McCormick (UK) Limited Pension & Life Assurance Scheme ("the Scheme")

Statement of Investment Principles ("SIP")

Investment Objective

The Trustees aim to invest the assets of the Scheme prudently with the intention that the benefits promised to members are provided. In setting investment strategy, the Trustees first considered the lowest risk asset allocation that they could adopt in relation to the Scheme's liabilities. The asset allocation strategy they have selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Scheme's liabilities. In setting the investment strategy the Trustees take an integrated approach to risk management which considers the covenant strength of the sponsoring employer and the Scheme's funding strategy.

STRATEGY

The current planned asset allocation strategy chosen to meet the objective above is set out in the table below. The Trustees will monitor the actual asset allocation versus the target weight and the ranges set out in the table below.

Fund ("PF Section")			Central Benchmark %	Control Ranges %
Equities:				
GPBF	Global Equity	All World Equity Index Fund – GBP Currency Hedged	35.00	0.00-40.00
Bonds:		Total Bond Portfolio	65.00	60.00-100.00
CT	Corporate Bond	AAA-AA-A Corporate Bond – Over 15 Year – Index Fund	20.25	-
Y	Index-Linked Gilts	All Stocks Index – Linked Gilts Index Fund	24.75	-
HC		Over 15 year Index Linked Gilts Index Fund	10.00	-
BSAA	Fixed Interest Gilt	2068 Gilt Fund	10.00	-
Total			100.00	

The planned asset allocation strategy was determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position and the liability profile. The Trustees' policy is to make the assumption that equities will outperform gilts over the long term. However, the Trustees recognise the potential volatility in equity returns, particularly relative to the Scheme's liabilities and the risk that the fund manager does not achieve the targets set.

Purchases of Units should be applied to PF Sections to move the Scheme's asset distribution as close as practicable to the central benchmark. Any surrender of monies should be taken from PF Section GPBF (All World Equity Index Fund – GBP Currency Hedged).

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustees also comply with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

The Trustees monitor the allocation to each of the funds in the Bond Portfolio and consider rebalancing if any of the funds are not within 5% of their respective Central Benchmarks. When choosing the Scheme's planned asset allocation strategy the Trustees considered written advice from their investment advisers and, in doing so, addressed the following:

- The need to consider a full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

In addition, the Trustees also consulted with the sponsoring employer when setting this strategy.

RISK

The Trustees maintain a 'Statement of Funding Principles' which specifies that the funding objective is to have sufficient assets so as to make provision for 100% of the Scheme's liabilities as determined by an actuarial calculation.

The Trustees recognise that the key risk to the Scheme is that it has insufficient assets to make provisions for its liabilities ("funding risk"). The Trustees have identified a number of risks which have the potential to cause deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustees and their advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cash flow risk"). The Trustees will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustees ("manager risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustees and their advisers considered this risk when setting the Scheme's investment strategy and have also mandated to each of the fund managers employed that a suitably diversified portfolio of assets should be maintained at all times.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustees considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk that environmental, social and governance factors can impact future returns ("risk of ESG factors"). The Trustees acknowledge that ESG factors can have a financially material impact on the future returns on its investments and the Trustees' actions to mitigate these is detailed later in this document.

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews. In particular, the mismatching risk was modelled explicitly as part of the most recent investment strategy review.

Having set an investment objective which relates directly to the Scheme's liabilities and implemented it using a fund manager, the Trustees' policy is to monitor these risks quarterly, where possible. The Trustees receive quarterly reports showing:

- Performance versus the Scheme investment benchmark.
- Performance of individual fund manager versus their respective targets.
- Any significant issues with the fund manager that may impact their ability to meet the performance targets set by the Trustees.

IMPLEMENTATION

Following improvements in the funding level the Trustees appointed PricewaterhouseCoopers LLP ("PwC") as investment adviser to review the investment strategy with an objective to reduce the return and risk. They operated under an agreement to provide a service that ensured the Trustees were fully briefed to take decisions themselves and were paid an agreed fee for the services provided. This structure was chosen to ensure that cost-effective, independent advice was received. The Trustees with guidance from PwC chose to implement a lower risk/return strategy with two new LGIM gilt funds in Q3 2021.

Investment Manager

The Trustees, with guidance from PwC, have chosen to continue with Legal and General Investment Management ("LGIM") as the Scheme's Investment Manager. LGIM is authorised and regulated by the Financial Conduct Authority.

Legal & General's investment objectives for each fund are as follows:

PF Section	To perform in line with:
All World Equity Index – GBP Currency Hedged	FTSE AW World Index
AAA AA A Corporate Bond – Over 15 Year Index	Markit iBoxx £ Non-Gilt (ex-BBB) Over 15 Year Index
All Stocks Index-Linked Gilts Index	FTSE A Govt Index - Linked (All Stocks)
Over 15 year Index Linked Gilts Index Fund	FTSE Actuaries UK Index Linked Gilts Over 15 Years Index
2068 Gilt Fund	Treasury 3.5% 2068 Gilt

The Trustees have delegated all day-to-day decisions about the investments that fall within the mandate, including the realisation of investments, to the fund manager through a written contract. When choosing investments, the Trustees and the fund manager (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The manager's duties also include:

- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Scheme's assets including taking into account the Institutional Shareholders' Committee Statement of Principles on the responsibilities of Institutional Shareholders and Agents.

Voting activity

The Trustees review the statements of corporate governance issued by their fund manager and monitor voting activity regularly.

The Trustees' policy is to invest in pooled investment vehicles. It is the Investment Manager that is responsible for the exercise of rights (including voting rights) attaching to these investments.

The Trustees' policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Scheme's interests in the investments, having regard to appropriate advice. The Trustees expect the Investment Manager to engage with investee companies (and other relevant persons including, but not limited to, investment managers, issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustees' investments. The Trustees believe that such engagement will protect and enhance the long-term value of its investments.

ESG policy

The Trustees' policy towards financially material considerations (including, but not limited to, environmental, social and governance considerations, including climate change) is to monitor the investment manager to whom they delegate this function through investment in pooled index-tracking funds. The Investment Manager produces regular reports on their engagement with companies on environmental, social and governance considerations.

The Trustees recognise the importance of ESG factors on long term investment performance and both immediate and future downside risks. The Trustees have set an appropriate monitoring framework to ensure the Scheme's Investment Manager is regularly reviewed. The monitoring framework is intended to promote greater transparency and improved understanding of the reasons behind performance trends and key risk exposures. The Trustees recognise the importance of regular monitoring of the Investment Manager's performance, remuneration and compliance against ESG policy to ensure that the Scheme's assets are being managed appropriately. Regular monitoring and communication with the Investment Manager, with specific reference to ESG factors, will incentivise the Scheme's Investment Manager to assess and improve the medium to long-term performance of investee companies, both financial and non-financial.

In addition to performance measures, the Trustees will review the engagement activity of the Investment Manager to ensure that active engagement is taking place where possible to influence positive change in relation to ESG factors within investee companies. The Trustees will also monitor the voting activity of the Investment Manager to ensure votes are being used and are aligned to their views on ESG.

The remuneration of the investment manager is not directly linked to performance, given the absence of performance related fees, or to ESG practices. However, the Trustees will review and replace the investment manager if net of fees investment performance, risk characteristics and ESG practices are not in line with the Trustees' expectations and views.

If the Trustees believe that the Scheme's Investment Manager is no longer acting in accordance with the Trustees' policies, including those regarding ESG and engagement with investee organisations to assess and improve their medium to long-term financial and non-financial performance, the Trustees will take the following steps:

- engage with the Investment Manager in the first instance, in an attempt to influence its policies on ESG and stewardship; and
- if necessary, look to appoint a replacement Investment Manager or managers which are more closely aligned with the Trustee's policies and views.

The Trustees believe that these steps will incentivise the investment manager to align its actions with the Trustees' policies and also for it to act responsibly.

The Trustees, with guidance from its investment adviser, have chosen to invest in pooled funds. For these funds, the Trustees' policy is typically to enter arrangements with no fixed end date. However, the Trustees will seek to enter arrangements where it has the power to terminate these in line with the liquidity of the underlying assets and as agreed in the mandate. The Scheme's open-ended investments are weekly dealt. The Trustees will determine whether to terminate such arrangements on an ongoing basis through its regular monitoring of the Investment Manager's performance against objectives. The Trustees may also elect to terminate the arrangement with the Investment Manager when performing ongoing reviews of the suitability of the Scheme's asset allocation over time.

Non-financial matters are not taken directly into account in the selection, retention and realisation of investments due to the relative size of the Scheme assets, the time and resources available to the Trustees and the fact that assets are invested in index-tracking funds. Non- financial matters include the views of the members and beneficiaries, including their ethical views in relation to the social and environmental impact on their present and future quality of life.

GOVERNANCE

The Trustees are responsible for the investment of the Scheme's assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have taken into account whether they have the appropriate training and expert advice in order to take an informed decision.

The Trustees have established the following decision-making structure:

Trustees

- Set structures and processes for carrying out their roles.
- Select and monitor planned asset allocation strategy, including ESG considerations and implementation.
- Monitor actual returns versus the Scheme's investment objective.
- Select and review direct investments (see below).

Investment Adviser

- Advise on all aspects of the investment of the Scheme's assets, including ESG and implementation.
- Advise on this statement.
- Provide required training.

Fund Manager

- Operate within the terms of this statement and its written contracts.

- Select individual investments with regard to their suitability and diversification.
- Comment, where applicable, on the suitability of the indices in their benchmark.
- Is responsible for the stewardship of underlying investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, eg the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustees' policy is to review their direct investments and to obtain written advice about them annually. These include vehicles available for members' AVCs. When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager.

The written advice will consider the issues set out in the Occupational Pension Scheme (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustees (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustees' investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustees expect the fund manager to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

The fund manager is remunerated on an ad valorem basis. The level of remuneration paid to the fund manager is reviewed regularly by the Trustees against market rates in the context of the Scheme's size and complexity to ensure the fund manager's interests are aligned with those of the Scheme.

In addition, the fund manager pays commissions to third parties on many trades it undertakes in the management of the assets and also incurs other ad hoc costs. The Trustees receive statements from the fund manager setting out these costs and review them regularly with advice from their investment adviser. This is to ensure that the costs incurred are commensurate with the goods and services received.

The Trustees also review additional investment management costs and charges (including portfolio turnover costs) on a regular basis, and on the selection of any mandate, to ensure that they are appropriate and competitive for the service being provided. The Trustees monitor the portfolio turnover in the context of what the Trustees believe to be reasonable given the nature of each mandate. By also monitoring performance and associated costs, the Investment Manager is incentivised to consider the impact of portfolio turnover on investment performance.

The Trustees will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustees will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Matt Garmston – 10th November 2021

Signed on behalf on the Trustees of the McCormick (UK) Limited Pension and Life Assurance Scheme

Deloitte.

McCormick (UK) Limited Pension & Life Assurance Scheme

Implementation Statement

For the year ended 31 March 2021

Introduction

This Implementation Statement (the "Statement") has been prepared by the Trustees (the "Trustees") of the McCormick (UK) Limited Pension & Life Assurance Scheme (the "Scheme") to demonstrate how the Trustees have acted on certain policies within its Statement of Investment Principles ("SIP").

Each year, the Trustees must produce an Implementation Statement that demonstrates how they have followed certain policies within the Scheme's SIP over the Scheme year. This Implementation Statement covers the Scheme year from 1 April 2020 to 31 March 2021.

This Implementation Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit ("DB") investments held by the Scheme, and excludes consideration of any Additional Voluntary Contribution ("AVC") investments held by the Scheme.

Trustees of pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including (where applicable) a description of their voting behaviour, the most significant votes cast and any use of proxy voting on their behalf over the year.

SIP Policies

This Implementation Statement should be read in conjunction with the Scheme's SIP covering the year under review, which provides details of the Scheme's investment policies along with details of the Scheme's governance structure and objectives.

The Scheme's SIP includes policies on:-

- How "financially material considerations" (including, but not limited to, environmental, social and governance ("ESG") considerations, including climate change) are taken into account when making investment decisions for the Scheme;
- The extent to which non-financial matters are taken into account in the investment decision-making process;
- Stewardship and voting policy, including details on monitoring and engaging with the investee companies in which they invest (and other relevant stakeholders) including areas including, but not limited to, performance, strategy, capital structure, management of actual or potential conflicts of interest, corporate governance, and social and environmental issues concerning the Trustees' investments; and
- A policy on the regular monitoring of the Plan's investment managers' performance and arrangements with them.

This Implementation Statement reviews the voting and engagement activities covering the 12-month period to the Scheme year-end and the extent to which the Trustees believe the policies within the SIP have been followed.

The Scheme's investments were invested in pooled funds managed by Legal & General Investment Management ("LGIM") over the Scheme year under review to 31 March 2021.

In the SIP, the Trustees stated the following policies on the exercise of voting rights, performance and engagement activities related to their investments:-

Voting Activity:

- The Trustees review the statements of corporate governance issued by their Investment Managers and monitor voting activity regularly;
- The Trustees invest in pooled funds, for which the respective Investment Manager is responsible for the exercise of rights (including voting rights) attached to these investments; and
- The Trustees' policy in relation to any rights (including voting rights) attaining to its investments is to exercise those rights to protect the value of the Scheme's interests in the investments, having regard to appropriate advice. The Trustees expect the Investment Manager to engage with investee companies (and other relevant persons) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustees' investments.

Performance and Engagement Activities:

- The Trustees' policy towards financially material considerations (including but not limited to ESG, including climate change), is to monitor the investment manager to whom they delegate this function through investment in pooled index-tracking funds. This includes the review of regular reports produced by the Investment Manager on their engagement with companies on environmental, social and governance ("ESG") considerations;
- The Trustees have set an appropriate monitoring framework to ensure the Scheme's Investment Manager is regularly reviewed. This includes the Investment Manager's performance, remuneration and compliance against ESG policy to ensure that the Scheme's assets are being managed appropriately. Regular monitoring and communication with the Investment Manager, with specific references to ESG factors, will incentivise the Scheme's Investment Manager to assess and improve the medium to long-term performance of investee companies, both financial and non-financial;
- In addition to performance measures, the Trustees will review the engagement activity of the Investment Manager to ensure that active engagement is taking place where possible to influence positive change in relation to ESG factors within investee companies. The Trustees will also monitor the voting activity of the Investment Manager to ensure votes are being used and are aligned to their views on ESG; and
- The remuneration of the investment managers is not directly linked to performance, given the absence of performance related fees, or to ESG practices. However, the Trustees will review and replace the investment manager if net of fees investment performance, risk characteristics and ESG practices are not in line with the Trustees' expectations and views.

If the Trustees believe that the Scheme's Investment Manager is no longer acting in accordance with the Trustees' policies, including those regarding ESG and engagement with investee organisations to assess and improve their medium to long term financial and non-financial performance, the Trustees will take the following steps:-

- Engage with the Investment Manager in the first instance, in an attempt to influence its policies on ESG and stewardship; and
- If necessary, look to appoint a replacement Investment Manager which is more closely aligned with the Trustees' policies and views.

The Trustees believe that these steps will incentivise its Investment Managers to act responsibly and to align its actions with the Trustees' policies and also for it to act responsibly.

Description of Investments

The Scheme invests in pooled funds, which means that the responsibility for exercising the voting rights on the shares held by the Scheme sit primarily with (i.e. in the first instance are effectively delegated by the Trustees to) the Investment Manager. The Scheme's investments' voting behaviour over the Scheme year is as summarised below.

During the Scheme year, the Scheme held the following investments:-

- LGIM All World Equity Index GBP Currency Hedged Fund;
- LGIM AAA-AA-A Bonds Over 15 Year Index Fund; and
- LGIM All Stocks Index-Linked Gilts Index Fund.

Equity Voting Behaviour

Note, not all of the above funds carried equity voting rights. Of the Scheme's investments held, the following investment carried equity voting rights during the Scheme year:

- LGIM All World Equity Index GBP Currency Hedged Fund.

LGIM manages over £1 trillion in assets respectively, and use their resulting influence, focussing their votes on climate change, income equality, diversity, and ESG integration.

The following table summarises the manager's voting and engagement which took place over the Scheme year.

Voting Summary

LGIM All World Equity Index GBP Currency Hedged Fund:

The table below shows LGIM's voting summary covering the Scheme's investment in the LGIM All World Equity Index GBP Currency Hedged Fund, which the Scheme was invested during the Scheme year.

LGIM All World Equity Index GBP Currency Hedged Fund:	1 April 2020 – 31 March 2021
Number of meetings LGIM was eligible to vote at over the year	6,779
Number of resolutions LGIM was eligible to vote on over the year	70,672
Of the eligible resolutions, percentage that LGIM voted on.	99.9%
Of the resolutions voted, percentage that LGIM voted **with** management.	83.3%
Of the resolutions voted, percentage that LGIM voted **against** management.	16.0%
Of the resolutions voted, percentage where LGIM **abstained**.	0.8%
Percentage of eligible meetings where LGIM voted at least once against management.	5.6%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	0.2%

Note, totals may not sum due to rounding.

Proxy Voting

The Trustees did not employ a proxy-voting service during the Scheme year. The Scheme's equity manager above votes by proxy as given the scale of their holdings, the manager cannot be present at all shareholder meetings to cast votes. All voting decisions are made by the manager using their individual internal voting policies.

Significant Votes

LGIM has provided examples of what it believes to be the most significant votes cast on the Trustees' behalf during the period.

LGIM All World Equity Index GBP Hedged Fund:

Two of the most significant votes related to the remuneration of executive at two airline related companies. LGIM voted in favour of the proposed remuneration package presented to shareholders by Qantas Airways Limited, with LGIM stating that the decision to cut executive salaries, cancel short term incentive plans and defer vesting of the long-term incentive plan an appropriate measure given the financial impact on dividends, termination of employees and accepted government assistance that occurred over 2020. Conversely, LGIM voted against the remuneration package of International Consolidated Airlines Group, alongside 28.4% of the shareholder base, who had similarly accepted government support and made staff reductions but had retained a higher level of bonus payments to the current executives.

LGIM also voted for a report on the wind-down of coal operations at Whitehaven Coal given the uncertain role of the energy source as countries move to carbon neutrality by 2050. LGIM advocates a managed decline of fossil fuel companies with capital returned to investors which they believe will help reach these global targets. LGIM also voted in support of improving company policies on climate change. For example, LGIM supported a resolution for Proctor & Gamble to do more to ensure that their business does not result

How Voting And Engagement Policies Have Been Followed

The Trustees intend to review a summary of the voting and engagement activity taken on their behalf on an annual basis. The information published by the Investment Manager on their voting policies has provided the Trustees with comfort that their voting and engagement policies have been followed during the Scheme year.

As set out in the SIP, the Trustees expect LGIM to engage with investee companies on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors.

Details of specific voting and engagement topics are shown in the table below.

Voting and Engagement topic	Policy followed in the opinion of Trustees?	Comments
Performance of debt or equity issuer	✓	LGIM's voting and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy	✓	LGIM has clear voting policies covering strategy topics - such as overall strategy, CEO's responsibilities and board/governance structure, independence issues, diversity and remuneration - and have acted on them throughout the Scheme year on behalf of the Trustees.
Risks	✓	LGIM has clear voting policies on ensuring that companies manage risk effectively and have robust internal controls. As an example of reducing risk, LGIM encourages all audit committee chairs globally to have a financial background and be entirely comprised of independent non-executive directors.

Social and Environmental impact	✓	LGIM has written to over 500 companies with poor climate scores relative to their size and for those that don't meet minimum standards during the 2021 AGM season, LGIM will look to sanction through voting. If these minimum standards are not met over time, LGIM may look to divest until progress is shown. Over 2020, LGIM announced that it had reinstated investments in Subaru following evidence of progress against emission targets and climate exposure. During 2020, to promote ethnic diversity at the board level, LGIM sent letters to engage with 35 of the largest UK companies and 44 of the largest in the US on why they have no ethnic diversity. LGIM stated it would expect at least one member at the board level to be from a minority background by 2021 and has started to vote against the chair of the board or of the nomination committee if this is not the case.
Corporate Governance	✓	LGIM's policy from 2020 is to vote against all elections which combine the roles of CEO and Chair. Over the year LGIM voted against 411 companies that combined the roles. Over 2021, LGIM has stated they will oppose Directors in Germany from being elected for longer than 4 years to hold Directors to more accountability than in the past.
Conflicts of Interest	✓	Remuneration of personnel can lead to conflicts of interest between the principal (shareholder) and agent (management). Over the period under review, LGIM voted against incentive awards which did not have performance conditions, as these awards would not align remuneration with company performance.
Capital Structure	✓	LGIM has policies on voting in respect of resolutions regarding changes to company capital structure such as share repurchase proposals and new share issuance. For example, LGIM has a policy that newly issued shares should not expose minority shareholders to excessive dilution.

Engagement With Investee Companies (Non-Equity Investments)

Exercising equity voting rights is not the only method of influencing behaviours of investee companies and is not directly applicable for the Scheme's other (non-equity) investments such as the Scheme's corporate bond investment. However, the Trustees expect the investment manager for these other investments to engage on their behalf to aim to influence the underlying investee companies in respect of the ESG and stewardship matters outlined above.

LGIM Funds:

LGIM actively engages with the investee companies via direct messages and meetings with management and engagements via email to influence positive ESG practice. It is also noted that there is substantial overlap between the companies in which LGIM holds debt and equity and so, while the corporate bonds mandate does not hold voting rights, LGIM's position as the equity holder elsewhere will likely result in them having voting rights to compound the impact and influence that LGIM has on each company's practices.

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. LGIM's voting policies are reviewed annually and take into account client feedback. While engagements are not yet available at a fund level, they are published at a firm level each quarter. LGIM is working to be able to provide engagement information at a fund specific level.

Over the 12 months to 31 March 2021, LGIM undertook 974 engagements with 874 companies. Some engagements cover multiple topics and LGIM has provided the following breakdown: 427 on environmental topics; 241 on social topics; 470 on governance issues; and 279 on other topics including finance and strategy.

The Trustees will monitor LGIM's reporting to see if more detail at a fund level can be provided in the future for monitoring purposes.

The remainder of the Scheme's assets are invested in UK index-linked government bonds with the purpose of reducing risk by hedging the exposure to interest rate and inflation inherent in the Scheme's liabilities. LGIM has governance practices in place to capture key regulatory developments which might influence the management and performance of these hedging assets.

How Voting And Engagement Policies Have Been Followed

Having reviewed the actions taken by the Investment Manager of the other non-equity investments, the Trustees believe that their policies on engagement have been implemented appropriately over the year and in line with its views. The Trustees will continue to monitor the actions taken on its behalf each year, and press for improved engagement information and ESG reporting metrics from the Investment Manager on a fund specific level.

If the Investment Manager deviates substantially from the Trustees' stated policies, in accordance with the policies stated above, the Trustees will initially engage and discuss this with the Investment Manager, and if the Trustees still believe the difference between the policies and the investment manager's actions are material, the Trustees will consider terminating and replacing the mandate if necessary.

Deloitte Total Reward and Benefits Limited

August 2021

Risk Warnings

- Past performance is not necessarily a guide to the future.
- The value of investments may fall as well as rise and you may not get back the amount invested.
- Income from investments may fluctuate in value.
- Where charges are deducted from capital, the capital may be eroded or future growth constrained.
- Investors should be aware that changing investment strategy will incur some costs.
- Any recommendation in this report should not be viewed as a guarantee regarding the future performance of the products or strategy.

Our advice will be specific to your current circumstances and intentions and therefore will not be suitable for use at any other time, in different circumstances or to achieve other aims or for the use of others. Accordingly, you should only use the advice for the intended purpose.

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