

Trustees' Report

Implementation statement – Covering 6 April 2021 to 5 April 2022

1. Background

The Trustees of the Countrywide plc Pension Scheme (the "Scheme") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Scheme's Statement of Investment Principles ("SIP") during the previous Scheme year. This statement also includes the details of any reviews of the SIP during the year, any changes that were made together with the reasons for any changes.

A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, also needs to be included within this statement.

This statement should be read in conjunction with the Defined Benefit ("DB") and Defined Contribution ("DC") SIPs and have been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

A copy of the most recent SIPs can be found at:

DB SIP: <https://www.countrywide.co.uk/countrywide/corporate/plc-archive/corporate-governance/Countrywide-DB-SIP-April-2021.pdf/>

DC SIP: <https://www.countrywide.co.uk/media/l1dp1awa/countrywide-plc-pension-scheme-dc-sip-september-2020.pdf>

2. Investment Objectives and activity

DB Section

The objective of the DB Section is, over the long term, to achieve a return on the Scheme's assets which is consistent with the assumptions made by the Scheme Actuary and ensure sufficient liquidity to meet benefits as they fall due. The Trustees have in place a de-risking strategy, whereby if the funding level of the Scheme improves faster than expected they can take further risk off the table. This has triggered, allowing the Trustees to de-risk, and the Trustees continue to monitor this strategy going forward.

The Trustees current expect the Scheme's assets to generate a return over the long term of c. 1.2% pa above long-dated UK Government bonds. However this is subject to change if further triggers are hit and the Scheme is able to de-risk further. During the year, progress was reviewed on a quarterly basis as part of the formal quarterly monitoring report.

DC Section

The Trustees have put in place investment options that they believe will achieve good returns consistent with the level of risk chosen by the member.

The Trustees have regularly discussed the Scheme's current and future investment design and the investment options available to members including the Scheme's default investment strategy and have the practice of commissioning a formal investment strategy review when appropriate.

The Trustees are required to formally review the DC default investment strategy at least every three years or immediately following any significant change in investment policy or the Scheme's member profile.

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2. Investment Objectives and activity

DC Section (continued)

The last investment review was conducted in November 2018 and therefore the Trustees did not review the investment strategy over the last Scheme year. The Trustees reviewed the holding during the year and are working with the scheme administrator to put these benefits into payment or to secured them with an insurance company.

On a six-monthly basis over the last Scheme year the Trustees reviewed the performance of the managers and funds used within the Scheme. Further information can be found in the DC Chair's Statement on pages 41 to 50.

There were no changes to the DB and DC SIPs since April 2022.

3. ESG, Stewardship and Climate Change

The Scheme's DB and DC SIPs include policies on the monitoring of underlying asset managers, Environmental, Social and Governance ("ESG") factors, stewardship and climate change. These policies set out the Trustees' beliefs on ESG and climate change, and the processes followed by the Trustees in relation to voting rights and stewardship. This was reviewed in April 2021, as part of the SIP updates.

The DB Scheme's single investment platform provider is Legal & General Investment Management (LGIM). The Trustees have a rolling contract with LGIM and this is reviewed regularly alongside the overall investment strategy. The Trustees regularly monitor the performance of the investment manager and take advantage of the manager research capabilities of their investment advisers to ensure that the performance objectives of the investment manager remain consistent with the roles it carries out within the investment strategy.

Likewise, the Trustees use their investment advisers to monitor the appropriateness of the remuneration and incentives offered to the investment manager's key personnel, as well as how they are incentivised to invest and engage in a medium-to-long-term manner with the Trustees' investments. In addition the Trustees monitor the cost-effective realisation of investments, transaction costs and value for money offered by the investment manager via their annual Chair's Statement, and encourage their investment manager to use the Cost Transparency Initiative template in order to make these costs clearer.

The Trustees have committed to reviewing the manager's ESG policies as part of a commitment to understanding how the manager incorporates financially material considerations into its processes, focusing on the default lifestyle funds. Where the Trustees are not happy with the approach taken, they will take this into account and potentially review the investment manager. The Trustees acknowledge that there is less flexibility for the investment manager where passive, index-tracking investments are concerned.

The Trustees reviewed the ESG and stewardship considerations as part of their April 2021 SIP update. The Trustees will continue to review these considerations each year. The Trustees' investment advisers interrogated the managers' ESG policies including the application of voting rights during the Scheme year end of 2021.

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4. Voting and Engagement

The Trustees delegate voting and engagement responsibilities to their investment managers and encourage all of them to be signatories of the UK Stewardship Code and UN Principles of Responsible Investment. At the time of writing, only BNY Mellon are not signatories although they are working to address this.

All of the Trustees' holdings are within pooled funds held via the LGIM platform (DB Section only) and the Trustees have delegated to its investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised.

The Scheme held the following funds as at 5 April 2022:

DB Section:

- LGIM Diversified Fund
- LGIM BNY Global Dynamic Bond Fund
- LGIM Over 15 Year Gilts Index Fund
- LGIM Matching Core - Fixed Short - Series 1
- LGIM Matching Core - Fixed Long - Series 1
- LGIM Matching Core - Real Short - Series 1
- LGIM Matching Core - Real Long - Series 1
- LGIM Sterling Liquidity Fund

The Scheme disinvested from the following funds in April 2021 as part of the de-risking framework:

- LGIM UK Equity Index
- LGIM North America Equity Index
- LGIM Europe (ex-UK) Equity Index
- LGIM Japan Equity Index
- LGIM Asia Pacific ex-Japan Developed Equity Index
- LGIM North America Equity Index-GBP Hedged
- LGIM Europe (ex-UK) Index-GBP Hedged
- LGIM Japan Equity Index-GBP Hedged
- LGIM Asia Pacific ex-Japan Developed Index-GBP Hedged

Voting and engagement data is available upon request.

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4. Voting and Engagement

DC Section:

- BlackRock 50/50 Growth Fund
- LGIM Global Equity 50:50 Index Fund
- BlackRock Long Gilt Fund
- BlackRock Cash Fund

5. Description of investment manager's voting processes

LGIM

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

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

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

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

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

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5. Description of investment manager's voting processes

LGIM (continued)

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

For more information on how we use the services of proxy providers, please refer to the following document available on our website: <https://www.lgim.com/landg-assets/lgim/document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf>

Aegon

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines. While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

In summary, proxy research firms help us deploy our resources to greatest effect in meeting client expectations

- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to enhance the value of clients' assets, using our voice as a shareholder on their behalf to ensure that companies are well led and well managed.
- We use proxy research firms in our voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that our analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial.
- We do not follow any single proxy research firm's voting recommendations and in most markets, we subscribe to two research providers and use several other inputs, including a company's own disclosures, in our voting and engagement analysis.

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5. Description of investment manager's voting processes

Aegon (continued)

- We also work with proxy research firms, which apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision.
- The proxy voting operating environment is complex and we work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting.

6. Summary of voting behaviour over the year

DB LGIM

| | Summary Info |
|---|----------------------------|
| Manager name | LGIM |
| Fund name | Diversified Fund |
| Approximate value of Trustees' assets | c.£2.6m as at 5 April 2022 |
| Number of equity holdings in the fund | 6455 |
| Number of meetings eligible to vote | 9010 |
| Number of resolutions eligible to vote | 90252 |
| % of resolutions voted | 98.76% |
| % of resolutions voted with management | 78.74% |
| % of resolutions voted against management | 20.47% |
| % of resolutions abstained | 0.79% |
| % of resolutions voted of which at least once vote against management | 69.84% |

DC - LGIM

| | Summary Info |
|---|--|
| Manager name | LGIM |
| Fund name | Global Equity Fixed Weights (50:50) Index Fund |
| Approximate value of Trustees' assets | £0.3m as at 5 April 2022 |
| Number of equity holdings in the fund | 2785 |
| Number of meetings eligible to vote | 3175 |
| Number of resolutions eligible to vote | 39493 |
| % of resolutions voted | 99.88% |
| % of resolutions voted with management | 82.85% |
| % of resolutions voted against management | 16.95% |
| % of resolutions abstained | 0.20% |
| % of resolutions voted of which at least once vote against management | 69.45% |

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6. Summary of voting behaviour over the year

Aegon

| | Summary Info |
|---|----------------------------------|
| Manager name | Aegon |
| Fund name | AGN BLK 50/50 Global Growth Fund |
| Approximate value of Trustees' assets | c.£0.3m as at 5 April 2022 |
| Number of equity holdings in the fund | 365 |
| Number of meetings eligible to vote | 457 |
| Number of resolutions eligible to vote | 5686 |
| % of resolutions voted | 99% 5,666 proposals |
| % of resolutions voted with management | 94% 5,345 proposals |
| % of resolutions voted against management | 5% 321 proposals |
| % of resolutions abstained | 2% 120 proposals |
| % of resolutions voted of which at least once vote against management | 32% 149 meetings |

7. Most significant votes over the year

The Trustees have included some of the significant voting data and details some of the significant votes can be found on page 24, other information can be made available upon request.

LGIM

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

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

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

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

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

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7. Most significant votes over the year

LGIM (continued)

Details of significant votes cast within the LGIM funds invested in by Countrywide at Scheme year end can be found on pages 23 – 25 of this report.

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

Aegon

Aegon describes its process for determining the 'most significant' votes as follows:

BlackRock Investment Stewardship (BIS) prioritizes its work around themes that we believe will encourage sound governance practices and deliver sustainable long-term financial performance at the companies in which we invest on behalf of our clients. BIS' year-round engagements with clients to understand their focus areas and expectations, as well as our active participation in market-wide policy debates, help inform these priorities. The themes we have identified are reflected in our global principles, market-specific voting guidelines and engagement priorities, which underpin our stewardship activities and form the benchmark against which we look at the sustainable long-term financial performance of investee companies.

BIS periodically published "vote bulletins" on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. These bulletins are intended to explain our vote decisions relating to a range of business issues including ESG matters that we consider, based on our global principles and engagement priorities, potentially material to a company's sustainable long-term financial performance. Other factors we may consider in deciding to publish a vote bulletin include the profile of the issue in question, the level of interest we expect in the vote decision and the extent of engagement we have had with the company. The bulletins include relevant company-specific background, sector or local market context, and engagement history when applicable.

BIS publishes vote bulletins after the shareholder meeting to provide transparency for clients and other stakeholders on our approach to the votes that we consider to be most significant and thus require more detailed explanation. We publish details of other significant votes (including vote rationales, where applicable) quarterly on the BIS website.

Our vote bulletins can be found here <https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>

Below is a sample of the significant votes made by BlackRock over the period 6 April 2021 – 5 April 2022 by fund. Full details of all significant votes can be found on BlackRock's website.

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8. Most significant votes over the year by Fund

LGIM – DB – Diversified Fund

Vote 1

Vote 2

| | Vote 1 | Vote 2 |
|--|---|---|
| Company name | NextEra Energy, Inc. | Union Pacific Corporation |
| Date of vote | 2021-05-20 | 2021-05-13 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 0.408518 | 0.402512 |
| Summary of the resolution | Resolution 1h Elect Director James L. Robo | Resolution 1d Elect Director Lance M. Fritz |
| How you voted | Against | Against |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | 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 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences. | 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 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences. |
| Outcome of the vote | 88.1% of shareholders supported the resolution. | 90.5% of shareholders supported the resolution. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. | LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). | LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). |

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8. Most significant votes over the year by Fund

LGIM – DC – Global Equity Fixed Weights (50:50) Index Fund

| | Vote 1 | Vote 2 |
|--|--|--|
| Company name | Apple Inc. | Microsoft Corporation |
| Date of vote | 2022-03-04 | 2021-11-30 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 1.092904 | 1.028243 |
| Summary of the resolution | Resolution 9 - Report on Civil Rights Audit | Elect Director Satya Nadella |
| How you voted | For | Against |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies. | LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight |
| Outcome of the vote | 53.6% | 94.7% |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. | LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. | A vote linked to an LGIM engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes |

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8. Most significant votes over the year by Fund

Aegon – AGN BLK 50/50 Global Growth Fund

Below are examples of significant votes over the period, more information is available on request:

Vote 1: <https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-berkshire-hathaway-may-2021.pdf>

Vote 2: <https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-bp-may-2021.pdf>