

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).

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.

10th November 2021

Matt Garmston

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

McCormick (UK) Limited Pension & Life Assurance Scheme ('the Scheme') – Implementation Statement 1st April 2021 – 31st March 2022.

An Implementation Statement ('Statement') has been prepared in accordance with applicable legislation, taking into account guidance from The Pensions Regulator for the period from 1st April 2021 – 31st March 2022 ('the Scheme Year').

The Statement sets out the how, and the extent to which, the Trustees policy in relation to exercising voting rights has been followed during the year by describing the voting behaviour on behalf of the Trustees of the Scheme.

The Trustees have used Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Scheme's behalf.

This Statement includes Minerva's report on key findings on behalf of the Trustees over the Scheme year.

The Scheme invests all of its assets with Legal and General Investment Management (LGIM) and the main points are disclosed below.

LGIM

Minerva confirmed that the manager's voting policies and disclosures broadly comply with the International Corporate Governance Network (ICGN) Voting Guidelines Principles and good corporate governance practices. They were also able to confirm the manager's voting activity has followed the Trustees' policy. LGIM's engagement information was provided at a firm level but not specifically for the Funds the Scheme invests in. The Trustees will continue to encourage LGIM to provide fund level information but acknowledge that the information provided was in line with its own policies.

It was determined that some of the Scheme's holdings covering gilts and index-linked gilts had no voting or engagement information to report due to nature of the underlying holdings.

The Scheme also holds AVCs with Prudential and the Trustees has determined they will not be covered in this Statement on the grounds of materiality.

Spence & Partners Limited

McCormick (UK) Limited Pension & Life Assurance Scheme

**Implementation Statement (IS):
Voting & Engagement Information (VEI)**

**Reporting Period:
1st April 2021 to 31st March 2022**

4th July 2022

Contents

<u>1</u>	<u>SIP DISCLOSURES</u>	11
<u>2</u>	<u>SOURCING OF VOTING AND ENGAGEMENT INFORMATION</u>	14
<u>3</u>	<u>VOTING AND ENGAGEMENT</u>	15
<u>4</u>	<u>EXERCISE OF VOTING RIGHTS</u>	17
<u>5</u>	<u>MANAGER VOTING POLICY</u>	19
<u>6</u>	<u>MANAGER VOTING BEHAVIOUR</u>	20
<u>7</u>	<u>SIGNIFICANT VOTES</u>	21
<u>8</u>	<u>MANAGER ENGAGEMENT INFORMATION</u>	25
<u>9</u>	<u>CONCLUSION</u>	28

SIP Disclosures

This section sets out the policies in the Statement of Investment Principles ('SIP') in force at the Scheme year-end relating to the following:

- 1) Financially Material Considerations
- 2) Non-Financial Considerations
- 3) Investment Manager Arrangements

Stewardship - including the exercise of voting rights and engagement activities - is set out in the 'Voting and Engagement' section.

Source of Information: McCormick (UK) Limited Pension & Life Assurance Scheme
Statement of Investment Principles, September 2020

1.1 Financially Material Considerations

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.

1.2 Non-Financial Considerations

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. Nonfinancial 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.

1.3 Investment Manager Arrangements

Incentives to align investment managers' investment strategies and decisions with the Trustees' policies

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 nonfinancial 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 Trustees' 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.

Incentives for the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

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.

How the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for asset management services are in line with the Trustees' policies

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.

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.

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.*

How the Trustees monitor portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover

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 duration of the arrangement with the investment managers

The Trustees... have chosen to invest in open-ended pooled funds. For these funds, the Trustees' policy is 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.

Sourcing of Voting and Engagement Information

This section sets out the availability of the information Minerva initially requested from the Scheme’s manager, to facilitate the preparation of this report:

Table 2.1: Summary of Available Information

Fund / Product Manager	Investment Fund/Product	Voting Information	Significant Votes	Engagement Information
LGIM	World Equity Index Fund (GBP Currency Hedged)	Info Available	Info Available	Partial Info Available
	AAA-AA-A Bonds Over 15 Year Index Fund	No Info to Report	No Info to Report	No Info to Report
	All Stock Index-Linked Gilts Fund	No Info to Report	No Info to Report	No Info to Report
	2068 Gilt Fund	No Info to Report	No Info to Report	No Info to Report
	Over 15 Year Index Linked Gilts Fund	No Info to Report	No Info to Report	No Info to Report

Information Available	Partial Information Available	No Information to Report	No Information Provided
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 Minerva Says	Voting Activity	There was voting information disclosed for the Scheme’s investment in the World Equity Index Fund (GBP Currency Hedged) for the Scheme’s reporting period
	Significant Votes	There were ‘Significant Votes’ disclosed for the Scheme’s investment in the World Equity Index Fund (GBP Currency Hedged) for the Scheme’s reporting period
	Engagement Activity	There was summarised engagement statistics disclosed for the Scheme’s investment in the World Equity Index Fund (GBP Currency Hedged) for the Scheme’s reporting period

Voting and Engagement

The Trustees are required to disclose the voting and engagement activity over the Scheme year. The Trustees have used Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Scheme's behalf.

This statement provides a summary of the key information and summarises Minerva's findings on behalf of the Scheme over the Scheme's reporting year.

3.1 Voting and Engagement Policy and Funds

The Trustees' policy on Stewardship from the Scheme's SIP is set out below:

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.

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.

The following table sets out:

- the funds and products in which the Scheme was invested during the Scheme's reporting period;
- the holding period for each fund or product; and
- whether the investment manager made use of a 'proxy voter', as defined by the Regulations:

Table 3.1: Scheme Investment/Product Information

Fund / Product Manager	Investment Fund/Product	Investment Made Via	Fund / Product Type	Period Start Date	Period End Date	'Proxy Voter' Used?
LGIM	World Equity Index Fund (GBP Currency Hedged)	Direct	Direct	01/04/21	31/03/22	ISS
	AAA-AA-A Bonds Over 15 Year Index Fund	Direct	Direct	01/04/21	31/03/22	N/A
	All Stock Index-Linked Gilts Fund	Direct	Direct	01/04/21	31/03/22	N/A
	2068 Gilt Fund	Direct	Direct	23/09/21	31/03/22	N/A
	Over 15 Year Index Linked Gilts Fund	Direct	Direct	23/09/21	31/03/22	N/A

Proxy Voter identified

Proxy Voter Not Confirmed

Not Applicable



Minerva Says

As shown in the table above:

- LGIM identified Institutional Shareholder Services, or 'ISS' as their 'Proxy Voter'
- The investments shown as grey shaded boxes had no listed equity voting activity associated with them, and so had no need for a proxy voter

Exercise of Voting Rights

The following tables show a comparison of the Scheme's investment manager's voting activity versus the Trustees' policy (which in this instance is the manager's own policy).

Table 4.1: LGIM's Approach to Voting

Asset manager	LGIM (Legal & General Investment Management)	
Relevant Scheme Investment(s)	World Equity Index Fund (GBP Currency Hedged)	
Key points of manager's Equity Voting Policy	<p>LGIM's Corporate Governance and Responsible Investing Policy sets out what the manager considers to be corporate governance best practice. It explains their expectations with respect to topics they believe are essential for an efficient governance framework, and for building a sustainable business model. LGIM expects all companies to closely align with their principles, or to engage with them where circumstances prevent them from doing so.</p> <p>LGIM's voting policy is built on the assessment of 5 key policy areas:</p>	
	#	Policy Area
	1	Company Board
	2	Audit, Risk & Internal Control
	3	Remuneration
	4	Shareholder & Bondholder Rights
5	Sustainability	
	<p>Example of Topics Covered</p> <p>Board Leadership, Board Independence, Board Diversity, Succession Planning and Board Evaluation</p> <p>External Audit, Internal Audit and Whistleblowing</p> <p>Fixed Remuneration, Incentive Arrangements and Service Contracts and Termination Payments</p> <p>Voting Rights and Share-class Structures, Shareholder Proposals and Political Donations</p> <p>Material ESG Risks & Opportunities, Target Setting, Public Disclosure and Engagement</p>	
	<p>The manager disclosed on their website how they have voted on the companies in which they invest on a monthly basis, including the rationale for votes against management. The information provided is at firm, rather than fund or product, level.</p>	
Is voting activity in line with the Scheme's policy?	Yes	
	Some examples of the manager's voting activity are provided in Section 7 – Significant Votes	



Minerva
Says

- LGIM's Corporate Governance and Responsible Investment Policy clearly sets out how they approach their stewardship responsibilities for listed companies on behalf of their clients. In our view it is a clear and thoughtful approach which reflects the size of LGIM as one of the largest asset managers in the UK.
- From the information available, we believe that the manager's approach is consistent with the Scheme's proxy voting expectations of its investment managers.

Manager Voting Policy

As the current approach of the Scheme is to use the voting policy of the external asset manager, it is important that their policy is independently reviewed to ensure that it matches current good practice and the general stewardship expectations set by the Trustees. Well-managed companies that operate in a commercially, socially and environmentally responsible manner are expected to perform better over the longer term, as the Trustees believe that adopting such an approach will allow each company's management to identify, address and monitor the widest range of risks associated with their specific business.

Set out in the following table is Minerva's independent assessment of the Scheme's manager's voting policy, in the context of current good practice as represented by the ICGN Voting Guidelines, whilst also bearing the Trustees' stewardship expectations in mind. This has been done for the Scheme's manager where they have identified voting activity on behalf of the Scheme.

We have assessed the manager's policy by looking at it from Minerva's perspective of seven 'Voting Policy Pillars' that are at the core of our proxy voting research process, and which we have developed over the last 25 years. In using this well-tried approach, the Scheme can be sure that their investment manager's voting policy is being carefully considered against current good practice.

Table 5.1: Voting Policy Alignment

Manager Voting Policy Alignment with Current Good Practice							
Investment Manager	Audit & Reporting	Board	Capital	Corporate Actions	Remuneration	Shareholder Rights	Sustainability
LGIM	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned
Comments	LGIM's voting policy and disclosures broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices.						

Manager's voting policy is aligned with this policy pillar of Good Practice

Manager's voting policy has some minor areas of divergence from Good Practice

Manager's voting policy is not aligned with this policy pillar of Good Practice

Manager's voting policy was not disclosed for analysis by Minerva



Minerva Says

LGIM's voting policy is, in our view, broadly in line with good practice, and is what we would expect to see from such a large asset steward. Accordingly, we believe that the manager's Voting Policy is in line with the Scheme's expectations of its investment managers

Manager Voting Behaviour

The Trustees believe that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Scheme’s manager to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour as disclosed by the Scheme’s manager:

Table 6.1: Manager Voting Behaviour

Manager	Fund	No. of Meetings		No. of Resolutions			
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
LGIM	World Equity Index Fund (GBP Currency Hedged)	3,079	36,675	99.8%	80.2%	19.0%	0.9%
	Comments:						
	<p>We had access to summarised voting records for the World Equity Index Fund (GBP Currency Hedged) for a timeframe that matched the Scheme’s individual investment holding period.</p> <p>From the summarised information provided, we can see that the manager has voted at almost all investee company meetings for the Fund, which is in line with the Trustees’ expectations of its managers.</p>						



**Minerva
Says**

We believe that LGIM have followed the Scheme's requirements in relation to voting activity, as stated in the Scheme's SIP:

'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.'

Significant Votes

Set out in the following section are 5 examples of the Scheme's manager's voting behaviour from the relevant fund in which the Scheme was invested. A 'Significant Vote' relates to any resolution at a company that meets one of the following criteria:

1. identified by the manager themselves as being of significance;
2. contradicts local market best practice (e.g., the UK Corporate Governance Code in the UK);
3. is one proposed by shareholders that attracts at least 20% support from investors;
4. attracts over 10% dissenting votes from shareholders.

Where the manager has not provided sufficient data to identify 'Significant Votes' based on criteria 2-4 above, we have used manager-identified examples:

Table 7.1 LGIM's Significant Votes'

Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?	
LGIM	World Equity Index Fund (GBP Currency Hedged)	Berkshire Hathaway Inc.	01/05/21	Resolution 1.1 Elect Director Warren E. Buffett	Withhold	97.8% of shareholders supported the resolution	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	
		Manager's Vote 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 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g., via individual corporate engagements and director conferences.						
Relevance to Manager's Stated Policy		Company Board		Audit, Risk and Internal Control	Remuneration	Shareholder and Bondholder Rights	Sustainability	
Minerva Says:		We believe this voting activity is consistent with the manager's stated policy, and so is also consistent with the Scheme's approach.						
Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?	

LGIM	World Equity Index Fund (GBP Currency Hedged)	ExxonMobil	26/05/21	<p>1.1 Elect Director Gregory J. Goff</p> <p>1.2 Elect Director Kaisa Hietala</p> <p>1.3 Elect Director Alexander A. Karsner</p> <p>1.4 Elect Director Anders Runevad</p> <p>1.9 Management Nominee Kenneth C Frazier</p> <p>1.12 Management Nominee Darren W. Woods</p> <p>4 Require Independent Board Chair</p>	LGIM supported resolutions 1.1 to 1.4; we opposed resolutions 1.9 and 1.12; we supported resolution 4.	<p>Results:</p> <p>1.1: 98.4% of shareholders supported the resolution.</p> <p>1.2: 96.7% of shareholders supported the resolution.</p> <p>1.3: 95.3% of shareholders supported the resolution.</p> <p>1.4: 97.8% of shareholders supported the resolution.</p> <p>1.9: 93.2% of shareholders supported the resolution.</p> <p>1.12: 93.4% of shareholders supported the resolution.</p>	We consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting. Publicly pre-declaring our vote intention is an important tool for our engagement activities. We decide to pre-declare our vote intention for a number of reasons, including as part of our escalation strategy, where we consider the vote to be contentious, or as part of a specific engagement programme.
		<p>Manager's Vote Rationale:</p> <p>In 2019, ExxonMobil was removed from select LGIM strategies, sanctions applied under LGIM's Climate Impact Pledge engagement programme. In 2020, we announced our opposition to the re-election of the company's chair/CEO as we believe the separation of roles provides a better balance of authority and responsibility. As the roles currently remain combined, we therefore voted AGAINST resolution 1.9 at the 2021 AGM. LGIM acknowledges steps taken by the company around carbon disclosure and targets, but we remain concerned with the strength of the Exxon's sustainability and capital-allocation strategy, as the risks of the energy transition become increasingly apparent. That is why we support activist investor Engine No. 1's proposals for board refreshment, as the experience and skills of the proposed four candidates would, in our view, make a positive contribution to board effectiveness and oversight, providing much-needed constructive challenge at a time of industry disruption. LGIM voted FOR resolutions 1.1-1.4. As in 2020, we also supported a resolution requesting that the company implements an independent chair, and opposed the re-election of the chair of the Board Affairs committee for failing to respond to a meaningful level of shareholder support for such votes in prior years.</p>					
Relevance to Manager's Stated Policy		Company Board	Audit, Risk and Internal Control	Remuneration	Shareholder and Bondholder Rights	Sustainability	
Minerva Says:		We believe this voting activity is consistent with the manager's stated policy, and so is also consistent with the Scheme's approach.					

Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	World Equity Index Fund (GBP)	Wells Fargo & Company	27/04/21	Resolution 7 Report on Racial Equity Audit	LGIM voted for the resolution (management recommendation: against).	12.9% of shareholders supported the resolution.	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

	Currency Hedged)	Manager's Vote Rationale:					
		Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.					
Relevance to Manager's Stated Policy		Company Board	Audit, Risk and Internal Control	Remuneration	Shareholder and Bondholder Rights	Sustainability	
Minerva Says:		We believe this voting activity is consistent with the manager's stated policy, and so is also consistent with the Scheme's approach.					
Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	World Equity Index Fund (GBP Currency Hedged)	Informa Plc	03/06/21	Resolution 3, Re-elect Stephen Davidson as Director Resolution 5, Re-elect Mary McDowell as Director Resolution 7, Re-elect Helen Owers as Director Resolution 11, Approve Remuneration Report	Against Resolutions 3, 5, 7, and 11 (against management recommendation).	Resolution 3 53.4% of shareholders supported the resolution Resolution 5 80% of shareholders supported the resolution Resolution 7 78.1% of shareholders supported the resolution Resolution 11 38.3% of shareholders supported the resolution	We consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting. Publicly pre-declaring our vote intention is an important tool for our engagement activities. We decide to pre-declare our vote intention for a number of reasons, including as part of our escalation strategy, where we consider the vote to be contentious, or as part of a specific engagement programme.
		Manager's Vote Rationale:					
		The company's prior three Remuneration Policy votes – in 2018, June 2020, and at a General Meeting that was called in December 2020 – each received high levels of dissent, with 35% or more of votes cast against. At the December 2020 meeting, the Remuneration Policy and the Equity Revitalisation Plan (EVP) received over 40% of votes against. The EVP was structured to award the CEO restricted shares to a value of 600% of salary. LGIM has noted our concerns with the company's remuneration practices for many years. Due to continued dissatisfaction, we again voted against the proposed Policy at the December 2020 meeting. However, despite significant shareholder dissent at the 2018 and 2020 meetings, the company implemented the awards under the plan, a few weeks after the December meeting. Additionally, the Remuneration Committee has adjusted the performance conditions for the FY2018 long-term incentive plan (LTIP) awards while the plan is running, resulting in awards vesting where they would otherwise have lapsed. Due to consistent problems with the implementation of the company's Remuneration Policy and the most recent events as described above, LGIM has voted against the Chair of the Remuneration Committee for the past three years. Given the company has implemented plans that received significant dissent from shareholders without addressing persistent concerns, LGIM has taken the decision to escalate our vote further to all incumbent Remuneration Committee members, namely Stephen Davidson (Remuneration Committee Chair), Mary McDowell and Helen Owers.					
Relevance to Manager's Stated Policy		Company Board	Audit, Risk and Internal Control	Remuneration	Shareholder and Bondholder Rights	Sustainability	
Minerva Says:		We believe this voting activity is consistent with the manager's stated policy, and so is also consistent with the Scheme's approach.					

Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	World Equity Index Fund (GBP Currency Hedged)	DISCO Corp.	26/06/21	Resolution 2.1 Elect Director Sekiya, Kazuma	LGIM voted against the resolution (management recommendation: for).	87.7% of shareholders supported the resolution.	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
		Manager's Vote Rationale: For 10 years, we have been using our position to engage with companies on this issue. As part of our efforts to influence our investee companies on having greater gender balance and following a campaign on gender diversity in Japan in 2019, we decided to escalate our voting policy. In 2020, we announced we would be voting against all companies in the large-cap TOPIX 100 index that do not have at least one woman on their board. In 2021, we expanded the scope of our policy to vote against TOPIX Mid 400 companies that do not have at least one woman on the board.					
Relevance to Manager's Stated Policy		Company Board	Audit, Risk and Internal Control	Remuneration	Shareholder and Bondholder Rights	Sustainability	
Minerva Says:		We believe this voting activity is consistent with the manager's stated policy, and so is also consistent with the Scheme's approach.					



Minerva Says

LGIM's reported 'Significant Vote' information seems to be consistent with their stated voting policy, and so is consistent with the Scheme's expectations of its investment manager's approach to voting.

Manager Engagement Information

The Trustees has set the following expectation in the Scheme’s SIP in relation to its manager’s engagement activity:

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.

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

The Trustees believe that an important part of responsible oversight is for the Scheme’s investment manager to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, they expect the Scheme’s manager to engage with investee companies where they have identified any such issues.

The following table summarises the engagement activity of the Scheme’s manager:

Table 8.1: Summary of Engagement Information Provided

Manager	Engagement Information Obtained?	Level of Available Information	Info Covers Scheme’s Reporting Period?	Comments
LGIM	Yes	Fund	Yes	The manager provided <i>summarised fund level engagement information</i> covering the Scheme’s reporting period

LGIM

Fund	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open

World Equity Index Fund (GBP Currency Hedged)	01/04/21	31/03/22	872	74.0%	8.6%	17.4%	0.0%	Not stated	Not stated
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Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>LGIM's Investment Stewardship team focuses on client outcomes and broader societal and environmental impacts in its engagements with companies, taking the following six step approach:</p> <ul style="list-style-type: none"> ▪ Identify the most material ESG issues ▪ Formulate a strategy ▪ Enhance the power of engagement (e.g., through public statements) ▪ Collaborate with other stakeholders and policymakers ▪ Vote ▪ Report to shareholders <p>From LGIM's most recent Active Ownership Report the manager has identified the following as their top 5 engagement topics:</p> <ul style="list-style-type: none"> ▪ Climate Change ▪ Remuneration ▪ Diversity (Gender and Ethnicity) ▪ Board Composition ▪ Strategy
Comparison of the Manager's Engagement Activity vs the Scheme's Policy	<p>The manager did not provide details of any specific engagements undertaken during the Scheme's reporting period for either the Scheme's investee funds, or at firm level.</p> <p>We turned to the web to see if we could locate any information relating to any engagements undertaken by LGIM in 2021. We located an 'Active Ownership Report' for 2020, which was published on their website. This report contained some examples of engagement activity undertaken by LGIM at firm level, but as it was published In March 2021 it related to engagement activity undertaken in calendar year 2020.</p>

We then located quarterly '[ESG Impact Reports](#)' on the LGIM website. However, these reports do not provide much information on specific engagement activity, either at fund or firm level. We did locate the following engagement information for one holding - Cardinal Health - albeit that it was provided in relation to LGIM filing a Shareholder Resolution (i.e. in voting terms):

May 2021 - Cardinal Health – Governance-themed Engagement on the Company's Lobbying Practices

'In May 2021, LGIM America co-filed a shareholder resolution, together with investor colleagues within The Investors for Opioid Accountability (IOPA), asking the company to publish annually an in-depth report disclosing its direct and indirect lobbying activities and expenditures, as well as its policies and procedures governing such activities (a 'Political Contributions and Activities Report'). Following engagements with the company, the board agreed to expand its Political Contributions and Activities Report to include all disclosures relating to state lobbying expenses exceeding US\$25,000; payments to trade associations and other organisations (including to those that draft and support model legislation); and the approach the company will take when a trade association of which it is a member takes a position which differs from the company's corporate position. Following the engagement LGIM, together with the other co-filing investors, withdrew the shareholder proposal. This is a concrete example of using a shareholder proposal as an engagement tool and demonstrates the positive impact of engagement.'

Engagement Outcome:

The engagement activity undertaken by LGIM resulted in the desired outcome, with the company board agreeing to take the necessary steps.

Is Engagement Activity in Line with the Scheme's Policy?

Whilst we believe that the manager's engagement approach is consistent with the Scheme's approach, we believe that the manager should be able to report more in the way of engagement activity, and also to be able to provide specific examples of engagements at fund level.



Minerva Says

As can be seen from the previous table, LGIM's reported 'Engagement Activity' appears to comply with their own engagement approach, and so also complies with the Scheme's approach.

However, we remain disappointed that LGIM continue to struggle in terms of reporting engagement activity at client *fund* investment level. Whilst they have improved the reporting so that they can provide summarised statistics of engagement activity undertaken for specific LGIM funds, they appear to still be unable to provide details of specific engagements at the investee fund level.

Conclusion

9.1 Assessment of Compliance

In this report, Minerva has undertaken an independent review of the Scheme's external asset manager's voting and engagement activity. The main objective of the review is for Minerva to be in a position to say that the activities undertaken on the Scheme's behalf by its agent are aligned with its own policies.

Set out in the following table is Minerva's assessment of the manager's compliance with the Scheme's approach:

Table 9: Summary Assessment of Compliance

Fund / Product Manager	Investment Fund/Product	Does the Manager's Reported Activity Follow the Scheme's Policy:				2020 UK Stewardship Code Signatory?	Overall Assessment
		For Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter?'		
LGIM	World Equity Index Fund (GBP Currency Hedged)	YES	YES	YES	YES	YES	COMPLIANT
	AAA-AA-A Bonds Over 15 Year Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	All Stock Index-Linked Gilts Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	2068 Gilt Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Over 15 Year Index Linked Gilts Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.

Full Information Available

Partial Information Available

No Information to Report (N.I.R.)

No Information Provided (N.I.P)

Not Applicable (N/A)



Minerva
Says

Overall Assessment:

We believe that the Scheme's manager has complied with the Scheme's Voting and Engagement requirements of them.

Notes

1) The preceding table shows that Minerva has been able to determine that:

- There was nothing to report for a number of the Scheme's investments, due to the nature of those investments (e.g., LGIM 2068 Gilt Fund)
- From the Voting and 'Significant Vote' information we received from LGIM, their voting approaches are in step with the Scheme's requirements
- Having reviewed the available engagement information from LGIM, their engagement approach also seems in step with the Scheme's expectations

2) LGIM did disappoint us somewhat by not providing specific examples of engagement activity for the World Equity Index Fund (GBP Currency Hedged) in which the Scheme was invested

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