Implementation Statement, covering the Scheme Year from 1 December 2020 to 30 November 2021

The Trustees of the Asahi Glass Fluoropolymers Pension Scheme (the "Scheme") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed their Statement of Investment Principles ("SIP") during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-11 below. This Statement covers the Defined Benefit ("DB") Section of the Scheme only. References in this Implementation Statement to the Scheme refer to the DB Section unless otherwise stated.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 12 below.

This Statement uses the same headings as the Scheme's SIP dated November 2021 and should be read in conjunction with the SIP.

1. Introduction

The SIP dated August 2020 applied throughout the Scheme Year until replaced by a revised SIP, effective November 2021. The review of the SIP was undertaken primarily to reflect the appointment of Legal and General Assurance (Pensions Management) Limited as the Scheme's platform provider.

The Trustees considered both of these SIPs when preparing this Implementation Statement.

Further detail and the reasons for these changes are set out in Section 5. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the policies in the Scheme's SIP during the Scheme Year. The following sections provide detail and commentary about how and the extent to which they did this.

The Trustees have also, in their opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustees took a number of steps to review the Scheme's existing managers and funds over the period, as described in Section 8 below.

2. Investment objectives

With the help of their Investment adviser, the Trustees are able to assess the Scheme's progress relative to its objectives, both shorter-term – being able to meet benefit payments as they fall due and moving towards a fully funded position on a technical provisions basis – and longer-term – achieving a fully funded position on a "gilts flat" basis. Given these objectives and the Scheme's overall funding position, the Trustees maintained a relatively high allocation to "growth" assets throughout the period, even though in the short term this lead to a heightened level of funding volatility.

3. Investment strategy

The Trustees, with the help of their advisers and in consultation with the sponsoring employer, review the Scheme's strategy on an ongoing basis. No changes were made to the investment strategy over the Scheme Year.

The Trustees monitor the Scheme's asset allocation from time to time. While this moved as a result of the significant market movements experienced over the Scheme Year, the Trustees undertook no rebalancing action.

4. Considerations in setting the investment arrangements

The Trustees made no changes to their investment strategy over the Scheme Year.

5. Implementation of the investment arrangements

Over the course of the Scheme Year, the Trustees' previously agreed commitment to invest in long lease property – designed to improve overall diversification – was drawn down, in full. The drawdown amounts were funded from a mix of existing Scheme investments, primarily developed market equities.

Also during the Scheme Year the Trustees appointed Legal and General Assurance (Pensions Management) Limited as the Scheme's platform provider. It was agreed that all of the Scheme's LGIM and BMO holdings should be moved onto LGIM's platform while all of the Scheme's other assets, which are not compatible with the platform, should be retained in their current form. These transfers were carried out after the Scheme Year end. The Trustees obtained formal written advice from their investment adviser, LCP, before appointing LGIM as platform provider.

The purpose of moving some of the Scheme's assets onto the LGIM platform was to reduce aggregate running costs and facilitate potential future asset allocation changes.

The Scheme's investment adviser, LCP, monitors the Scheme's investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors developments at managers and informs the Trustees promptly about any significant updates or events they become aware of with regard to the Scheme's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification in the fund.

The Trustees invite all the Scheme's investment managers to meet and present to them on an annual basis and monitors their performance on an ongoing basis. Performance is considered in the context of the manager's benchmark and objectives. The Trustees were comfortable with all the Scheme's investment manager arrangements over the Scheme Year, given the managers' overall performance and the investment adviser's assessment of them.

The Trustees have been able to consider the fees charged by the Scheme's investment managers in light of the information provided in LCP's most recent fee survey. On this basis, overall, the Trustees believe the investment managers provide reasonable value for money. The competitiveness of fee rates was improved further for a number of funds, as a result of the platform move described above and following a fee reduction negotiated by the investment adviser for the BMO LDI funds used by the Scheme.

6. Realisation of investments

The Trustees review the Scheme's net current and future cashflow requirements on a regular basis. The Trustees' policy is to have access to sufficient liquid assets in order to meet any outflows which maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets. During the course of the Scheme Year, in order to provide greater certainty in meeting net cash outflow, the Trustees arranged for the income options to be switched on for a number of the Scheme's investments.

7. Consideration of financially material and non-financial matters

As a key part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement. During the Scheme Year, the investment adviser discussed with the Trustees the potential impact of climate change on investments and described ways in which the impact might be mitigated.

The Trustees' approach is not to take non-financial matters into account when making investment decisions.

8. Stewardship

The Trustees' approach during the Scheme Year has been to delegate voting and engagement activities to the managers they have appointed for the various Scheme investment mandates. The Trustees noted how the Scheme's investment adviser monitors on their behalf how the Scheme's managers discharge those activities as described in Section 7 above.

9. Investment governance, responsibilities, decision-making and fees (Appendix 1 of SIP)

As noted in Section 5, the Trustees assess the performance of the Scheme's investments on an ongoing basis as part of the regular monitoring reports they receive.

The performance of the professional advisers is considered on an ongoing basis by the Trustees. More specifically, the Trustees have put in place formal objectives for their investment adviser and will review the adviser's performance against these objectives on a regular basis. The next review is to take place in November 2022.

The Trustees actuarial and investment advisers' work is charged for by an agreed fixed fee or on a "time-cost" basis while the investment managers receive fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the managers' general terms for institutional clients and are considered by the Trustees to be reasonable when compared with those of other similar providers.

10. Policy towards risk (Appendix 2 of SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustees also maintain a risk register, and this is discussed on an ongoing basis.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon advice of the Scheme's investment adviser or information provided to the Trustees by the Scheme's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

From time to time the Trustees monitor the Scheme's risk of inadequate returns to ensure that there is a sufficient allocation to growth assets as well as the Scheme's interest and inflation hedging levels. Over the period the Scheme's hedging levels were between broadly in line with the target levels.

With regard to collateral adequacy risk, the Trustees hold investments in the BMO's Sterling Liquidity Fund and BMO's Global Absolute Return Bond Fund alongside the Scheme's BMO LDI portfolio, to be used should the LDI manager require cash to be posted for a deleverage event. Following the Scheme Year end, and as noted above, the Trustees transferred BMO assets over to LGIM's platform, and to allow a smoother deleveraging process should that be necessary, switched out of BMO's Sterling Liquidity Fund, and into LGIM's Sterling Liquidity Fund, and out of BMO's Global Absolute Return Bond Fund and into LGIM's Absolute Return Bond Fund. As at 30 November 2021 the Scheme held sufficient liquid assets to meet the next deleveraging capital call on the LDI funds.

Together, the investment and non-investment risks set out in Appendix 2 of the SIP give rise generally to funding risk. The Trustees formally review the Scheme's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustees reviews the funding position allowing for membership and other experience. The Trustees also informally monitors the funding position more regularly, for example at Trustee meetings.

The following risks relating to the Scheme's assets are covered earlier in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

11. Investment manager arrangements (Appendix 3 of SIP)

There are no specific policies in this section of the Scheme's SIP.

12. Description of voting behaviour during the Scheme Year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year.

In this section we have sought to include voting data on the Scheme's DB funds that hold equities as follows:

- L&G UK Equity Index Fund
- L&G North America Equity Index Fund
- L&G Europe (ex-UK) Equity Index Fund
- L&G Europe (ex-UK) Equity Index Fund (Hedged)
- L&G Asia Pacific (ex-Japan) Developed Equity Index Fund
- L&G Asia Pacific (ex-Japan) Developed Equity Index Fund (Hedged)
- L&G Global Emerging Markets Equity Index Fund
- L&G World Emerging Markets Equity Index Fund
- Baillie Gifford Multi Asset Growth Fund

- Newton BNY Mellon Real Return Fund

In addition to the above, the Trustees contacted the Scheme's other asset managers that don't hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period. Commentary provided from these managers is set out in Section 12.4.

12.1 Description of the voting processes

Baillie Gifford

All voting decisions are made by Baillie Gifford's Governance and Sustainability team in conjunction with investment managers. Baillie Gifford does not regularly engage with clients prior to submitting votes; however, if a segregated client has a specific view on a vote then it will engage with them on this.

Baillie Gifford's strong preference is to be given the responsibility to vote on behalf of its clients. The Governance and Sustainability team oversees voting analysis and execution in conjunction with the investment managers. Baillie Gifford endeavours to vote every one of its clients' holdings in all markets.

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

Legal & General

L&G's voting and engagement activities are driven by ESG professionals and are reviewed annually, taking into account feedback from its clients. Every year, L&G 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 L&G develops its voting and engagement policies.

All decisions are made by L&G's Investment Stewardship team and are in accordance with the 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.

The Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of its strategic decisions. L&G uses ISS recommendations but purely to augment its 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 L&G receives from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with L&G's position on ESG, L&G has put in place a custom voting policy with specific voting instructions that apply to all markets globally. L&G retains the ability in all markets to override any vote decisions, which are based on its custom voting policy.

Newton

Overall, Newton prefers to retain discretion in relation to exercising clients' voting rights and has established policies and procedures to ensure the exercise of global voting rights. Newton believes the value of clients' portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights.

Newton's head of responsible investment (RI) is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. The manager does not maintain a strict proxy voting policy. Instead, Newton prefers to take into account a company's individual circumstances, its investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices.

Newton also employs a variety of research providers that aid it in the vote decision-making process, including proxy advisors such as ISS. The manager utilises ISS for the purpose of administering proxy voting, as well as its research reports on individual company meetings.

Voting decisions are approved by either the deputy chief investment officer or a senior investment team member (such as the head of global research). For the avoidance of doubt, all voting decisions are made by Newton.

It is only in the event of a material potential conflict of interest between Newton, the investee company and/or a client that the recommendations of the voting service used (ie Institutional Shareholder Services, or the ISS) will take precedence.

12.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the period is provided in the table below.

Voting behaviour								
Manager name	**L&G**						**Baillie Gifford**	**Newton**
Fund name	UK Equity Index Fund	North America Equity Index Fund	Europe (ex-UK) Equity Index Fund	Asia Pacific (ex-Japan) Developed Equity Index Fund	Global Emerging Markets Equity Index Fund	World Emerging Markets Equity Index Fund	Multi Asset Growth Fund	BNY Mellon Real Return Fund
Total size of fund at end of reporting period	£20,461.0m	£39,540.0m	£17,522.9m	£6,360.1m	£227.2m	£7,330.6m	£2,464.4m	£5,837.4m
Value of Scheme assets at the end of reporting period	£9,292,692	£3,574,065	£2,632,977	£2,252,199	£1,394,431	£3,577,068	£3,292,695	£4,046,800
Number of holdings at end of reporting period	572	642	488	406	2,513	1,618	78	97
Number of meetings eligible to vote	707	638	463	329	4,217	3,627	112	112
Number of resolutions eligible to vote	9,923	7,846	7,665	2,308	36,483	31,303	1357	1,614
% of resolutions voted	100.0%	99.7%	100.0%	100.0%	99.8%	99.8%	87.6%	99.3%
Of the resolutions on which voted, % voted with management	92.8%	71.0%	82.2%	72.4%	80.3%	81.8%	96.5%	84.5%
Of the resolutions on which voted, % voted against management	7.2%	29.0%	17.5%	27.3%	17.6%	16.3%	3.4%	15.5%
Of the resolutions on which voted, % abstained from voting	0.0%	0.1%	0.4%	0.3%	2.2%	1.9%	0.2%	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	45.7%	94.2%	75.4%	66.9%	52.6%	49.2%	18.8%	44.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	5.5%	22.9%	8.1%	15.9%	7.1%	6.2%	n/a	11.5%

Source: L&G, Baillie Gifford & Newton.
Figures may not sum due to rounding.
All voting data has been provided for the period 1 January 2021 to 31 December 2021.
The Scheme's hedged equity funds have the same underlying holdings as their unhedged equivalents, and therefore the same voting data. The fund size and Scheme assets for the hedged and unhedged funds have been aggregated.
Items denoted with "n/a" have not been provided by the manager.

12.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the period, from the Scheme's asset managers who hold listed equities, is set out below. We have interpreted "most significant votes" to mean those provided by the investment managers, following the PLSA guidance provided.

Baillie Gifford

Diversified Growth Fund

Baillie Gifford outlined a range of voting situations that it would consider to be significant. These include but are not limited to: situations where Baillie Gifford had a material impact on the outcome of the meeting; voting relating to egregious remuneration, significant audit failings, or controversial equity issuance; or where Baillie Gifford opposed mergers and acquisitions, financial statements, or the election of a director.

Four examples of these significant votes over the Scheme Year are outlined below:

- **Rio Tinto Plc, 9 April 2021.**

  Vote: Against

  Summary of resolution: Approval of remuneration policies and reports.

  Rationale: Baillie Gifford opposed the remuneration report as they did not agree with the decisions taken by the Remuneration Committee in the last year regarding executive severance payments and the vesting of long-term incentive awards. As such, Baillie Gifford engaged with the company to communicate their concerns. Whilst Baillie Gifford did not support the backwards looking remuneration report, they took the decision to support the forward-looking remuneration policy. Baillie Gifford continue to be focussed on having good open communication with the leadership team which they believe is valuable as long-term investors.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

- **Six Flags Entertainment Corporation, 5 May 2021.**

  Vote: Against

  Summary of resolutions: Approval of remuneration policies and reports.

  Rationale: Baillie Gifford opposed executive compensation for a multitude of reasons however their primary concern was the size of the long-term incentive award paid to the CEO. In light of COVID-19, when reviewing proposals relating to executive compensation, Baillie Gifford assess whether executive pay is aligned with the experience of employees and shareholders. Baillie Gifford felt they could not justify supporting a sizeable long-term incentive award for the CEO, which was equal to the previous year, when framed against a background of company-wide salary reductions and employee lay-offs. Baillie Gifford communicated their concerns to the company following the submission of their votes and will continue to engage on their concerns.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

- **Galaxy Entertainment Group Ltd, 13 May 2021.**

  Vote: Against

  Summary of resolutions: Concerns regarding Incentive Plan.

  Rationale: Baillie Gifford opposed the Share Option Scheme due to poor disclosure, and the potential conflict of having the plan administrators eligible to participate in the plan. In addition, Baillie Gifford felt the level of dilution was not in the interests of shareholders.

  Outcome: While the final outcome of the vote on this resolution was that it was passed, the resolution received a significant dissent with a 22% opposition. Following the AGM Baillie Gifford contacted the company to encourage improved disclosure in this area.

- **Dufry AG, 18 May 2021.**

  Vote: Against

  Summary of resolutions: Amendment of Share Capital.

  Rationale: Baillie Gifford opposed the six resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders. The company requested an authority to issue up to 71% of issued share capital with or without pre-emption rights. This is much larger than authorities usually seen in Europe and could be dilutive to shareholders. As such, Baillie Gifford will look to engage with the company to communicate their concerns and seek to obtain proposals they can support in future.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

L&G

Equity Index Funds

L&G determines the voting situations it deems to be significant to include but not be limited to: high profile votes which have such a degree of controversy that there is high client and/or public scrutiny; votes where there is significant client interest for a vote which has been directly communicated by clients to the Investment Stewardship team; sanction votes as a result of a direct or collaborative engagement; and votes linked to an L&G engagement campaign in line with L&G's 5-year ESG priority engagement themes.

Four examples of these significant votes over the Scheme Year are outlined below:

UK Equity Index Fund

- **Imperial Brands plc, 3 February 2021.**

  Vote: Against

  Summary of resolution: Approval of remuneration policies and reports.

  Rationale: The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. A higher base salary has a consequential ripple effect on short- and long-term incentives, as well as pension contributions. Further, the company did not apply best practice in relation to post-exit shareholding guidelines as outlined by both LGIM and the Investment Association. An incoming CEO with no previous experience in the specific sector, or CEO experience at a FTSE100 company, should have to prove her or himself beforehand to be set a base salary at the level, or higher, of an outgoing CEO with multiple years of such experience. Further, LGIM would expect companies to adopt general best practice standards. Prior to the AGM, LGIM engaged with the company outlining what their concerns over the remuneration structure were. LGIM also indicated that they publish specific remuneration guidelines for UK-listed companies and keep remuneration consultants up to date with their thinking.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

- **EVRAZ Plc, 15 June 2021.**

  Vote: Against

  Summary of resolution: Elect Director Alexander Abramov.

  Rationale: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets managed on their behalf. For 10 years, LGIM have been using their position to engage with companies on this issue. As part of LGIM's efforts to influence their investee companies on having greater gender balance, LGIM apply voting sanctions to those FTSE 350 companies that do not have a minimum of 30% women on the board. LGIM also apply voting sanctions to the FTSE 100 companies that do not have 30% women on their executive committee. For smaller companies they expect at least one woman at board level.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

North America Equity Index Fund.

- **NVIDIA Corporation, 3 June 2021.**

  Vote: Against

  Summary of resolution: Elect Director Harvey C. Jones

  Rationale: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manages on their behalf. For 10 years, LGIM have been using their position to engage with companies on this issue. As part of their efforts to influence investee companies on having greater gender balance, in 2020, LGIM increased its expectations on gender diversity on the board by placing a vote against the largest 100 companies in the S&P500 and the S&P/TSX where there is less than 25% women on the board. In 2021, LGIM expanded the scope of its vote policy to include all companies in the S&P 500 and the S&P/TSX. LGIM's expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

- **Facebook, Inc., 26 May 2021.**

  Vote: Withheld

  Summary of resolution: Elect Director Mark Zuckerberg.

  Rationale: LGIM has a longstanding policy advocating the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020

LGIM are voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO (available on its website), and LGIM have reinforced its position on leadership structures across its stewardship activities – e.g. via individual corporate engagements and director conferences.

Outcome: The final outcome of the vote on this resolution was that it was passed.

Europe (ex UK) Equity Index Fund (Hedged and Unhedged)

- **Total SE, 28 May 2021.**

  Vote: Against

  Summary of resolution: Re-elect Patrick Pouyanne as Director.

  Rationale: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM are voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO and have reinforced their position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

- **Swiss Re AG, 16 April 2021.**

  Vote: Against

  Summary of resolution: Re-elect Renato Fassbind as Director.

  Rationale: LGIM views gender diversity as a financially material issue for its clients, with implications for the assets LGIM manage on their behalf. For 10 years, LGIM have been using its position to engage with companies on this issue. As part of LGIM's efforts to influence its investee companies on having greater gender balance, LGIM expect companies in well-governed markets to have at least 30% women on their boards.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

Asia Pacific (ex-Japan) Developed Equity Index Fund (Hedged and Unhedged)

- **Sands China Ltd, 21 May 2021.**

  Vote: Against

  Summary of resolution: Elect Robert Glen Goldstein as Director.

  Rationale: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM are voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO and have reinforced their position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

- **Suntec Real Estate Investment Trust, 15 April 2021.**

  Vote: Against

  Summary of resolution: Elect Director Alexander Abramov.

  Rationale: The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

Global Emerging Markets Equity Index Fund

- **Industrial & Commercial Bank of China Limited, 21 June 2021.**

  Vote: Against

  Summary of resolution: Approve Work Report of the Board of Directors.

  Rationale: The company is deemed to not meet minimum standards with regards to climate risk management and disclosure. Note that this company was also divested by LGIM across its Future World range of funds.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

- **Bank of China Limited, 20 May 2021.**

  Vote: Against

  Summary of resolution: Elect Liu Liange as Director.

  Rationale: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM are voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO (available on LGIM's website), and LGIM have reinforced its position on leadership structures across its stewardship activities – e.g. via individual corporate engagements and director conferences.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

World Emerging Markets Equity Index Fund

- **Industrial & Commercial Bank of China Limited, 21 June 2021.**

  Vote: Against

  Summary of resolution: Approve Work Report of the Board of Directors.

  Rationale: The company is deemed to not meet minimum standards with regards to climate risk management and disclosure. Note that this company was also divested by LGIM across its Future World range of funds.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

- **China Mengniu Dairy Company Limited, 2 June 2021.**

  Vote: Against

  Summary of resolution: Elect Niu Gensheng as Director and Authorize Board to Fix His Remuneration.

  Rationale: The company is deemed to not meet minimum standards with regards to climate risk management and disclosure. Note that this company was also divested by LGIM across its Future World range of funds.

  Outcome: The final outcome of the vote on this resolution was that it was passed.

<u>**Newton**</u>

BNY Mellon Real Return Fund

Newton outlined a range of voting situations that it would consider to be significant. These include but are not limited to: situations where Newton had a material impact on the outcome of the meeting; voting relating to egregious remuneration, significant audit failings, or controversial equity issuance; or where Newton opposed mergers and acquisitions, financial statements, or the election of a director.

Four examples of these significant votes over the Scheme Year are outlined below:

- **AstraZeneca Plc, 11 May 2021.**

  Vote: Against

  Summary of resolutions: Approval of renumeration policies and amendment of restricted stock plan.

  Rationale: Votes were instructed against the remuneration policy, a new performance share plan, and members of the remuneration committee. Newton did not consider that the company had provided the necessary justification for significant increase in the variable pay awards that were granted to senior executives.

  Outcome: The final outcome of the votes on these resolutions was that they passed but with sizeable votes against (c.40% in each case).

- **ConocoPhillips, 11 May 2021.**

  Vote: Against

  Summary of resolutions: Advisory Vote to Ratify Named Executive Officers' Compensation and Emission Reduction Targets.

  Rationale: Newton voted against the remuneration report owing to a significant proportion of the long-term pay awards not being subject to the achievement of performance hurdles. As a result, Newton also voted against the members of the compensation committee. Newton also voted against the appointment of the company's auditor given that it had been in place since 1949, raising concerns regarding the firm's ability to act objectively and independently. Finally, Newton supported a shareholder resolution requesting that the company introduce Paris-aligned scope 1, 2 and 3 targets. Newton felt that the company would benefit from enhancements to its management of climate risk. Of particular note is the vote outcome that saw a majority of shareholders support the shareholder proposal surrounding emission targets.

Outcome: The proposal on executive pay arrangements was supported by the minority (c.7%) whilst the majority of shareholders (c.59%) supported the shareholder proposal surrounding emission targets.

- **Microsoft Corporation, 30 November 2021.**

  Vote: Against

  Summary of resolution: Advisory Vote to Ratify Named Executive Officers' Compensation, Ratify Auditors, Gender Pay Gap, Workplace Sexual Harassment Report and Report on Political Activities.

  Rationale: Newton voted against the executive compensation arrangements. The company decided to use semi-annual goals for the financial measures used in both the cash incentive and performance stock awards, thereby resulting in an above-target pay-out for the chief executive officer. In addition, Newton had concerns in relation to the granting of a sign-on bonus to a new executive, which was not subject to the achievement of performance criteria. This led to Newton also voting against the members of the compensation committee. Votes were also instructed against the reappointment of the company's external auditor given that the firm had served in its role since 1983, which raised concerns around its ability to act with independence and objectivity. In contrast to the recommendations of the company's management, Newton supported three shareholder resolutions. These resolutions requested that the company publish reports on its gender and racial pay gaps, the effectiveness of its workplace sexual harassment policies, and how its direct and indirect lobbying activities align with its corporate policies. Newton voted against a shareholder resolution asking the company to prohibit sales of facial recognition technology to all government entities. This proposal was deemed overly prescriptive in light of measures already being taken by the company. Finally, Newton voted against a shareholder resolution asking that the company report whether its commitment to the Fair Chance Business Pledge has advanced progress towards eliminating racial discrimination. Taking into consideration the company's various disclosures, it appears the company is taking sufficient measures to enable shareholders to assess its commitment to the Pledge.

  Outcome: The company tabled proposals were all passed. The shareholder tabled proposals all failed with the exception of the requirement to report on the effectiveness of its workplace sexual harassment policies which passed.

  The Goldman Sachs Group Inc, 29 April 2021.

  Vote: Against

  Summary of resolutions: Provide Right to Act by Written Consent, Mandatory Arbitration on Employment Related Claims

  Rationale: Newton supported a shareholder proposal requesting that the company provide shareholders with the right to act by way of written consent. This would enhance shareholders' rights, provide shareholders with the means to raise issues outside of AGMs, and is aligned with US best practice. Additional information on the company's policies regarding mandatory arbitration for harassment and discrimination cases was considered to have merit as it would provide insight into practices and could result in improved recruitment and retention, as well as allowing shareholders to better assess the risks associated with the company's use of arbitration agreement. Newton did not support two shareholder proposals. Newton considered that the company has been taking meaningful action in terms of racial and economic equality, and the request for Goldman Sachs to become a B Corporation (a public-benefit corporation) could be legally problematic.

  Outcome: The Shareholder proposal regarding the right to act by written consent was not passed but a sizeable minority (c.40%) voted in favour. The Shareholder proposal regarding the Mandatory Arbitration on Employment Related Claims was not passed but a very sizeable minority (c.49%) voted in favour.

12.4 Votes in relation to assets other than listed equity

The following comments were provided by the Plan's asset managers who don't hold listed equities, but invest in assets that had voting opportunities during the period:

M&G – Credit Opportunities Fund IV (High Grade)

M&G did not have any significant votes for this fund over the Scheme year. M&G aims to vote on all resolutions at general meetings of companies held in M&G's actively managed portfolios. M&G will vote against proposals that compromise its clients' interests. It may not vote in favour of resolutions where it is unable to make an informed decision on the resolution because of poor quality disclosure, or due to an unsatisfactory response raised on specific issues.

M&G considers it unnecessary to inform investee companies ahead of meetings of routine capital management resolutions that it typically opposes. M&G discloses its voting records on its website on a quarterly basis.