MAG (STAL) Pension Scheme

Annual Implementation Statement – Scheme year ending 30 September 2020

Adopted by the Trustees on 22 April 2021

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Section 1: Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Trustee of the MAG (STAL) Pension Scheme ("the Scheme") covering the Scheme year ("the year") from 1 October 2019 to 30 September 2020.

The purpose of this statement is to set out:

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

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

The latest version of the SIP can be found online here:
https://www.magairports.com/media/1674/mag-stal-pension-scheme-sip-september-2020.pdf

This statement reflects the Scheme year 1 October 2019 to September 2020. The SIP linked above reflects the latest version of the SIP which is dated September 2020. Prior to this version, the SIP which covered the majority of Scheme year was dated September 2019.

The review of the SIP in September 2020 introduced a number of changes, including in areas regarding:

- The Trustee's approach to aligning the interests of appointed investment managers to the Scheme's investment policies and long-term objectives of the Scheme; and
- How the Trustee monitors investment manager fees and costs associated with portfolio turnovers.

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

The Trustee's policies on voting and engagement, as stated in the SIP are:

- The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments and to encourage the investment managers to exercise those rights. The investment managers are expected to be able to provide regular reports for the Trustee detailing their voting activity. The Trustee will take corporate governance policies into accounting when appointing and reviewing such investment managers.

- The Trustee expects their manager(s) to sign up to their local stewardship code, in keeping with good practice. The Trustee will monitor the activities of all their managers on a regular basis with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG* impact of underlying holdings. However, the Trustee appreciates that its applicability may be limited for certain asset classes. These matters are kept under review by the Trustee, in consultation with their investment consultant and investment managers.

- Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

- For most of the Scheme's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustee invests in certain strategies (e.g. hedge fund strategies or government bonds) where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making. The appropriateness of the Scheme's allocation to such mandates is determined in the context of the Scheme's overall objectives.

* ESG stands for Environmental, Social and Governance and refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business.

As the investment managers of pooled funds, in which the Scheme is invested, are generally responsible for exercising voting rights and as the Trustee otherwise delegates responsibility for the exercising of voting rights to the Scheme's investment managers, it is the responsibility of the Trustee to monitor, review and engage with investment managers with respect to how they have undertaken these activities.

The same policy applies to corporate engagement with the management of companies the Scheme is invested in. Given the investment in pooled funds, the Trustee has delegated corporate engagement to the Scheme's investment managers. The Trustee monitors, reviews and engages with the managers on how they have undertaken these activities.

During the period, the Trustee has assessed their holdings in pooled equity funds, and received advice from their appointed investment adviser on the same. As a result of this review, they have disinvested fully from the LGIM UK Equity Index Fund and Baillie Gifford Global Alpha Growth Fund, and invested the proceeds into the LGIM MSCI ACWI Adaptive Capped ESG Index Fund. A number of considerations were taken into account in making this decision, including a positive view of the ESG aspect of the new equity fund that the Trustee has chosen to invest in.

Since the year end, in November 2020 the Trustee has met virtually with both Towers Watson Investment Management and Arcmont to receive updates from both managers on their investments.

The Trustee took this opportunity to receive updates from both managers on their approach to taking ESG factors into account when investing.

As outlined in the SIP, the Trustee recognises the UK Stewardship Code 2020 and monitors the Scheme's investment managers' adherence to the Code. Baillie Gifford, TWIM and LGIM are all signatories to the code. Their latest statements of compliance can be found via the links below:

Baillie Gifford: https://www.bailliegifford.com/en/uk/about-us/literature-library/corporate-governance/baillie-gifford-investment-stewardship-activities-report-2019/

TWIM: https://www.willistowerswatson.com/en-GB/Insights/2020/03/sustainable-investment-policy

LGIM: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/uk-stewardship-code.pdf

As set out in section 4, the Trustee believes that the Scheme's engagement policy as outlined in the SIP has been adhered to over the Scheme year and will continue to monitor the investment managers' stewardship practices on an ongoing basis.

Section 3: Voting information

The Scheme is invested in a diverse range of asset classes. However, this document focusses on the equity investments which have voting rights attached.

The Scheme's equity holdings as at the end of the year are held in pooled investment funds and are managed on a passive basis relative to a defined index. Therefore, the voting entitlements in these funds lie with the investment managers.

The Scheme's equity holdings are invested with three investment managers, Baillie Gifford, Towers Watson Investment Management ("TWIM") and Legal & General Investment Management ("LGIM"), in the following pooled investment funds:

- **Baillie Gifford Global Alpha Growth Fund:** The Scheme disinvested from this fund on 4 September 2020 but we have included voting activity for this fund as they were invested for most of the year to 30 September 2020.

- **Towers Watson Investment Management Partners Fund**: The Scheme was invested in this fund for the full year.

- **LGIM UK Equity**: The Scheme disinvested from this fund on 8 September 2020 but the Trustee has included voting activity for this fund as they were invested for most of the year to 30 September 2020.

- **LGIM MSCI ACWI Adaptive Capped ESG Index Fund:** The Scheme chose to invest in this fund from 9 September 2020. The Trustee has included voting records for this fund for the full year as a more complete representation of the voting history of this fund.

As set out in the SIP, the Trustee's policy is to delegate the exercising of rights (including voting and stewardship) and the integration of ESG considerations in day-to-day decisions to the Scheme's investment managers. This section sets out the voting activities of the Scheme's equity investment managers over the year, including details of the investment managers' use of proxy voting.

All fund managers have their own voting policies that detemine their approach to voting and the principles they follow when voting on investors' behalf. All investment managers also use voting proxy advisors which aid in their decision-making when voting. Details are provided in appendices 1, 2 and 3.

The below table sets out the voting activity of the Scheme's equity investment managers, on behalf of the Trustee, over the year. Note that assets were disinvested from LGIM UK Equity Index Fund on 4 September 2020 and from Baillie Gifford Global Alpha Growth Fund on 8 September 2020, but the voting information below is for the full year up to 30 September 2020.

Manager and strategy	Portfolio structure	Voting activity
Towers Watson Investment Management Limited – Partners Fund	Fund of funds	Number of meeting at which the manager was eligible to vote: 421 Number of resolutions on which manager was eligible to vote: 5,667 Percentage of eligible votes cast: 98.11% Percentage of votes with management: 86.82% Percentage of votes against management: 6.65% Percentage of votes abstained from: 6.55% Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 25.36% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 7.81%
Legal and General Investment Management – MSCI ACWI Adaptive Capped ESG Index Fund	Pooled equity fund	Number of meeting at which the manager was eligible to vote: 3,135 Number of resolutions on which manager was eligible to vote: 36,333 Percentage of eligible votes cast: 99.72% Percentage of votes with management: 81.58% Percentage of votes against management: 17.87% Percentage of votes abstained from: 0.55% Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 68.74% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 0.26%
Legal and General Investment Management – UK Equity Index	Pooled equity fund	Number of meeting at which the manager was eligible to vote: 822 Number of resolutions on which manager was eligible to vote: 11,799 Percentage of eligible votes cast: 99.93% Percentage of votes with management: 93.16% Percentage of votes against management: 6.83% Percentage of votes abstained from: 0.01%

		Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 49.07% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 6.14%
Baillie Gifford - Global Alpha Growth Fund	Pooled equity fund	Number of meeting at which the manager was eligible to vote: 101 Number of resolutions on which manager was eligible to vote: 1,166 Percentage of eligible votes cast: 94.76% Percentage of votes with management: 96.39% Percentage of votes against management: 2.90% Percentage of votes abstained from: 0.70% Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 19.80% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: N/A

*Voting statisitcs are out of total eligible votes and are sourced from the investment managers LGIM, TWIM and Baillie Gifford.

The following table outlines a number of significant votes cast by the Scheme's investment managers on the Trustee's behalf. The commentary set out below is based on detail in the relevant manager's reports on the votes cast:

- At the time of preparing this statement, LGIM had not provided a summary of the most significant votes in the LGIM MSCI ACWI Adaptive Capped ESG Index Fund; on the basis that the Trustee invested in this fund towards the end of the reporting period, the Trustee considers it practicable to engage with LGIM on this matter for consideration in next year's statement.
- LGIM reported on the most significant votes cast within the UK Equity fund managed on behalf of the Scheme over the year to 30 September 2020, including their rationale for the voting decision and the implication of the outcome of the vote. A number of these key votes is set out below.
- Baillie Gifford and Towers Watson Investment Managers (TWIM) reported on the most significant votes cast within the funds managed on behalf of the Scheme over the year to 30 September 2020, including their rationale for the voting decision and the implication of the outcome of the vote. A number of these key votes is set out below.

The table includes the investment managers' commentary on their rationale and their views of the implications of their votes.

Significant votes cast	Coverage in portfolio
<u>Company: Microsoft</u> **<u>Meeting date: 4 December 2019</u>** **Shareholder resolution:** Report on gender pay gap **How the manager voted**: For **Rationale**: We supported a shareholder proposal requesting that the company produce enhanced disclosure on gender pay disparities across their business. This resolution is significant because it was submitted by shareholders and received greater than 20% support. **Outcome:** Fail **Implications:** We believe gender pay gap disclosure is important to support diversity within the organisation. 30% of shareholders supported the resolution which is a clear signal for improvement in this area. We will continue to push the company for improvement in this area.	Baillie Gifford Global Alpha Growth Fund
<u>Company: CyberAgent Inc</u> **<u>Meeting date: 13 December 2019</u>** **Management resolution:** Elect director and audit committee member Shiotsuki, Toko **How the manager voted**: Against **Rationale**: We opposed the election of two outside directors and four inside directors, due to ongoing concerns over board composition. This resolution is significant because it received greater than 20% opposition. This resolution is significant because we opposed the election of a director. **Outcome:** Pass **Implications:** We have been pushing Cyberagent to improve its board composition for a number of years. Whilst there have been small improvements, we do not believe they go far enough. We are continuing to escalate out engagement with the company and aiming for constructive dialogue.	Baillie Gifford Global Alpha Growth Fund
<u>Company: CRH</u> **<u>Meeting date: 23 April 2020</u>** **Management resolution**: Approve remuneration report **How the manager voted**: For **Rationale**: We decided to support at the Remuneration Report due to changes made to executive remuneration which incorporated our feedback. The targets attached to the performance metrics in the long-term incentive plan are now much more stringent. This vote is significant because we have deviated from our usual approach. Whilst there has been progress on improving stringency of the targets in the remuneration policy, which we have actively encouraged during our engagement, we would like to see further progress on the make up of the peer group. We would likely have opposed this but decided to support given the current environment and after discussion with the Remuneration Committee Chair as we are likely to see further progress on the peer group later this year. **Outcome:** Pass **Implications:** After consistent opposition to the company's remuneration report and policy over the years, we decided to support at the 2020 AGM due to changes made to executive remuneration which incorporated our feedback. The targets attached to the performance metrics in the long-term incentive plan are now much more stringent. In a call with the chairman and Remuneration Committee chair ahead of the AGM, we welcomed the changes and encouraged further improvements to that of the peer group against which performance is partly measured. We agreed to carry on discussions later in the year.	Baillie Gifford Global Alpha Growth Fund

<u>Company: Dutsche Boerse</u> **<u>Meeting date: 19 May 2020</u>** **1. Mangament resolution:** Approve remuneration policy **How the manager voted: Against** **Rationale:** We opposed the remuneration policy. Within the policy pay can be awarded if net income results are negative and we do not feel this provides sufficient incentive for management or strong alignment with our clients. We will continue to engage with the Board on this issue. This resolution is significant because we opposed remuneration. **Outcome:** Pass **Implications:** Whilst we appreciate a number of improvements have been made to the policy, we are not comfortable with the vesting threshold set for net income in the short term incentive plan. We think the need to have a safety net in the form of rewarding negative performance indicates the metric or measurement period needs to be changed. We did not feel able to support this on behalf of our clients.	Baillie Gifford Global Alpha Growth Fund
<u>Company: Just Eat Takeaway.com</u> **<u>Meeting date: 14 May 2020</u>** **Management resolution:** Grant the Board authority to issue shares up to 25% of issued capital **How the manager voted:** For **Rationale**: We usually oppose authority to issue shares without pre-emption rights at the requested amount but given the current environment, we feel it is the best interests of all stakeholders to provide the Board and Management with greater flexibility to allocate capital. This vote is significant because we have deviated from our usual approach. We usually oppose authority to issue shares without pre-emption rights at the requested amount but given the current environment, we feel it is the best interests of all stakeholders to provide the Board and Management with greater flexibility to allocate capital. **Outcome:** Pass **Implications:** We have made an exception in the current environment as we understand board/mgmt may need flexibility to deploy capital quickly and have encouraged the company to be lower this value in the future.	Baillie Gifford Global Alpha Growth Fund
<u>Company: Schibsted</u> **<u>Meeting date: 6 May 2020</u>** **Management resolutions**: Approve remuneration policy and other terms of employment for executive management (advisory and binding) **How the manager voted:** Against **Rationale:** We opposed two resolutions regarding remuneration as we have concerns about the stringency of the policy and its alignment with shareholders. This resolution is significant because we opposed remuneration. **Outcome:** Pass **Implications:** This is consistent with how we have voted in previous years and reflects our concerns over the stringency of the performance conditions attached to the long-term incentive plan. We are not comfortable with the setting of threshold and target performance hurdles at the 25th and 50th percentiles relative to Schibsted's peer group. We think variable performance plans should incentivise and reward outperformance and we are concerned that the current plan rewards management for underperforming relative to peers. We have encouraged the remuneration committee to strengthen the objectives attached to management's long-term incentives to provide better alignment with shareholders.	Baillie Gifford Global Alpha Growth Fund

<u>Company: SMC</u> **<u>Meeting date: 26 June 2020</u>** **Management resolution**: Approve allocation of income **How the manager voted**: Abstained **Rationale**: We abstained on the low dividend payment as we believe the company's capital strategy is not in the interests of shareholders. This vote is significant because we have deviated from our usual approach. We have previously opposed resolutions to approve the final dividend where we determine that the dividend is inappropriately low. However, we have abstained on this proposal in light of the current market environment. **Outcome:** Pass **Implications:** Having reviewed the capital structure of the business, we believe the company is in a position to utilise its balance sheet more effectively. In normal circumstances, when we determine the dividend to be inappropriate, we generally vote against the dividend proposal. Given the current market environment, we abstained on the dividend proposal.	Baillie Gifford Global Alpha Growth Fund
<u>Company: Tesla Inc</u> **<u>Meeting date: 22 September 2020</u>** **1. Shareholder resolution:** Governance **How the manager voted**: For **Rationale**: We supported a shareholder proposal to eliminate supermajority voting requirements from the company's bylaws and to adopt a simple majority voting standard. We think this change is in shareholders' best interests. This resolution is significant because it was submitted by shareholders and received greater than 20% support. **Outcome:** Pass **Implications:** We supported this change at the 2019 meeting, which was put forward by the company. The resolution received >99% support, but did not pass because it failed to have 2/3 of shares outstanding voted. We have discussed this resolution as part of our recent conversation with Chair Robyn Denholm where we reiterated our support for this change. A majority of shareholders supported this resolution and therefore we hope to see change. **2. Shareholder resolution:** Social **How the manager voted:** For **Rationale:** We supported a shareholder proposal requesting a report on the company's use of arbitration to resolve employee disputes. We think additional disclosure and transparency on this provision would be helpful in understanding Tesla's workplace practices. This resolution is significant because it was submitted by shareholders and received greater than 20% support. **Outcome:** Fail **Implications:** Tesla currently does not report on its grievance mechanism for employees or provide the racial, ethnic and gender breakdown of its workforce. We believe peers provide better disclosure of this information and have started to move away from the use of mandatory arbitration. We will continue to monitor this topic in our discussions with the company.	Baillie Gifford Global Alpha Growth Fund

<u>Company: Barclays</u> **<u>Meeting date: 7 May 2020</u>** **1. Management resolution:** Approve Barclays' commitment in tackling climate change **How the manager voted**: For **Outcome:** Pass **2. Shareholder resolution:** Approve ShareAction requisitioned resolution **How the manager voted:** Against **Outcome:** Fail **Rationale:** 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. 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. **Implications:** 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 UK equity
<u>Company: International Consolidated Airlines Group</u> **<u>Meeting date: 7 September 2020</u>** **1. Shareholder resolution:** Approve remuneration report **How the manager voted**: Against **Rationale**: 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. LGIM considers this vote significant as it illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis. **Outcome:** Pass **Implications**: LGIM will continue to engage closely with the renewed board.	LGIM UK equity

<u>Company: SIG Plc</u> **<u>Meeting date: 9 July 2020</u>** **1. Shareholder resolution:** Approve one-off payment to Steve Francis **How the manager voted**: Against **Rationale**: The company wanted to grant their interim CEO a one-off award of £375,000 for work carried out over a two-month period (February - April). The CEO agreed to invest £150,000 of this payment in acquiring shares in the business, and the remaining £225,000 would be a cash payment. The additional payment was subject to successfully completing a capital-raising exercise to improve the liquidity of the business. The one-off payment was outside the scope of their remuneration policy and on top of his existing remuneration, and therefore needed shareholder support for its payment. LGIM does not generally support one-off payments. We believe that the remuneration committee should ensure that executive directors have a remuneration policy in place that is appropriate for their role and level of responsibility. This should negate the need for additional one-off payments. In this instance, there were other factors that were taken into consideration. The size of the additional payment was a concern because it was for work carried over a two-month period, yet was equivalent to 65% of his full-time annual salary. £225,000 was to be paid in cash at a time when the company's liquidity position was so poor that it risked breaching covenants of a revolving credit facility and therefore needed to raise additional funding through a highly dilutive share issue. The vote is high-profile and controversial. **Outcome:** Pass **Implications:** We intend to engage with the company over the coming year to find out why this payment was deemed appropriate and whether they made the payment despite the significant opposition.	LGIM UK equity
<u>Company: Amazon</u> **<u>Meeting date: 26 May 2020</u>** **Shareholder resolution:** Report on lobbying payments and policy **How the manager voted:** For **Rationale**: Promotes transparency. We consider ESG factors to be a major factor influencing the long-term predictability and sustainability of a company's revenue and earnings growth. **Outcome:** N/A **Implications:** Continue to consider proposals whether from management or shareholders which enhance transparency.	TWIM Partners Fund
<u>Company: Facebook, Inc.</u> **<u>Meeting date: 27 May 2020</u>** **1. Management resolution:** Require independent board chair **How the manager voted:** For **Rationale**: We believe the company would benefit from independent oversight to help manage potential conflicts of interest between management and shareholders. Shareholder porposals to require an independent chair are common in the US. We selected this vote as representative of this class of proposals with regard to our engagement and vote on such matters. The outcome of the vote was also representative of our experience on similar proposals over the year in question. **Outcome:** Fail **Implications:** We will engage with the company as appropriate to encourage the company adopt policies that we believe are in the long-term interest of shareholders.	TWIM Partners Fund

<u>Company: Amazon</u> **<u>Meeting date: 27 May 2020</u>** 1. **Shareholder resolution**: Requesting an additional reduction in threshold for calling a special meeting. Shareholders are requesting 20% and the current threshold is 30% **How the manager voted:** For **Rationale**: We believe the company would benefit from independent oversight to help manage potential conflicts of interest between management and shareholders. We support management's recommendation in decreasing the current threshold from 30% to 25% was in the best interests of the Company and its shareholders. Lowering the treshhold to 20% as suggested increases the risk of special meetings being called by a few shareholders focused on narrow or short-term interests. We selected this vote as "significant" because the company was a large position in the strategy and the proposal was more important to the long term value of the business compared to other proposals for that company. **Outcome:** Fail **Implications:** N/A	TWIM Partners Fund
<u>Company: Alphabet, Inc.</u> **<u>Meeting date: 3 June 2020</u>** **1. Management resolution:** Establish Human Rights Risk Oversight Committee **How the manager voted:** For **Rationale**: A vote FOR this proposal was warranted because continued controversies call into question the extent to which the existing board structure provides adequate oversight on risks the company's technologies present to human rights, which, in turn, creates risks for the company in terms of retaining high-level employees and retaining a good reputation in the eyes of users and advertisers. Also, given the pervasive role of Google in society this should be undertaken. **Outcome:** Fail **Implications:** None to report	TWIM Partners Fund
<u>Company: MasterCard</u> **<u>Meeting date: 16 June 2020</u>** **1. Management resolution:** Advisory vote on executive compensation **How the manager voted:** For **Rationale**: We support the NEO compensation as described in the proxy statement. We selected this vote as "significant" because the company was a large position in the strategy and the proposal was more important to the long term value of the business compared to other proposals for that company. **Outcome:** Pass **Implications:** N/A	TWIM Partners Fund
<u>Company: Pegasystems Inc.</u> **<u>Meeting date: 18 June 2020</u>** **1. Management resolution:** Elect Director Peter Gyenes **How the manager voted:** Against **Rationale**: While Mr. Gyenes is a technology industry veteran and is well-acquainted with PEGA's business (having held a board seat since 2009), his most recent executive experience dates back to fifteen years ago. As such, the company may be better served by appointing a director with more recent experience and positive diversity attributes. **Outcome:** Pass	TWIM Partners Fund

Implications: Other shareholders may not share the same concerns. We will likely continue to vote against the candidate.	
<u>Company: Great Wall Motor</u> **<u>Meeting date: 25 May 2020</u>** **1. Management resolution:** Amendments to Articles of Association **How the manager voted:** Against **Rationale**: Shortened notice period as shareholders should given enough time to consider items before general meetings **Outcome:** Pass **Implications:** 1) We tend to be more stringent in our recommendations vs outcome of the votes when it comes to governance matters. Small matters count - we feel there is always scope for our Chinese portfolio companies to become even better over time; 2) We also hope to communicate with them in future meetings on areas for improvement. It is also an area for us to be even more proactive in the future, i.e., communicating proactively with portfolio companies on our vote-against decisions afterwards.	TWIM Partners Fund
<u>Company: Wuliangye Yibin Co Ltd</u> **<u>Meeting date: 29 May 2020</u>** **1. Management resolution:** Related Party transactions: 2020 estimated continuing connected transactions **How the manager voted:** Against **Rationale**: The proposed related-party transactions include a financial service agreement with the group finance company which may expose the company to unnecessary risks. There are inherent risks associated with the financial services to be provided under this proposal. **Outcome:** Pass **Implications:** Many of our voting decisions are as a result of those guidelines and principals as set out within our Proxy Voting Policy. That being said, our proxy voting guidelines build on our corporate governance principles and provide a reference point for analysing resolutions put forward at shareholder meetings and for formulating voting recommendations. We does not adopt a prescriptive approach to voting, and these guidelines are not rigid rules. Our fiduciary duty to investors requires us to examine each proposed resolution and the context in which it applies. Therefore, when voting on behalf of clients, we considers, on a case-by-case basis, those factors that are in the best interests of clients and those which, in our view, may negatively affect the value of clients' investments. For this reason, there may be instances in which shares may not be voted in strict adherence to these guidelines. We continuously re-assess our proxy voting guidelines and engage with the broader team, industry experts, other institutional investors and industry bodies so as to continuously act with our long-term investment horizon and client's best interests in mind.	TWIM Partners Fund
<u>Company: Naspers Ltd</u> **<u>Meeting date: 21 August 2020</u>** **1. Management resolution:** Reappointment of PricewaterhouseCoopers Inc as auditor. **How the manager voted:** Against **Rationale**: PwC have been the auditor for more than 10 years. **Outcome:** Pass **Implications:** Many of our voting decisions are as a result of those guidelines and principles as set out within our Proxy Voting Policy. That being said, our proxy voting guidelines build on our corporate governance principles and provide a reference point for analysing resolutions put forward at shareholder meetings and for formulating voting recommendations. We does not adopt a prescriptive approach to voting, and these guidelines are not rigid rules. Our fiduciary duty to investors requires us to examine each proposed resolution and the context in which it applies. Therefore, when voting on behalf of clients, we considers, on a	TWIM Partners Fund

case-by-case basis, those factors that are in the best interests of clients and those which, in our view, may negatively affect the value of clients' investments. For this reason, there may be instances in which shares may not be voted in strict adherence to these guidelines. We continuously re-assess our proxy voting guidelines and engage with the broader team, industry experts, other institutional investors and industry bodies so as to continuously act with our long-term investment horizon and client's best interests in mind.	
<u>Company: General Electric Company</u> **<u>Meeting date: 5 May 2020</u>** **1. Management resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation **How the manager voted:** For **Rationale**: ISS recommends voting against Culp's incentive package. The stock grants are potentially large, but the task at hand is monumental, requiring real ownership from the CEO. Hence a vote for is justified in our view. Base salary of $2.5m not at all excessive in a US large cap industrial context (less than 50% of peers). **Outcome:** Pass **Implications:** None to report.	TWIM Partners Fund

Section 4: Conclusion

The Trustee believes that the Scheme’s engagement policy as outlined in the SIP has been adhered to over the Scheme year.

Following monitoring of the Scheme’s investment managers over the year, and reviewing the voting information outlined in this statement, the Trustee is satisfied that TWIM and LGIM are acting in the Scheme members’ best interests and are effective stewards of the Scheme’s assets. Note that the Scheme disinvested all assets with Baillie Gifford on 4 September 2020 and disinvested with LGIM UK equity on 8 September 2020 so monitoring of these funds will not be ongoing.

The Trustee will continue to monitor the remaining investment managers’ stewardship practices on an ongoing basis.

Appendix 1: TWIM’s voting policy

TWIM’s voting policy is provided below

“Policy on consulting clients:

As the Partners Fund is a multi-asset fund investing solely in external managers, voting rights are exercised via the underlying managers. TWIM does however implement a further level of oversight and engagement at the Fund level. TWIM have a vast global manager research team who specifically rate the underlying managers on their approach to integration of ESG factors, of which voting (where applicable) is a critical component. TWIM engage with managers where their practice is not appropriate and will, if required, terminate the relationship with the underlying manager if necessary.

In the context of the Towers Watson Global Equity Focus Fund, the global active equity mandate Partners is invested in, we have engaged with EOS at Federated Hermes to provide voting recommendation to enhance engagement and achieve responsible ownership. Where they choose to vote differently to the EOS recommendation, the underlying managers’ rationale must be noted and if required, can be discussed further with EOS. However, the underlying managers hold the ultimate voting authority.

Process for deciding how to vote:

N/A

Use of proxy voting services:

We partner with EOS at Federated Hermes to provide voting recommendation to enhance engagement and achieve responsible ownership as part of our global active equity mandate. More information on EOS at Federated Hermes can be found in their website. *https://www.hermes-investment.com/uki/stewardship/* ”

Appendix 2: LGIM’s voting policy

LGIM’s voting policy is provided below

“Policy on consulting clients:

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 all our clients. Our voting policies are reviewed annually and take into account feedback from our 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 we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Process for deciding how to vote:

All decisions are made by LGIM’s Investment Stewardship team and in accordance with our 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 our 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.

Use of proxy voting services:

LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our 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 we receive from ISS for UK companies when making specific voting decisions.

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

We retain the ability in all markets to override any vote decisions, which are based on our 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 us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.”

Appendix 3: Baillie Gifford's voting policy

Baillie Gifford's voting policy is provided below

"Policy on consulting clients:

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

Process for deciding how to vote:

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

Use of proxy voting services:

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