

# Trustees' Report

## Implementation statement – Covering 6 April 2020 to 5 April 2021

### 1. Background

The Trustees of the Countrywide plc Pension Scheme (the “Scheme”) are required to produce a yearly implementation 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 is not designed to restate the contents of the SIP, but to focus on adherence to stated policies and comment on changes during the reporting period, including any reviews of the investment strategy. This is the second implementation statement produced by the Trustees and its structure and content is intended to be developed over time.

A description of the engagement and 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/countrywide/corporate/investor-relations/corporate-governance/Countrywide-Plc-Pension-Scheme-DC-SIP-September-2020-\(signed\)-\(redacted\).pdf/](https://www.countrywide.co.uk/countrywide/corporate/investor-relations/corporate-governance/Countrywide-Plc-Pension-Scheme-DC-SIP-September-2020-(signed)-(redacted).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 expect the Scheme’s assets to generate a return over the long term of c. 0.3% pa above long-dated UK Government bonds.

During the year, progress was reviewed on a quarterly basis as part of the formal quarterly monitoring report. The Trustees discussed the de-risking strategy for the Scheme and put in place a trigger mechanism to de-risk the investment strategy should market conditions permit. As the funding position improved in line with improving market sentiment following the success with the vaccination programme, the Trustees were able to implement the de-risking framework by reducing growth assets (UK and Global Equities) by 10%.

#### 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. The last investment review was conducted in November 2018 and therefore the Trustees did not review the investment strategy over the last Scheme year.

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 dated 25th September 2020.

Both the DB and DC SIPs were fully reviewed and updated in April 2021 and September 2020 respectively.

### **3. Asset Manager Monitoring, 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 last reviewed in September 2020, 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 September 2020 SIP update. The Trustees will review these further in the next Scheme year and will provide information in the next implementation statement. The Trustees also intend to interrogate the managers' ESG policies including the application of voting rights in the next Scheme year.

### **4. Voting and Engagement**

The Trustees delegate voting and engagement responsibilities to their investment managers and have ensured that they are signatories of the UK Stewardship Code and UN Principles of Responsible Investment.

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.

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### 4. Voting and Engagement

During the accounting year, the Scheme's funds were:

#### **DB Section:**

- 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
- LGIM Diversified Fund
- LGIM BNY Global Dynamic Bond 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

#### **DC Section:**

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

#### **a. 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.

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### 4. Voting and Engagement

#### a. Description of investment manager's voting processes

##### **LGIM**

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.

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.

##### **BlackRock**

The team votes at over 16,000 meetings a year, which are initially allocated by region. For example, all companies listed in Europe, the Middle East and Africa, are voted by the team in London, regardless of where the portfolio manager is based or the client funds originated. Each regional universe is then subdivided again, either by market or sector. When a sector-specific analyst on the team has a forthcoming shareholder meeting assigned through the voting platform, they will review the meeting agenda and available research to assess whether there are any issues that might require detailed analysis. If the analyst is satisfied that they have sufficient information to vote and have no concerns, they will instruct their vote decisions on the voting platform.

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### 4. Voting and Engagement

#### a. Description of investment manager's voting processes

##### BlackRock (cont)

If the analyst decides further analysis is required, they will review the materials the company has published, check BlackRocks' engagement and voting history at the company, and research publicly available information that might be relevant. Sometimes a meeting with the company is necessary to ensure an informed vote or to advise that BlackRock cannot support management on certain proposals and to explain why.

We also confer with and engage alongside active portfolio managers where an issue is closely related to long-term shareholder value, e.g. deciding how to vote on a material financial transaction. To ensure that active portfolio managers can execute votes in a manner consistent with their view of what is in the best interests of the clients invested in their fund, processes allow BlackRock to cast votes differently where index and active investors might have a different perspective on an issue. Key points from any engagement are noted in Aladdin® Research, a database used by investors and the Stewardship team.

While most voting is on relatively routine matters, there are some proposals that attract significant attention and are particularly sensitive or high profile. The internal stewardship processes ensure that high profile votes receive the necessary due diligence.

#### b. Summary of voting behaviour over the year

##### LGIM

A summary of the investment managers' voting behaviour over the period is provided in the tables below:

	Summary Info
Manager name	LGIM
Fund name	Global Equity Fixed Weights (50:50) Index Fund
Approximate value of Trustees' DC assets	c.£0.3m as at 31 March 2021
Number of equity holdings in the fund	2858
Number of meetings eligible to vote	3641
Number of resolutions eligible to vote	44680
% of resolutions voted	99.97%
% of resolutions voted with management	83.56%
% of resolutions voted against management	16.29%
% of resolutions abstained	0.15%
% of resolutions withheld	0.00%
% of meetings with at least one vote against management	5.46%
% of resolutions voted contrary to the proxy adviser recommendation	0.44%

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## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### b. Summary of voting behaviour over the year

##### LGIM (cont)

A summary of the investment managers' voting behaviour over the period is provided in the tables below:

	Summary Info
Manager name	LGIM
Fund name	UK Equity Index
Approximate value of Trustees' DB assets	c.£0.70m as at 31 March 2021
Number of equity holdings in the fund	598
Number of meetings eligible to vote	943
Number of resolutions eligible to vote	12574
% of resolutions voted	100%
% of resolutions voted with management	92.94%
% of resolutions voted against management	7.05%
% of resolutions abstained	0.01%
% of resolutions withheld	0.00%
% of meetings with at least one vote against management	3.27%
% of resolutions voted contrary to the proxy adviser recommendation	0.80%

	Summary Info
Manager name	LGIM
Fund name	North America Equity Index
Approximate value of Trustees' DB assets	c.£0.18m as at 31 March 2021
Number of equity holdings in the fund	662
Number of meetings eligible to vote	794
Number of resolutions eligible to vote	9495
% of resolutions voted	100%
% of resolutions voted with management	71.79%
% of resolutions voted against management	28.17%
% of resolutions abstained	0.04%
% of resolutions withheld	0.00%
% of meetings with at least one vote against managements	7.75%
% of resolutions voted contrary to the proxy adviser recommendation	0.32%

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## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### b. Summary of voting behaviour over the year

##### LGIM (cont)

	Summary Info
Manager name	LGIM
Fund name	North America Equity Index GBP Hedged
Approximate value of Trustees' DB assets	c.£0.18m as at 31 March 2021
Number of equity holdings in the fund	662
Number of meetings eligible to vote	794
Number of resolutions eligible to vote	9495
% of resolutions voted	100%
% of resolutions voted with management	71.79%
% of resolutions voted against management	28.17%
% of resolutions abstained	0.04%
% of resolutions withheld	0.00%
% of meetings with at least one vote against managements	7.75%
% of resolutions voted contrary to the proxy adviser recommendation	0.32%

	Summary Info
Manager name	LGIM
Fund name	Europe (ex UK) Equity Index Fund
Approximate value of Trustees' DB assets	c.£0.09m as at 31 March 2021
Number of equity holdings in the fund	461
Number of meetings eligible to vote	686
Number of resolutions eligible to vote	11412
% of resolutions voted	99.89%
% of resolutions voted with management	84.21%
% of resolutions voted against management	15.26%
% of resolutions abstained	0.53%
% of resolutions withheld	0.00%
% of meetings with at least one vote against managements	4.35%
% of resolutions voted contrary to the proxy adviser recommendation	0.40%

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## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### b. Summary of voting behaviour over the year

##### LGIM (cont)

	Summary Info
Manager name	LGIM
Fund name	Europe (ex UK) Equity Index Fund GBP Hedged
Approximate value of Trustees' DB assets	c.£0.10m as at 31 March 2021
Number of equity holdings in the fund	461
Number of meetings eligible to vote	686
Number of resolutions eligible to vote	11412
% of resolutions voted	99.89%
% of resolutions voted with management	84.21%
% of resolutions voted against management	15.26%
% of resolutions abstained	0.53%
% of resolutions withheld	0.00%
% of meetings with at least one vote against managements	4.35%
% of resolutions voted contrary to the proxy adviser recommendation	0.40%

	Summary Info
Manager name	LGIM
Fund name	Japan Equity Index Fund
Approximate value of Trustees' DB assets	c.£0.04m as at 31 March 2021
Number of equity holdings in the fund	509
Number of meetings eligible to vote	551
Number of resolutions eligible to vote	6518
% of resolutions voted	100.00%
% of resolutions voted with management	86.08%
% of resolutions voted against management	13.92%
% of resolutions abstained	0.00%
% of resolutions withheld	0.00%
% of meetings with at least one vote against managements	5.85%
% of resolutions voted contrary to the proxy adviser recommendation	0.21%



# Trustees' Report

Implementation Statement – Covering 6 April 2020 to 5 April 2021

## 4. Voting and Engagement

### b. Summary of voting behaviour over the year

#### LGIM (cont)

	Summary Info
Manager name	LGIM
Fund name	Japan Equity Index Fund GBP Hedged
Approximate value of Trustees' DB assets	c.£0.04m as at 31 March 2021
Number of equity holdings in the fund	509
Number of meetings eligible to vote	551
Number of resolutions eligible to vote	6518
% of resolutions voted	100.00%
% of resolutions voted with management	86.08%
% of resolutions voted against management	13.92%
% of resolutions abstained	0.00%
% of resolutions withheld	0.00%
% of meetings with at least one vote against managements	5.85%
% of resolutions voted contrary to the proxy adviser recommendation	0.21%

	Summary Info
Manager name	LGIM
Fund name	Asia Pacific (ex Japan) Developed Equity Index Fund
Approximate value of Trustees' DB assets	c.£0.04m as at 31 March 2021
Number of equity holdings in the fund	404
Number of meetings eligible to vote	534
Number of resolutions eligible to vote	3774
% of resolutions voted	100.00%
% of resolutions voted with management	74.22%
% of resolutions voted against management	25.76%
% of resolutions abstained	0.03%
% of resolutions withheld	0.00%
% of meetings with at least one vote against managements	10.12%
% of resolutions voted contrary to the proxy adviser recommendation	0.21%

# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### b. Summary of voting behaviour over the year

##### LGIM (cont)

	Summary Info
Manager name	LGIM
Fund name	Asia Pacific (ex Japan) Developed Equity Index Fund GBP Hedged
Approximate value of Trustees' DB assets	c.£0.04m as at 31 March 2021
Number of equity holdings in the fund	404
Number of meetings eligible to vote	534
Number of resolutions eligible to vote	3774
% of resolutions voted	100.00%
% of resolutions voted with management	74.22%
% of resolutions voted against management	25.76%
% of resolutions abstained	0.03%
% of resolutions withheld	0.00%
% of meetings with at least one vote against managements	10.12%
% of resolutions voted contrary to the proxy adviser recommendation	0.21%

	Summary Info
Manager name	LGIM
Fund name	Diversified Fund
Approximate value of Trustees' DB assets	c.£3.6m as at 31 March 2021
Number of equity holdings in the fund	6642
Number of meetings eligible to vote	11362
Number of resolutions eligible to vote	115604
% of resolutions voted	98.98%
% of resolutions voted with management	81.72%
% of resolutions voted against management	17.71%
% of resolutions abstained	0.56%
% of resolutions withheld	0.00%
% of meetings with at least one vote against managements	6.35%
% of resolutions voted contrary to the proxy adviser recommendation	0.20%

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## 4. Voting and Engagement

### b. Summary of voting behaviour over the year

#### BlackRock

	Summary Info
Manager name	BlackRock
Fund name	BlackRock 50/50 Global Growth Fund
Approximate value of Trustees' DC assets	c.£0.3m as at 31 March 2021
Number of equity holdings in the fund	Information not provided
Number of meetings eligible to vote	269
Number of resolutions eligible to vote	2,965
% of resolutions voted	100.00%
% of resolutions voted with management	94%
% of resolutions voted against management	5%
% of resolutions abstained	2%
% of resolutions withheld	0.00%
% of meetings with at least one vote against managements	29%
% of resolutions voted contrary to the proxy adviser recommendation	0%

# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### c. Most significant votes over the year

##### **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.

Details of significant votes cast within the LGIM funds invested in by Countrywide at Scheme year end can be found on pages 14 – 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.

##### **BlackRock**

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

"BlackRock Investment Stewardship prioritises its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. BlackRock engages year-round with clients to understand their priorities and expectations, as well as actively participating in market-wide policy debates, to help inform these themes. The themes that BlackRock has identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which BlackRock looks at the sustainable long-term financial performance of investee companies.

BlackRock periodically publishes "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues considered, based on their Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain the vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to clients and other stakeholders, and potentially represent a material risk to the investment undertaken on behalf of clients. BlackRock makes this information public shortly after the shareholder meeting, so clients and others can be

aware of the vote determination when it is most relevant to them. BlackRock considers these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

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### 4. Voting and Engagement

#### c. Most significant votes over the year

##### LGIM Global Equity Fixed Weights (50:50) Index Fund

Company name	Barclays	Mitchells & Butlers
Date of vote	07/05/2021	11/03/2021
Summary of the resolution	Resolution 29 Approve Barclays' Commitment in Tackling Climate Change Resolution 30 Approve ShareAction Requisitioned Resolution	Resolution 1: Authorise Issue of Equity in Connection with the Open Offer Resolution 2: Authorise Issue of Shares Pursuant to the Open Offer at a Discount to Middle Market Price Resolution 3: Authorise Implementation of Open Offer
How you voted	LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction.	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome.	Given the current COVID restrictions and their impact on this pub & restaurant company's financials, the company sought shareholder approval for an equity raise through an underwritten Open Offer in March 2021. Three of the company's major shareholders came together and consolidated their holdings under a new holding company, Odyzean Limited. They together hold approximately 55% of the issued share capital of Mitchells & Butlers and therefore the majority of votes. As well as taking up their own share of the Open Offer, the concert party committed to underwrite any remaining offer shares not taken up by existing shareholders. We opposed Open Offer given our concerns about the influence of the newly incorporated holding company, Odyzean Limited, over our investee company's governance and the interests of minority investors. This concern was heightened by the announcement of expected changes to the structure and independence of the board as stated in the prospectus. LGIM would have expected a fair traditional rights issue to protect minority investors. We also noted that the concert party was able to buy deeply discounted shares without paying a control premium through their underwriting of the open offer.
Outcome of the vote	Resolution 29 - supported by 99.9% of shareholders Resolution 30 - supported by 23.9% of shareholders (source: Company website)	Only 6.8% of shareholders opposed these resolutions.
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The hard work is just beginning. Our focus will now be to help Barclays on the detail of their plans and targets, more detail of which is to be published this year. We plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change.	LGIM will continue to monitor the company closely.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	Since the beginning of the year there has been significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM. We thank our clients for their patience and understanding while we undertook sensitive discussions and negotiations in private. We consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as our clients.	We have taken the rare step of opposing a capital raise given our serious concerns for minority shareholders' rights.

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### 4. Voting and Engagement

#### c. Most significant votes over the year

##### LGIM UK Equity Index Fund

Company name	Barclays	International Consolidated Airlines Group
Date of vote	07/05/2020	07/09/2020
Summary of the resolution	Resolution 29 Approve Barclays' Commitment in Tackling Climate Change Resolution 30 Approve ShareAction Requisitioned Resolution	Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.
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 in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome.	The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model. At the end of March 2020, LGIM addressed a private letter to the company to state our support during the pandemic. We also encouraged the board to demonstrate restraint and discretion with its executive remuneration. As a result of the crisis, the company took up support under various government schemes. The company also announced a 30% cut to its workforce. On the capital allocation front, the company decided to withdraw its dividend for 2020 and sought shareholder approval for a rights issue of €2.75 billion at its 2020 AGM in order to strengthen its balance sheet. The remuneration report for the financial year to 31 December 2019 was also submitted to a shareholder vote. We were concerned about the level of bonus payments, which are 80% to 90% of their salary for current executives and 100% of their salary for the departing CEO. We noted that the executive directors took a 20% reduction to their basic salary from 1 April 2020. However, whilst the bonuses were determined at the end of February 2020 and paid in respect of the financial year end to December 2019, LGIM would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders). Over the past few years, we have been closely engaging with the company, including on the topic of the succession of the CEO and the board chair, who were long-tenured. This engagement took place privately in meetings with the board chair and the senior independent director. This eventually led to a success, as the appointment of a new CEO to replace the long-standing CEO was announced in January 2020. A new board chair: an independent non-executive director, was also recently appointed by the board. He will be starting his new role in January 2021.
Outcome of the vote	99.9% support	28.4% against
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The hard work is just beginning. Our focus will now be to help Barclays on the detail of their plans and targets, more detail of which is to be published this year. We plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change.	LGIM will continue to engage closely with the renewed board.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	Since the beginning of the year there has been significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM. We thank our clients for their patience and understanding while we undertook sensitive discussions and negotiations in private. We consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as our clients.	LGIM considers this vote significant as it illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis.

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### 4. Voting and Engagement

#### c. Most significant votes over the year

#### LGIM North America Equity Index Fund

Company name	Amazon	ExxonMobil
Date of vote	27/05/2020	27/05/2020
Summary of the resolution	Shareholder resolutions 5 to 16	Resolution 1.10 Elect Director Darren W. Woods
How you voted	For 10 of 12	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	In addition to facing a full slate of proxy proposals, in the two months leading up to the annual meeting, Amazon was on the front lines of a pandemic response. The company was already on the back foot owing to the harsh workplace practices alleged by the author of a seminal article in the New York Times published in 2015, which depicted a bruising culture. The news of a string of workers catching COVID-19, the company's response, and subsequent details, have all become major news and an important topic for our engagements leading up to the proxy vote. Our team has had multiple engagements with Amazon over the past 12 months. The topics of our engagements touched most aspects of ESG, with an emphasis on social topics: <ul style="list-style-type: none"> <li>• Governance: Separation of CEO and board chair roles, plus the desire for directors to participate in engagement meetings</li> <li>• Environment: Details about the data transparency committed to in their 'Climate Pledge'</li> <li>• Social: Establishment of workplace culture, employee health and safety</li> </ul> The allegations from current and former employees are worrying. Amazon employees have consistently reported not feeling safe at work, that paid sick leave is not adequate, and that the company only provides an incentive of \$2 per hour to work during the pandemic. Also cited is an ongoing culture of retaliation, censorship, and fear. We discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies. However, some of their responses seemed to have backfired. For example, a policy to inform all workers in a facility if COVID-19 is detected has definitely caused increased media attention.	In June 2019, under our annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, we announced that we will be removing ExxonMobil from our Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, we also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, our voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.
Outcome of the vote	Resolution 5 to 8, and 14 to 16 each received approx. 30% support from shareholders. Resolutions 9 and 10 received respectively 16.7 and 15.3% support. Resolution 11 received 6.1% support. Resolution 12 received 1.5 % support. Resolution 13 received 12.2% support. (Source: ISS data)	93.2% in support of re-electing Darren Woods
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Despite shareholders not giving majority support to the raft of shareholder proposals, the sheer number and focus on these continues to dominate the landscape for the company. Our engagement with the company continues as we push it to disclose more and to ensure it is adequately managing its broader stakeholders, and most importantly, its human capital.	We believe this sends an important signal, and will continue to engage, both individually and in collaboration with other investors, to push for change at the company. Our voting intentions were the subject of over 40 articles in major news outlets across the world, including Reuters, Bloomberg, Les Échos and Nikkei, with a number of asset owners in Europe and North America also declaring their intentions to vote against the company.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	The market attention was significant leading up to the AGM, with: <ul style="list-style-type: none"> <li>•12 shareholder proposals on the table – the largest number of any major US company this proxy season</li> <li>•Diverse investor coalitions submitting and rallying behind the proposals, including global, different types of investors and first time co-filers/engagers</li> <li>•Substantial press coverage – with largely negative sentiment related to the company's governance profile and its initial management of COVID-19</li> <li>•Multiple state treasurers speaking out and even holding an online targeted pre-annual meeting investor forum entitled 'Workplace &amp; Investor Risks in Amazon.com, Inc.'s COVID-19 Response'</li> </ul> Anecdotally, the Stewardship team received more inquiries related to Amazon than any other company this season.	We voted against the chair of the board as part of LGIM's 'Climate Impact Pledge' escalation sanction.



# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### c. Most significant votes over the year

##### North America Equity Index Fund – GBP Currency Hedged

Company name	Amazon	ExxonMobil
Date of vote	27/05/2020	27/05/2020
Summary of the resolution	Shareholder resolutions 5 to 16	Resolution 1.10 Elect Director Darren W. Woods
How you voted	For 10 of 12	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	In addition to facing a full slate of proxy proposals, in the two months leading up to the annual meeting, Amazon was on the front lines of a pandemic response. The company was already on the back foot owing to the harsh workplace practices alleged by the author of a seminal article in the New York Times published in 2015, which depicted a bruising culture. The news of a string of workers catching COVID-19, the company's response, and subsequent details, have all become major news and an important topic for our engagements leading up to the proxy vote. Our team has had multiple engagements with Amazon over the past 12 months. The topics of our engagements touched most aspects of ESG, with an emphasis on social topics: • Governance: Separation of CEO and board chair roles, plus the desire for directors to participate in engagement meetings • Environment: Details about the data transparency committed to in their 'Climate Pledge' • Social: Establishment of workplace culture, employee health and safety The allegations from current and former employees are worrying. Amazon employees have consistently reported not feeling safe at work, that paid sick leave is not adequate, and that the company only provides an incentive of \$2 per hour to work during the pandemic. Also cited is an ongoing culture of retaliation, censorship, and fear. We discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies. However, some of their responses seemed to have backfired. For example, a policy to inform all workers in a facility if COVID-19 is detected has definitely caused increased media attention	In June 2019, under our annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, we announced that we will be removing ExxonMobil from our Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, we also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, our voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.
Outcome of the vote	Resolution 5 to 8, and 14 to 16 each received approx. 30% support from shareholders. Resolutions 9 and 10 received respectively 16.7 and 15.3% support. Resolution 11 received 6.1% support. Resolution 12 received 1.5 % support. Resolution 13 received 12.2% support. (Source: ISS data)	93.2% in support of re-electing Darren Woods
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Despite shareholders not giving majority support to the raft of shareholder proposals, the sheer number and focus on these continues to dominate the landscape for the company. Our engagement with the company continues as we push it to disclose more and to ensure it is adequately managing its broader stakeholders, and most importantly, its human capital.	We believe this sends an important signal, and will continue to engage, both individually and in collaboration with other investors, to push for change at the company. Our voting intentions were the subject of over 40 articles in major news outlets across the world, including Reuters, Bloomberg, Les Échos and Nikkei, with a number of asset owners in Europe and North America also declaring their intentions to vote against the company.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	The market attention was significant leading up to the AGM, with: •12 shareholder proposals on the table – the largest number of any major US company this proxy season •Diverse investor coalitions submitting and rallying behind the proposals, including global, different types of investors and first time co-filers/engagers •Substantial press coverage – with largely negative sentiment related to the company's governance profile and its initial management of COVID-19 •Multiple state treasurers speaking out and even holding an online targeted pre-annual meeting investor forum entitled 'Workplace & Investor Risks in Amazon.com, Inc.'s COVID-19 Response' Anecdotally, the Stewardship team received more inquiries related to Amazon than any other company this season.	We voted against the chair of the board as part of LGIM's 'Climate Impact Pledge' escalation sanction.

# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### c. Most significant votes over the year

##### LGIM Europe (ex UK) Equity Index Fund

Company name	Lagardère
Date of vote	05/05/2020
Summary of the resolution	Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardère, as well as to remove all the incumbent directors (apart from two 2019 appointments).
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. The company continues to have a commandite structure; a limited partnership, which means that the managing partner has a tight grip on the company, despite only having 7 % share capital and 11% voting rights. LGIM engages with companies on their strategies, any lack of challenge to these, and with governance concerns. The company strategy had not been value-enhancing and the governance structure of the company was not allowing the SB to challenge management on this. Where there is a proxy contest, LGIM engages with both the activist and the company to understand both perspectives. LGIM engaged with both Amber Capital, where we were able to speak to the proposed new SB Chair, and also Lagardère, where we spoke to the incumbent SB Chair. This allowed us to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management.
Outcome of the vote	30-40% support
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 the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	LGIM noted significant media and public interest on this vote given the proposed revocation of the company's board.

# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### c. Most significant votes over the year

##### LGIM Europe (ex UK) Equity Index Fund GBP Hedged

Company name	Lagardère
Date of vote	05/05/2020
Summary of the resolution	Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardère, as well as to remove all the incumbent directors (apart from two 2019 appointments).
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. The company continues to have a commandite structure; a limited partnership, which means that the managing partner has a tight grip on the company, despite only having 7 % share capital and 11% voting rights. LGIM engages with companies on their strategies, any lack of challenge to these, and with governance concerns. The company strategy had not been value-enhancing and the governance structure of the company was not allowing the SB to challenge management on this. Where there is a proxy contest, LGIM engages with both the activist and the company to understand both perspectives. LGIM engaged with both Amber Capital, where we were able to speak to the proposed new SB Chair, and also Lagardère, where we spoke to the incumbent SB Chair. This allowed us to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management.
Outcome of the vote	30-40% support
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 the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	LGIM noted significant media and public interest on this vote given the proposed revocation of the company's board.

# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### c. Most significant votes over the year

##### LGIM Japan Equity Index Fund

Company name	Olympus Corporation	Toshiba Corp.
Date of vote	30/07/2020	18/03/2020
Summary of the resolution	Resolution 3.1: Elect Director Takeuchi, Yasuo at the company's annual shareholder meeting held on 30 July 2020.	Resolution 1: Appoint Three Individuals to Investigate Status of Operations and Property of the Company Resolution 2: Amend Articles to Mandate Shareholder Approval for Strategic Investment Policies including Capital Strategies
How you voted	Against	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Japanese companies in general have trailed behind European and US companies, as well as companies in other countries, in ensuring more women are appointed to their boards. The lack of women is also a concern below board level. LGIM have for many years promoted and supported an increase of women on boards, at the executive level and below. On a global level we consider that every board should have at least one female director. We deem this a de minimis standard. Globally, we aspire to all boards comprising 30% women. Last year in February we sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at executive level, indicating that we expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation. In the beginning of 2020, we announced that we would commence voting against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for those companies included in the TOPIX100. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to take action on this issue.	Toshiba Corp's extraordinary general meeting (EGM) was precipitated by a significant decline in trust between its shareholders and management team following recent controversies, including allegations of abnormal practices and behaviour by the company surrounding its July 2020 AGM. As a result, the company faced two independent shareholder resolutions at the EGM calling for it to introduce remedies that would restore confidence and trust in the company's governance, management and strategy. LGIM supported the resolution calling for the appointment of investigators to address doubts over the company's 2020 AGM conduct and vote tallying. We believe the enquiry, which is unlikely to be a burden on the company, will be an important step in rebuilding trust between shareholders and the company's executive team and board. We also supported the shareholder resolution mandating the company to present its strategic investment policy to a shareholder vote in order to send a clear message to the Toshiba Board and executive team: shareholders expect increased transparency and accountability.
Outcome of the vote	94.90% support	57.9% support
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 and require increased diversity on all Japanese company boards.	LGIM will continue to monitor the company.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	This vote is deemed significant as LGIM considers it imperative that the boards of Japanese companies increase their diversity.	The vote was high profile and controversial.

# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### c. Most significant votes over the year

##### LGIM Japan Equity Index Fund GBP Hedged

Company name	Olympus Corporation	Toshiba Corp.
Date of vote	30/07/2020	18/03/2020
Summary of the resolution	Resolution 3.1: Elect Director Takeuchi, Yasuo at the company's annual shareholder meeting held on 30 July 2020.	Resolution 1: Appoint Three Individuals to Investigate Status of Operations and Property of the Company Resolution 2: Amend Articles to Mandate Shareholder Approval for Strategic Investment Policies including Capital Strategies
How you voted	Against	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Japanese companies in general have trailed behind European and US companies, as well as companies in other countries, in ensuring more women are appointed to their boards. The lack of women is also a concern below board level. LGIM have for many years promoted and supported an increase of women on boards, at the executive level and below. On a global level we consider that every board should have at least one female director. We deem this a de minimis standard. Globally, we aspire to all boards comprising 30% women. Last year in February we sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at executive level, indicating that we expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation. In the beginning of 2020, we announced that we would commence voting against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for those companies included in the TOPIX100. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to take action on this issue.	Toshiba Corp's extraordinary general meeting (EGM) was precipitated by a significant decline in trust between its shareholders and management team following recent controversies, including allegations of abnormal practices and behaviour by the company surrounding its July 2020 AGM. As a result, the company faced two independent shareholder resolutions at the EGM calling for it to introduce remedies that would restore confidence and trust in the company's governance, management and strategy. LGIM supported the resolution calling for the appointment of investigators to address doubts over the company's 2020 AGM conduct and vote tallying. We believe the enquiry, which is unlikely to be a burden on the company, will be an important step in rebuilding trust between shareholders and the company's executive team and board. We also supported the shareholder resolution mandating the company to present its strategic investment policy to a shareholder vote in order to send a clear message to the Toshiba Board and executive team: shareholders expect increased transparency and accountability.
Outcome of the vote	94.90% support	57.9% support
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 and require increased diversity on all Japanese company boards.	LGIM will continue to monitor the company.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	This vote is deemed significant as LGIM considers it imperative that the boards of Japanese companies increase their diversity.	The vote was high profile and controversial.

# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### c. Most significant votes over the year

#### LGIM Asia Pacific (ex Japan) Developed Equity Index Fund

Company name	Qantas Airways Limited	Samsung Electronics
Date of vote	23-Oct-20	17/03/2021
Summary of the resolution	Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.	Resolution 2.1.1: Elect Park Byung-gook as Outside Director Resolution 2.1.2: Elect Kim Jeong as Outside Director Resolution 3: Elect Kim Sun-uk as Outside Director to Serve as an Audit Committee Member
How you voted	Against 3 and For 4	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Given our engagement, LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as we wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. In collaboration with our Active Equities team, LGIM's Investment Stewardship team engaged with the Head of Investor Relations of the company to express our concerns and understand the company's views. The voting decision ultimately sat with the Investment Stewardship team. We supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, our concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. We voted against resolution 3 to signal our concerns.	In January 2021, Lee Jae-yong, the vice chairman of Samsung Electronics and only son of the former company chairman, was sentenced to two years and six months in prison for bribery, embezzlement and concealment of criminal proceeds worth about KRW 8.6 billion. Lee Jae-yong was first sentenced to five years in prison in August 2017 for using the company's funds to bribe the impeached former President Park Geun-hye. While Lee was released from prison, he was not acquitted of the charges. Based on the court's verdict, Lee actively provided bribes and implicitly asked then president Park to use her power to help his smooth succession. The court further commented that the independent compliance committee established in January 2020 has yet to become fully effective. LGIM engaged with the company ahead of the vote. However, we were not satisfied with the company's response that ties have been severed. We are concerned that Lee Jae-yong continues to make strategic company decisions from prison. Additionally, we were not satisfied with the independence of the company board and that the independent directors are really able to challenge management. LGIM voted against the resolutions as the outside directors, who should provide independent oversight, have collectively failed to remove criminally convicted directors from the board. The inaction is indicative of a material failure of governance and oversight at the company.
Outcome of the vote	90% Support for 3 and 91% support for 4	Results not available
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue our engagement with the company.	LGIM will continue to monitor the company.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.	This was a high-profile vote, which has such a degree of controversy that there is high client and/or public scrutiny and the sanction vote was a result of a direct or collaborative engagement.

# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### c. Most significant votes over the year

#### LGIM Asia Pacific (ex Japan) Developed Equity Index Fund GBP Hedged

Company name	Qantas Airways Limited	Samsung Electronics
Date of vote	23-Oct-20	17/03/2021
Summary of the resolution	Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.	Resolution 2.1.1: Elect Park Byung-gook as Outside Director Resolution 2.1.2: Elect Kim Jeong as Outside Director Resolution 3: Elect Kim Sun-uk as Outside Director to Serve as an Audit Committee Member
How you voted	Against 3 and For 4	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Given our engagement, LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as we wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. In collaboration with our Active Equities team, LGIM's Investment Stewardship team engaged with the Head of Investor Relations of the company to express our concerns and understand the company's views. The voting decision ultimately sat with the Investment Stewardship team. We supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, our concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. We voted against resolution 3 to signal our concerns.	In January 2021, Lee Jae-yong, the vice chairman of Samsung Electronics and only son of the former company chairman, was sentenced to two years and six months in prison for bribery, embezzlement and concealment of criminal proceeds worth about KRW 8.6 billion. Lee Jae-yong was first sentenced to five years in prison in August 2017 for using the company's funds to bribe the impeached former President Park Geun-hye. While Lee was released from prison, he was not acquitted of the charges. Based on the court's verdict, Lee actively provided bribes and implicitly asked then president Park to use her power to help his smooth succession. The court further commented that the independent compliance committee established in January 2020 has yet to become fully effective. LGIM engaged with the company ahead of the vote. However, we were not satisfied with the company's response that ties have been severed. We are concerned that Lee Jae-yong continues to make strategic company decisions from prison. Additionally, we were not satisfied with the independence of the company board and that the independent directors are really able to challenge management. LGIM voted against the resolutions as the outside directors, who should provide independent oversight, have collectively failed to remove criminally convicted directors from the board. The inaction is indicative of a material failure of governance and oversight at the company.
Outcome of the vote	90% Support for 3 and 91% support for 4	Results not available
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue our engagement with the company.	LGIM will continue to monitor the company.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.	This was a high-profile vote, which has such a degree of controversy that there is high client and/or public scrutiny and the sanction vote was a result of a direct or collaborative engagement.

# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### c. Most significant votes over the year

##### LGIM Diversified Fund

Company name	Qantas Airways Limited	Whitehaven Coal
Date of vote	23/10/2020	22/11/2020
Summary of the resolution	Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.	Resolution 6 Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.
How you voted	LGIM voted against resolution 3 and supported resolution 4.	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Given our engagement, LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as we wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. In collaboration with our Active Equities team, LGIM's Investment Stewardship team engaged with the Head of Investor Relations of the company to express our concerns and understand the company's views. The voting decision ultimately sat with the Investment Stewardship team. We supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, our concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. We voted against resolution 3 to signal our concerns.	The role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation: in Q4 2020 alone three of Australia's main export markets for coal – Japan, South Korea and China – have announced targets for carbon neutrality around 2050. LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets.
Outcome of the vote	About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration, in our view.	The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour. However, the environmental profile of the company continues to remain in the spotlight: in late 2020 the company pleaded guilty to 19 charges for breaching mining laws that resulted in 'significant environmental harm'. As the company is on LGIM's Future World Protection List of exclusions, many of our ESG-focused funds – and select exchange-traded funds – were not invested in the company.
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue our engagement with the company.	LGIM will continue to monitor this company.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.	The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism.



# Trustees' Report

## Implementation Statement – Covering 6 April 2020 to 5 April 2021

### 4. Voting and Engagement

#### c. Most significant votes over the year

##### Aegon BlackRock 50/50 Global Growth

Company name	Amazon	Facebook
Date of vote	27/05/2020	27/05/2020
Summary of the resolution	Amazon's annual meeting agenda included 12 shareholder proposals in addition to management proposals covering director elections, ratification of the company's auditors, approval of executive compensation, and a proposal to lower the stock ownership threshold for shareholders to request a special meeting.	Item 1.2: Elect Director Marc L. Andreessen Item 4: Shareholder Proposal to Approve Recapitalization Plan for all Stock to Have One-vote per Share.
How you voted	FOR all management proposals and AGAINST all shareholder proposals	AGAINST Mr. Andreessen as he serves on the Audit Committee and we do not consider him independent. We voted FOR the shareholder proposal asking for a recapitalization plan as we generally support one share one vote capital structures. BIS supported management on all remaining agenda items.
Where you voted against management, did you communicate your intent to the company ahead of the vote?		
Rationale for the voting decision	BIS voted FOR all directors (item 1), the ratification of auditors (item 2), and the advisory resolution to approve executive compensation (item 3) as we have no concerns relating to these items. BIS voted FOR management's proposal to lower the stock ownership threshold for shareholders to request a special meeting from 30% to 25% (item 4). The company received the following 12 shareholder proposals: Item 5: Create a report on effects of food waste Item 6: Create a report on customer use of certain technologies Item 7: Report on potential customer misuse of certain technologies Item 8: Report on efforts to restrict certain products Item 9: Request for a mandatory independent board chair policy Item 10: Create an alternative report on gender/racial pay Item 11: Report on certain community impacts Item 12: Report on viewpoint discrimination Item 13: Create a report on promotion data Item 14: Request for a reduction in threshold for calling special shareholder meetings Item 15: Request for a specific supply chain report format Item 16: Request for additional reporting on lobbying After thorough review of the company's existing disclosures, along with insights gleaned from multiple engagements, BlackRock determined that Amazon is actively addressing those material issues raised by the various shareholder proposals. Some of the proposals were too prescriptive in their request for additional information, such as requesting an alternative report on gender/racial pay in addition to the one the company already publishes <sup>2</sup> and a specific supply chain report format beyond the report currently available on the company's website specifically addressing human rights. <sup>3</sup> For a subset of the proposals, including the request for a report on customer use of certain technologies, such are Rekognition <sup>4</sup> and an additional report on lobbying, the company is already meeting the best practices guidelines.	Item 1.2: Elect Director Marc L. Andreessen (AGAINST) BIS voted AGAINST Mr. Andreessen as we do not consider him independent and he serves on the audit committee. BIS considers Mr. Andreessen to be affiliated as he is a founding partner at Andreessen Horowitz which has held significant stakes in companies acquired by Facebook (e.g. Instagram, Oculus, and wit.ai). We believe all members of key committees, including audit, should be independent. Item 4: Shareholder Proposal to Approve Recapitalization Plan for all Stock to Have One-vote per Share (FOR) The proposal asks that Facebook's "Board take all practicable steps in its control to initiate and adopt a recapitalization plan for all outstanding stock to have one vote per share. We recommend that this be done through a phase-out process in which the board would, within seven years or other timeframe justified by the board, establish fair and appropriate mechanisms through which disproportionate rights of Class B shareholders could be eliminated. This is not intended to unnecessarily limit our Board's judgment in crafting the requested change in accordance with applicable laws and existing contracts." As we note in our U.S. proxy voting guidelines, we strongly prefer a "one vote for one share" capital structure for publicly-traded companies. We prefer this capital structure as it provides control proportionate to shareholders' capital at risk and is thus more aligned with our clients' interests. While we recognize the potential benefits of dual class shares to newly public companies as they establish themselves, we believe that these structures should have a specific and limited duration for well-established public companies such as Facebook.
Outcome of the vote	various	Various
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue to engage with the company regarding the governance of and reporting on material business risks and opportunities.	We will continue to engage with the company regarding the governance of and reporting on material business risks and opportunities. We will monitor closely the company's progress on independent board leadership and policy enforcement, amongst other factors critical to Facebook's ability to generate sustainable long-term returns. If the company's progress falls short, we will signal our concerns in future voting on management and shareholder proposals.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?		

