Trustee's ongoing engagement with, and monitoring of the Scheme's investment managers, the Trustee has set out the voting activities of the Scheme's equity investment managers over the Scheme Year, including detail of the managers' use of proxy voting.

The Scheme's investment managers have their own policies which determine their approach to voting, and the principles they follow when voting on investors' behalf. The Trustee is not aware of any material changes to these policies over the past 12 months.

The Trustee, via its investment adviser, has assessed the investment managers' voting policies as part of its overall assessment of the investment manager's capabilities. The Trustee has considered the policies to be appropriate, and consistent with the Trustee's own policies and objectives, therefore ultimately in the best financial interests of the members. Whilst the Trustee does not have their own formal policy on significant votes, with the increase in focus on responsible investment, and desire to be at the forefront of the industry with regards to ESG considerations, the Trustee deems key votes as those in support of the Scheme's ESG beliefs in particular. This includes votes related to responsible investment issues across "E" (including climate), "S", and "G", albeit that this does not preclude votes on other matters to be significant too.

The Trustee expects investment managers to act as responsible stewards of capital as applicable to their mandates. The Trustee considers the investment managers' experience and capabilities in relation to Environmental, Social and Governance (ESG) and stewardship both at the appointment of a new manager and on an ongoing basis through meetings with the managers. The Trustee engages with managers to improve their practices and may terminate a manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no managers were terminated on these grounds during the Year.

The Trustee believes that the voting practices demonstrated by the Scheme's equity managers are a key part of manager engagement, which may add value to the Scheme's assets over the relevant time period. All investment managers also use voting proxy advisers which aid in their decision-making when voting. Details are summarised in the table below:

Manager	Use of proxy adviser services:
LGIM	LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS) 'ProxyExchange' 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. To ensure LGIM's proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions. LGIM have the ability to override any vote decisions which are based on this custom voting policy if they see fit.
GW&K Trilogy	GW&K has implemented its Proxy Voting Policy to establish internal controls and procedures governing the firm's review and voting of proxies on behalf of client accounts. To assist in the process, GW&K leverages recognized third-party service providers to facilitate the firm's proxy voting process. GW&K has adopted proxy voting guidelines developed by Glass Lewis & Co., which provide recommendations on ballot items for securities held in client accounts. GW&K has also retained Broadridge Financial Solutions as proxy voting agent and to provide related proxy voting services.

The below table sets out the voting activity of the Scheme's equity investment managers, on behalf of the Trustee, over the year. The data provided is, to the best of our knowledge, complete. Whilst data provided by the managers covers the respective portfolios as a whole, in future years we will seek information in more granular detail, in particular around the categorisation of votes into different topics.

Fund	Voting activity
LGIM FTSE RAFI All World 3000 Equity Index Fund	<p>Number of meetings at which the manager was eligible to vote: 3,695</p> <p>Number of resolutions on which manager was eligible to vote: 43,863</p> <p>Percentage of eligible votes cast: 99.74%</p> <p>Percentage of votes with management: 80.57%</p> <p>Percentage of votes against management: 18.63%</p> <p>Percentage of votes abstained from: 0.80%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 13.37%</p>
LGIM Future World Global Equity Index Fund	<p>Number of meetings at which the manager was eligible to vote: 4,465</p> <p>Number of resolutions on which manager was eligible to vote: 47,851</p> <p>Percentage of eligible votes cast: 99.86%</p> <p>Percentage of votes with management: 81.74%</p> <p>Percentage of votes against management: 17.42%</p> <p>Percentage of votes abstained from: 0.84%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 10.70%</p>

GW&K Trilogy Emerging Market Equity Fund (Active) (data covers full year)	Number of meetings at which the manager was eligible to vote: 119 Number of resolutions on which manager was eligible to vote: 968 Percentage of eligible votes cast: 100% Percentage of votes with management: 80% Percentage of votes against management: 16% Percentage of votes abstained from: 4% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 0%
LGIM Future World Emerging Markets Equity Index (data covers full year)	Number of meetings at which the manager was eligible to vote: 2,450 Number of resolutions on which manager was eligible to vote: 20,742 Percentage of eligible votes cast: 99.86% Percentage of votes with management: 81.03% Percentage of votes against management: 17.39% Percentage of votes abstained from: 1.59% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 8.44%

The following table outlines a selection of most significant votes cast by the Scheme's investment managers on the Trustee's behalf over the year. The equity managers provided significant voting data which spanned the whole Scheme Year. For fund's which were only invested for part of the Scheme Year, significant votes were selected based on the relevant periods over which the Scheme had holdings within those funds.

GW&K Trilogy define significant votes as those made against management, though this may not always align with the Trustee's view on what defines a vote as significant. The votes determined as significant by GW&K Trilogy are not necessarily sustainability related, however, the Trustee recognises that a contradicting vote with management should often be considered as important, particularly if effective at prompting positive change at a company.

LGIM's criteria for defining significant votes is more complex and involves an assessment of each vote outcome to determine significance, and is considered across each of the largest stocks in the underlying portfolios. Whilst a large proportion of the significant votes provided by LGIM in particular are in relation to board composition, diversity and the separation of the Chair and CEO role, we have also extracted some key climate-related votes in order to align the examples provided with one of the Trustee's major priorities over the past 12 months, alongside key votes on some of the portfolio's largest holdings.

Most significant votes cast	Coverage
<p>Company: Mitsubishi</p> <p>Meeting Date: 29 June 2021</p> <p>Type of resolution: Shareholder</p> <p>Resolution: Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement</p> <p>How the manager voted: For</p> <p>Summary: A vote in favour of this shareholder proposal was warranted as LGIM expects companies to be taking sufficient action on the key issue of climate change. While they positively note the company's recent announcements around net-zero targets and exclusion policies, LGIM think that these commitments could be further strengthened and they believe the shareholder proposal provides a good directional push.</p> <p>Vote outcome: 22.7% of shareholders supported the resolution. LGIM will continue to engage on this important ESG issue.</p>	<p>LGIM FTSE RAFI All World 3000 Equity Index Fund, LGIM Future World Global Equity Index Fund</p>
<p>Company: Sysco Corporation</p> <p>Meeting Date: 19 November 2021</p> <p>Resolution: Elect Director Edward D. Shirley</p> <p>How the manager voted: Against</p> <p>Summary: A vote against has been applied as the company has failed to meet LGIM's minimum standards on climate change mitigation.</p> <p>Vote outcome: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p>	<p>LGIM FTSE RAFI All World 3000 Equity Index Fund</p>
<p>Company: American International Group</p> <p>Meeting Date: 12 May 2021</p> <p>Resolution: Resolution1c Elect Director Brian Duperreault</p> <p>How the manager voted: Against</p> <p>Summary: The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.</p> <p>Vote outcome: 89.6% of shareholder supported the resolution. LGIM will continue to engage with the company and monitor progress. This company was also divested by LGIM across its Future World range of funds, including the Scheme's holding.</p>	<p>LGIM FTSE RAFI All World 3000 Equity Index Fund, LGIM Future World Global Equity Index Fund</p>
<p>Company: Apple Inc</p> <p>Meeting Date: 04 March 2022</p> <p>Resolution: Resolution 9 - Report on Civil Rights Audit.</p> <p>How the manager voted: For</p> <p>Summary: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as the manager consider these issues to be a material risk to companies.</p> <p>Vote outcome: The resolution received the support of 53.6% of shareholders. LGIM will continue to engage their investee companies, publicly advocate their position on the issue and monitor company and market-level progress.</p>	<p>LGIM FTSE RAFI All World 3000 Equity Index Fund, LGIM Future World Global Equity Index Fund</p>

<p>Company: Microsoft Corporation</p> <p>Meeting Date: 30 November 2021</p> <p>Resolution: Elect Director Staya Nadella</p> <p>How the manager voted: Against</p> <p>Summary: The manager expects companies to separate the roles of Chair and CEO due to risk management and oversight.</p> <p>Vote outcome: The resolution encountered a significant amount of opposing votes from shareholders, with 94.7% voting against the resolution. The manager will continue to vote against combined Chairs and CEOs.</p>	<p>LGIM FTSE RAFI All World 3000 Equity Index Fund, LGIM Future World Global Equity Index Fund</p>
<p>Company: ExxonMobil</p> <p>Meeting Date: 26 May 2021</p> <p>Resolution: 1.1 Elect Director Gregory J. Goff 1.2 Elect Director Kaisa Hietala 1.3 Elect Director Alexander A. Karsner 1.4 Elect Director Anders Runevad 1.9 Management Nominee Kenneth C Frazier 1.12 Management Nominee Darren W. Woods 4 Require Independent Board Chair</p> <p>How the manager voted: 1.1 to 1.4 – For, 1.9 to 1.12 – Against, 4 - For</p> <p>Summary: In 2019, ExxonMobil was removed from select LGIM strategies, sanctions applied under LGIM’s Climate Impact Pledge engagement programme. In 2020, LGIM announced its opposition to the re-election of the company’s chair/CEO as they believe the separation of roles provides a better balance of authority and responsibility. As the roles currently remain combined, LGIM therefore voted AGAINST resolution 1.9 at the 2021 AGM. LGIM acknowledges steps taken by the company around carbon disclosure and targets, but they remain concerned with the strength of Exxon’s sustainability and capital-allocation strategy, as the risks of the energy transition become increasingly apparent. That is why they support activist investor Engine No. 1’s proposals for board refreshment, as the experience and skills of the proposed four candidates would, in their view, make a positive contribution to board effectiveness and oversight, providing much-needed constructive challenge at a time of industry disruption. LGIM voted FOR resolutions 1.1-1.4. As in 2020, LGIM also supported a resolution requesting that the company implements an independent chair, and opposed the re-election of the chair of the Board Affairs committee for failing to respond to a meaningful level of shareholder support for such votes in prior years.</p> <p>Vote outcome: Resolution 1.1: 98.4% of shareholders supported the resolution. Resolution 1.2: 96.7% of shareholders supported the resolution. Resolution 1.3: 95.3% of shareholders supported the resolution. Resolution 1.4: 97.8% of shareholders supported the resolution. Resolution 1.9: 93.2% of shareholders supported the resolution. Resolution 1.12: 93.4% of shareholders supported the resolution. The manager will continue to engage with the company to monitor progress.</p>	<p>LGIM FTSE RAFI All World 3000 Equity Index Fund</p>
<p>Company: Amazon.com, Inc.</p> <p>Meeting Date: 26 May 2021</p> <p>Resolution: Elect Director Jeffrey P. Bezos</p> <p>How the manager voted: Against</p> <p>Summary: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 the manager has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM are voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO (available on LGIM’s website), and they have reinforced their position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.</p> <p>Vote outcome: The resolution passed even though LGIM voted against it. LGIM will continue to engage with its investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>	<p>LGIM FTSE RAFI All World 3000 Equity Index Fund, LGIM Future World Global Equity Index Fund</p>

<p>Company: Housing Development Finance Corporation Limited</p> <p>Meeting Date: 20 July 2021</p> <p>Resolution: Accept Financial Statements and Statutory Reports</p> <p>How the manager voted: Against</p> <p>Summary: The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.</p> <p>Vote outcome: The resolution received the support of 98.9% of shareholders. LGIM will continue to engage the company, and monitor company progress.</p>	<p>LGIM Future World Emerging Markets Equity Index</p>
<p>Company: Industrial & Commercial Bank of China Limited</p> <p>Meeting Date: 21 June 2021</p> <p>Resolution: Approve Work Report of the Board of Directors</p> <p>How the manager voted: Against</p> <p>Summary: The company is deemed to not meet minimum standards with regards to climate risk management and disclosure. Note that this company was also divested by LGIM across its Future World range of funds.</p> <p>Vote outcome: The resolution passed even though LGIM voted against it, receiving support from 99.8% shareholders. LGIM will continue to engage with the company and monitor progress.</p>	<p>LGIM Future World Emerging Markets Equity Index</p>
<p>Company: Emirates NBD Bank (P.J.S.C)</p> <p>Meeting Date: 23 February 2022</p> <p>Resolution: Approve Discharge of Directors for FY 2021</p> <p>How the manager voted: Against</p> <p>Summary: Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.</p> <p>Vote outcome: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p>	<p>LGIM Future World Emerging Markets Equity Index</p>
<p>Company: Infosys Limited</p> <p>Meeting Date: 19 June 2021</p> <p>Resolution: Approve revised remuneration for COO</p> <p>Summary: Remuneration not linked to performance</p> <p>Company Management Recommendation: For</p> <p>How the manager voted: Against</p> <p>Vote outcome: The resolution passed even though GW&K Trilogly voted against it. GW&K Trilogly will continue to advocate for and demand companies to develop and disclose remuneration plans that encourage and emphasize long-term performance goals.</p>	<p>GW&K Trilogly Emerging Market Equity Fund (Active)</p>
<p>Company: Prosus</p> <p>Meeting Date: 09 July 2021</p> <p>Resolution: Approve/implement exchange offer for Naspers shares</p> <p>Summary: Independent adviser review of a third party transaction</p> <p>Company Management Recommendation: For</p> <p>How the manager voted: Against</p> <p>Vote outcome: The resolution passed even though GW&K Trilogly voted against it. GW&K Trilogly will continue to advocate and demand independent advisers review proposed to related party transactions.</p>	<p>GW&K Trilogly Emerging Market Equity Fund (Active)</p>

Section 4: Conclusion

As highlighted throughout this statement, the Trustee has undertaken a large number of activities over the Scheme year in order to build on their approach towards engagement, and is proud of the progress made thus far. The Trustee believes that the Scheme's engagement policy as outlined in the SIP has been adhered to over the year, going above and beyond in a number of areas, and strives to further improve practice in the future.

Following monitoring of the Scheme's investment managers over the year, and reviewing the voting information outlined in this statement, the Trustee is satisfied that its managers are acting in the Scheme members' best interest and are effective stewards of the Scheme's assets.

The Trustee will continue to monitor the investment managers' stewardship practices on an ongoing basis in order to ensure that the Scheme's investment strategy and Trustee decision-making consistently aligns with the Trustee's investment beliefs, and contributes towards achieving the Trustee's mission statement to provide long-term value and security to the Scheme's members.