BARNETT WADDINGHAM
beyond the expected

Implementation Statement

Quantel Pension and Life Assurance Plan

Plan year end 31 March 2021

Purpose of the Implementation Statement

The Implementation Statement has been prepared by the Trustee of the Quantel Pension and Life Assurance Plan ("the Plan") and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 31 March 2021.

How voting and engagement policies have been followed

The Trustee considers their voting and engagement policies have been met in the following ways:

- At the Plan year-end, the Plan's investment managers were Legal & General Investment Management ("LGIM"), and M&G Investments ("M&G"). Over the Plan year, the Trustee reviewed the Environmental, Social and Governance ("ESG"), Stewardship and ethical considerations in relation to their investment managers through a strategic investment review. As a result of this review the Plan disinvested from Aberdeen Standard Investments ("ASI") on 18 March 2021. The Plan invested instead in the LGIM Retirement Income Multi-Asset Fund. We have not reported specifically on this fund for the year to 31 March 2021 because of the very short period of investment.
- The Trustee considers the performance of the funds held with the investment managers and any significant developments that arise. Over the Plan year the Trustee also reviewed the ESG, Stewardship and ethical considerations in relation to their investment managers through an update of the Plan's Statement of Investment Principles ("SIP").
- The Plan invests entirely in pooled funds, and as such delegates' responsibility for carrying out voting and engagement activities to the Plan's investment manager.
- The Trustee receives reports on ESG considerations, engagement, and voting annually from their investment manager, via their investment consultant, and review this to ensure alignment with their own policies. This exercise was undertaken in August 2021 for the year to 31 March 2021.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the Plan's investment managers are in alignment with the Plan's ESG and Stewardship policies.

The tables provided in the remainder of the statement provide an indication of the investment managers' overall voting and engagement activities.

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Voting Data

The voting data collated for the Plan is given over the year to 31 March 2021.

Manager	LGIM		ASI
Fund name	UK Equity Index Fund	World (ex UK) Equity Index Fund	Global Absolute Return Strategies Pension Fund
Structure	Pooled		
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the managers voting behaviour.		
Number of company meetings the manager was eligible to vote at over the year	943	3,243	245
Number of resolutions the manager was eligible to vote on over the year	12,574	37,840	3,365
Percentage of resolutions the manager voted on for which they were eligible	100.0%	99.8%	98.2%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	92.9%	80.2%	87.5%
Percentage of resolutions voted *against* management, as a percentage of the total number of resolutions voted on	7.1%	19.2%	12.5%
Percentage of resolutions the manager abstained from, as a percentage of the total resolutions voted on	0.0%	0.6%	0.1%*
Percentage of resolutions voted contrary to the recommendation of the proxy advisor (if applicable)	0.8%	0.3%	4.9%

Source: LGIM, ASI
*ASI do not count an abstained vote as a vote, they instead count it as a non-voted share

There are no voting rights attached to the other assets held by the Scheme, which includes bonds and other debt instruments.

Proxy voting

A proxy advisor is a company that advises how owners of shares could vote on resolutions at shareholder meetings, and where applicable the proxy advisor can also vote on behalf of the owners of the shares. The below details how each of the Scheme's applicable investment managers use a proxy advisor.

Both LGIM and Aberdeen Standard employ the use of Institutional Shareholder Services ("ISS") as their proxy voting advisor to electronically vote all clients shares.

LGIM have stated that all voting decisions are made by them and they do not outsource any part of the strategic voting decisions. To ensure that ISS vote in accordance with LGIM's ESG policies, there has been a custom voting policy put in place with ISS.

Significant votes

The Trustee has delegated to the investment managers to define what a "significant vote" is.

LGIM, UK Equity Index Fund

In determining significant votes, LGIM's investment stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association ("PLSA"). This guidance dictates significant votes include, but are not limited to:

- A high profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote, directly communicated by clients to the investment stewardship team at LGIM's Stakeholder roundtable event, or where LGIM notes there has been a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- A vote linked to an LGIM engagement campaign.

We have provided some detailed examples of significant votes that LGIM have provided for ease of reporting. However, if you would like to review further significant votes this information can be found online.

https://www.lgimblog.com/categories/esg-and-long-term-themes/lgim-s-voting-intentions-for-2021/

	Vote 1	Vote 2	Vote 3
Company name	Mitchell & Butlers	Imperial Brands plc	International Consolidated Airlines Group
Date of vote	11 March 2021	3 February 2021	7 September 2020
Summary of the resolution	Authorise Issue of Shares	Approve Remuneration Report and Policy.	Approve a Remuneration Report proposed at the company's Annual General Meeting ("AGM")
How the manager voted	Against	Against	Against

	Vote 1	Vote 2	Vote 3
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Given the current COVID restrictions and their impact on the company's financials, the company sought shareholder approval for an equity raise in March 2021. Three of the company's major shareholders came together and consolidated their holdings under a new holding company, Odyzean Limited. They together hold approximately 55% of the issued share capital of Mitchells & Butlers and therefore the majority of votes. As well as taking up their own share of the equity raise, Odyzean Limited agreed to take up any remaining offer shares. LGIM opposed the issue given concerns about the influence of the newly incorporated holding company, Odyzean Limited, over the investee company's governance and the interests of minority investors. This concern was heightened by the announcement of expected changes to the structure and independence of the board. LGIM would have expected a fair traditional rights issue to protect minority investors. LGIM also noted that Odyzean Limited was able to buy deeply discounted shares without paying a control premium through their underwriting of the share issue.	The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. An incoming CEO with no previous experience in the specific sector, or no CEO experience at a FTSE100 company, should have to prove her or himself beforehand to be set a base salary at the level, or higher, of an outgoing CEO with multiple years of such experience. Prior to the AGM, LGIM engaged with the company outlining their concerns over the remuneration structure. It was also indicated that LGIM publish specific remuneration guidelines for UK-listed companies and keep remuneration consultants up to date with current thinking.	LGIM were concerned about the level of bonus payments within the remuneration report, which were 80% to 90% of salary for current executives and 100% of salary for the departing CEO. LGIM would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders).
Outcome of the vote	Only 6.8% of shareholders opposed the resolution.	Approve Remuneration Report received 40.26% votes against. Approve Remuneration Policy received 4.71% of votes against.	28.4% of shareholders opposed the remuneration report.
Implications of the outcome	LGIM will continue to monitor the company closely.	LGIM continues to engage with companies on remuneration both directly and via the Institutional Voting Information	LGIM will continue to engage closely with the board.

	Vote 1	Vote 2	Vote 3
		Service ("IVIS"), the corporate governance research arm of The Investment Association. LGIM annually publishes remuneration guidelines for UK listed companies.	
Criteria on why the vote is considered "significant"	LGIM have taken the rare step of opposing a capital raise given their serious concerns for minority shareholders' rights.	LGIM are concerned over the ratcheting up of executive pay; and believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives' post-exit shareholding guidelines to be set.	It illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis.

Source: LGIM

Legal & General World (ex UK) Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	The Procter & Gamble ("P&G") Company	Samsung Electronics	Qantas Airways Limited
Date of vote	13 October 2020	17 March 2021	23 October 2020
Summary of the resolution	Report on effort to eliminate deforestation	Elect Park Byung-gook as Outside Director, Elect Kim Jeong as Outside Director, and Elect Kim Sun-uk as Outside Director to Serve as an Audit Committee Member.	Resolution 3: Approve participation of Alan Joyce in the Long-Term Incentive Plan ("LTIP"). Resolution 4: Approve Remuneration Report.
How the manager voted	For	Against	LGIM voted against resolution 3 and supported resolution 4.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.		LGIM's Investment Stewardship team communicated the voting decision directly to the company before the Annual General Meeting ("AGM") and provided feedback to the remuneration committee.
Rationale for the voting decision	Although P&G has introduced a number of objectives and targets to ensure their business does not impact deforestation, LGIM felt it was not doing as much as it could. LGIM has asked P&G to continue to engage on the topic and push other companies to ensure more of their pulp and wood is from the Forest and	Lee Jae-yong, the vice chairman of Samsung Electronics, was sentenced to two years and six months in prison for bribery, embezzlement and concealment of criminal proceeds worth about KRW 8.6 billion. LGIM were concerned that Lee Jae-yong continues to make	The COVID crisis has had an impact on the company's financials. In light of this, the company raised significant capital. It also cancelled dividends, terminated employees and accepted government assistance.

	Vote 1	Vote 2	Vote 3
	Stewardship Council ("FSC") certified sources.	strategic company decisions from prison. Additionally, they were not satisfied with the independence of the company board and that the independent directors are really able to challenge management. LGIM voted against the resolutions as the outside directors, who should provide independent oversight, have collectively failed to remove criminally convicted directors from the board. The inaction is indicative of a material failure of governance and oversight at the company.	LGIM supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the LTIP, in light of the pandemic. However, LGIM had concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. LGIM therefore voted against resolution 3 to signal concerns.
Outcome of the vote	The resolution received the support of 67.7% of shareholders (including LGIM).	The meeting results are not yet available.	About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration.
Implications of the outcome	LGIM will continue to engage with P&G on the issue and will monitor its disclosure for improvement.	LGIM will continue to monitor the company.	LGIM will continue engagement with the company.
Criteria on why the vote is considered "significant"	It is linked to LGIM's five-year strategy to tackle climate change and attracted a great deal of client interest.	This was a high-profile vote, which has such a degree of controversy that there is high client and/or public scrutiny and the sanction vote was a result of a direct or collaborative engagement.	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.

Source: LGIM

ASI, Global Absolute Return Strategies Fund

Aberdeen Standard have informed us that they would prefer not to disclose what they deem as significant vote information as they do not believe they should take responsibility for deciding what votes are significant.

The Trustee made the strategic decision to disinvest from the ASI Global Absolute Return Strategies Fund on 18 March 2021.

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Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustee.

Manager	LGIM		ASI	M&G
Fund name	UK Equity Index Fund	World (ex UK) Equity Index Fund	Global Absolute Return Strategies Pension Fund	Alpha Opportunities Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	*Data not provided*	*Data not provided*	*Data not provided*	8 companies engaged with
Number of engagements undertaken at a firm level in the year	974 individual engagements	974 individual engagements	2,271 individual engagements*	65 individual engagements**

Source: LGIM, ASI, M&G

*Data provided over the year to 31 December 2020.

** This number is purely ESG engagements under the Principles of Responsible Investment ("PRI") definition. M&G state that there were many more ESG interactions that run into the hundreds, undertaken on behalf of the firm.

The Trustee believes there is less scope for engagement in relation to the gilt funds also held with LGIM, and therefore no information is shown above for this Fund. Examples of engagement for the other funds are set out below.

Manager	Example engagements and engagement themes at firm level
LGIM	Over the first quarter of 2021, LGIM continued their engagement with high-carbon industries around their strategies for energy transition. BP, with whom LGIM co-leads engagements under the multi-trillion-dollar Climate Action 100+ investor coalition, has made a series of new announcements detailing their expansion into clean energy. These include projects to develop solar energy in the US, partnerships with Volkswagen (on fast electric vehicle charging) and Qantas Airways (on reducing emissions in aviation), and winning bids to develop major offshore wind projects in the UK and US. LGIM's recommendation for the oil and gas industry is to primarily focus on reducing its own emissions (and production) in line with global climate targets before considering any potential diversification into clean energy. BP had previously announced that it would be reducing its oil and gas output by 40% over the next decade, with a view to reaching net-zero emissions by 2050. In an update on their net-zero strategies, Royal Dutch Shell has also announced they expect their overall carbon emissions to have peaked in 2019, with oil production expected to decline every year from now on. Fellow oil major Total has pledged that all future bond issuance from the company will be linked to externally audited climate targets, with the company paying higher interest rates if they are not met.

Manager	Example engagements and engagement themes at firm level
	LGIM will continue to engage with oil and gas companies around the strength of their targets and the credibility of their planning assumptions in this area. They also recognise the importance of policy in creating the right incentives for companies. With methane emissions in 2020 seeing the highest increase in four decades, LGIM and other investors managing over £30 trillion in assets have called on the EU to set standards for this aggressive planet-warming gas.
Aberdeen Standard Investments	In the first quarter of 2021, ASI engaged with Deliveroo, a well-known logistics and food-delivery player. It operates across 12 markets, with around half of its business generated within the UK and Ireland. The company operates in a very competitive market but has ambitious growth plans to capture market share along with a significant amount of the industry growth potential. The Deliveroo IPO in March was one of the most anticipated listings in the UK market of recent times, with the company taking advantage of recent changes to the listing criteria, aimed at enticing more high-growth technology companies to the country. However, this also brings with it a lower level of governance standards. Understanding the business model is a critical part of the analysis that the ASI team undertakes for any new company coming to the market. Deliveroo is currently unprofitable, as it looks to continue its aggressive growth strategy. With many unpredictable variables to the model, ASI have concerns that this may not be sustainable in the medium term. Their concerns are accentuated by the headline-grabbing topics of workers' rights and the gig economy. As it currently stands Deliveroo's riders are not employed by the company, and operate on a self-employed basis. This means that Deliveroo's cost base could be compromised should all riders be added to the wage bill on a full-time basis, along with pensions, insurance and sick-pay cover costs that would also be included. As Deliveroo's riders are paid per delivery, it would appear that in many cases they could earn less than the minimum wage, which brings with it significant reputational and brand risks. ASI also have concerns around the governance of the business. As it currently stands, the CEO's 6.2% shareholding of Class B shares will provide him with 57% of the voting rights for the next three years. As active shareholders, ASI pride themselves on their ability to exert a meaningful influence over our invested businesses. However, with the current voting rights, they wouldn't be able to push for improved employment practices, changes to remuneration policies, or indeed anything else. Given all the above, ASI decided not to invest in Deliveroo at its IPO. However, they will continue to monitor the business to look for any significant changes that may alter their investment considerations.
M&G	M&G met with BP's investor relations manager regarding ESG to outline M&G's position as an investor who has committed to Net Zero by 2050 across its investment portfolios. M&G monitor and track the collective climate performance of investments with assistance from the Carbon Disclosure Project ("CDP") portal, which M&G view as a leading tool for climate data management. CDP disclosure is an important aspect of managing the carbon exposure in portfolio companies. As such, M&G welcome and encourage the inclusion of BP into the CDP carbon database. BP said that it aimed to be recognised as an industry leader in the transparency of its reporting. It believed it had made good progress in that space, and was listening to investor feedback. Subsequent to the meeting, BP contacted M&G to say it had informed CDP that it plans to respond to the 2021 climate change questionnaire.

Source: LGIM, ASI, M&G

Summary

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Plan's stewardship policies. The Trustee is supportive of the key voting action taken by the applicable investment managers over the period to encourage positive governance changes in the companies in which the managers hold shares.

Prepared by the Trustee of the Quantel Pension and Life Assurance Plan
August 2021