# IMPLEMENTATION STATEMENT

## NICEIC Pension Plan

The Trustee of the NICEIC Pension Plan has prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Plan has followed the policy on voting, stewardship and engagement as set out in the Plan's Statement of Investment Principles (SIP), dated March 2021. This statement covers the period 31 March 2020 to 31 March 2021.

### Voting and Engagement Policy

A summary of the Trustee's policy as set out in the SIP in respect of voting, stewardship and engagement is:

1) The Trustee believes that environmental, social and corporate governance (ESG) factors, including climate change, may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole.

2) It is the Trustee's expectation that investment managers will take into account financially material considerations, including ESG factors, in managing the Scheme's assets. This includes consideration of all financially material factors, and other relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG related issues where relevant.

3) The Trustee will consider ESG factors as part of the selection of any new investment managers. The relative importance of these factors compared to other factors will depend on the asset class being considered.

4) The Trustee's policy is that day to day decisions relating to the investment of the Scheme's assets and responsibility for exercising ownership rights (including voting rights) attaching to investments are, in effect, delegated to its investment managers. The Trustee recognises the UK Stewardship Code as best practice and encourages its investment managers to comply with it or explain why they do not adhere to this policy. Responsibility for engagement in respect of investments held by the Scheme is, in effect, delegated to the investment managers. The Trustee's expectation is that engagement will take place, either directly or as part of a collective multi-investor initiative as appropriate, with the aim of protecting or enhancing the value of the Scheme's investments.

5) The Trustee is satisfied that, where appropriate, the investment managers have an explicit strategy elucidating the circumstances in which they will intervene in a company, the approach they will use in doing so and how they will measure the effectiveness of this strategy. The Trustee will monitor how the investment managers fulfil their responsibilities with regards voting and engagement through the regular reporting provided by the managers to its advisers.

6) The investment managers performance and investment processes are reviewed from time to time and it is expected that a review meeting will be held with each manager around once a year. Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee

that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

The Trustee is of the opinion that this policy has been followed during the year. In particular:

- The Trustee has held a review meeting with both their investment managers, LGIM and WTW, in the last 12 months which were focused both on the performance of the funds and each manager's engagement with the companies they are investing in.

- The Trustee has considered LGIM's voting practices and stewardship policies noting that they have consistently received A+ rankings for responsible investment strategy and active ownership by the UN-backed Principles for Responsible Investment.

- The WTW fund is a long term investor in illiquid assets and as such there is a focus on responsible investments and appropriate governance when they are undertaking the due diligence on companies and projects that they are planning to invest in.

- The Trustee receives quarterly reports from the investment managers which set out the funds' performance and further details on the managers' stewardship of the funds.

The Trustee has considered their policy in regard to voting and stewardship and concluded that:

- LGIM's voting and stewardship policies and implementation on behalf of the Trustee remain aligned with the Trustee's views on these matters

- WTW stewardship policies and implementation on behalf of the Trustee remain aligned with the Trustee's views on these matters

- The current policy is appropriate, and no further action is required.

**Voting Record**

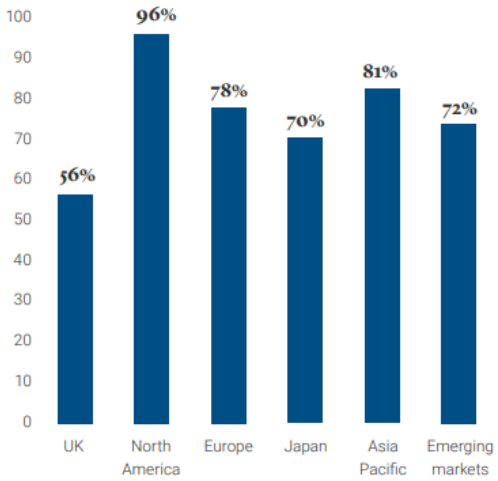
All underlying securities in the LGIM Diversified Fund that have voting rights are managed by LGIM with LGIM having the legal right to the underlying votes. Some high level statistics relating to LGIM's voting record are set out below:

# Voting statistics by region

## Global

| Proposal category | Total for | Total against | Total abstentions | Total |
|---|---|---|---|---|
| Antitakeover related | 547 | 30 | 0 | 577 |
| Capitalisation | 8063 | 1260 | 1 | 9324 |
| Directors related | 23738 | 4757 | 522 | 29017 |
| Non-Salary compensation | 3152 | 1965 | 0 | 5117 |
| Reorganisation and mergers | 3753 | 674 | 0 | 4427 |
| Routine/Business | 14226 | 1202 | 10 | 15438 |
| Shareholder Proposal - Compensation | 33 | 37 | 0 | 70 |
| Shareholder Proposal - Corporate governance | 31 | 80 | 2 | 113 |
| Shareholder Proposal - Directors related | 318 | 1067 | 4 | 1389 |
| Shareholder Proposal - General economic issues | 1 | 1 | 0 | 2 |
| Shareholder Proposal - Health/Environment | 50 | 41 | 0 | 91 |
| Shareholder Proposal - Other/Miscellaneous | 20 | 91 | 0 | 111 |
| Shareholder Proposal - Routine/Business | 52 | 243 | 0 | 295 |
| Shareholder Proposal - Social/Human rights | 5 | 15 | 0 | 20 |
| Shareholder Proposal - Social | 20 | 26 | 0 | 46 |
| Total resolutions | 54009 | 11489 | 539 | 66037 |
| No. AGMs | | | | 3876 |
| No. EGMs | | | | 1078 |
| No. of companies voted on | | | | 4020 |
| No. of companies where voted against management/abstained on at least one resolution | | | | 3006 |
| % of companies where at least one vote against management (includes abstentions) | | | | 75% |

Proportion of companies with at least one vote against (including abstentions)




Source for all data: LGIM as at 31 December, 2020. The votes on this page and in the pages that follow represent voting instructions for our main FTSE pooled index funds. US: withhold votes counted as against

LGIM's voting statistics specifically for the LGIM Diversified fund in the year are:

| Question | Response |
|---|---|
| How many meetings were you eligible to vote at over the year to 31/03/2021? | 11362 |
| How many resolutions were you eligible to vote on over the year to 31/03/2021? | 115604 |
| What % of resolutions did you vote on for which you were eligible? | 98.98% |
| Of the resolutions on which you voted, what % did you vote with management? | 81.72% |
| Of the resolutions on which you voted, what % did you vote against management? | 17.71% |
| Of the resolutions on which you voted, what % did you abstain from? | 0.56% |
| In what % of meetings, for which you did vote, did you vote at least once against management? | 6.35% |
| Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable) | 0.20% |

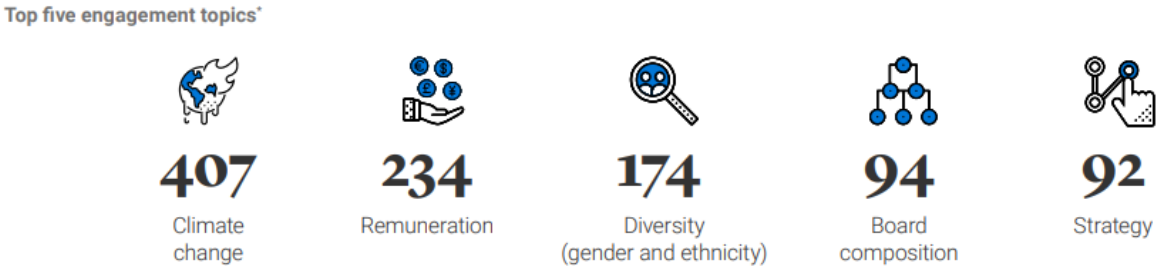
None of the other scheme assets hold company shares so have no voting rights in relation to the underlying assets held.

**Significant Votes**

Details of LGIM's significant votes during the period in relation to the Diversified Fund are shown in appendix A.

**Engagement statistics**

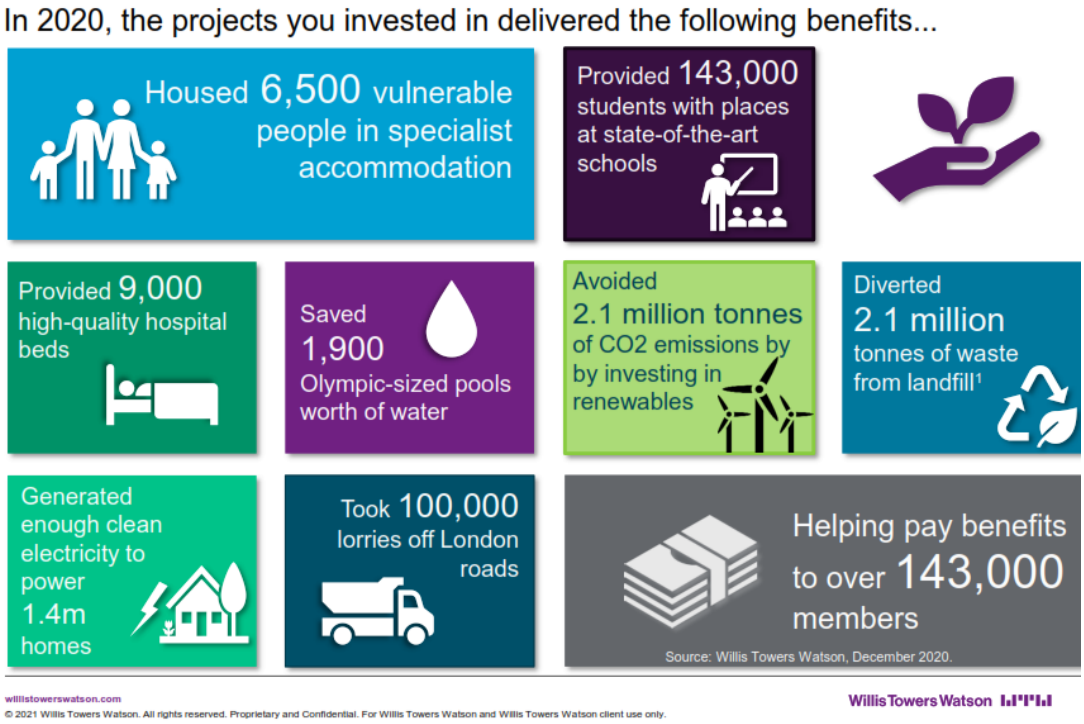
A high level overview of some of the LGIM engagement statistics during the period are:

**WTW Stewardship highlights**

The WTW Secure Income Fund is a long term investor in a diversified range of illiquid assets which can be categorised under the following headings - social housing, long lease, ground rents, social infrastructure, renewable energy and availability transport.

Some of the stewardship highlights for 2020 include:

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**Significant Votes – Appendix A**

In relation to the LGIM Diversified Fund the following are considered by LGIM as significant votes in the year

**Vote 1**

| | |
|---|---|
| Company name | Qantas Airways Limited |
| Date of vote | 23-Oct-20 |
| Summary of the resolution | Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report. |
| How you voted | LGIM voted against resolution 3 and supported resolution 4. |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | Given our engagement, LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee. |
| Rationale for the voting decision | The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as we wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. In collaboration with our Active Equities team, LGIM's Investment Stewardship team engaged with the Head of Investor Relations of the company to express our concerns and understand the company's views. The voting decision ultimately sat with the Investment Stewardship team. We supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, our 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. We voted against resolution 3 to signal our concerns. |
| Outcome of the vote | 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, in our view. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | We will continue our engagement with the company. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package. |

**Vote 2**

| | |
|---|---|
| Company name | Whitehaven Coal |
| Date of vote | 22-Nov-20 |
| Summary of the resolution | Resolution 6 Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders. |
| How you voted | LGIM voted for the resolution. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | The role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation: in Q4 2020 alone three of Australia's main export markets for coal – Japan, South Korea and China – have announced targets for carbon neutrality around 2050. LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets. |
| Outcome of the vote | The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour. However, the environmental profile of the company continues to remain in the spotlight: in late 2020 the company pleaded guilty to 19 charges for breaching mining laws that resulted in 'significant environmental harm'. As the company is on LGIM's Future World Protection List of exclusions, many of our ESG-focused funds – and select exchange-traded funds – were not invested in the company. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor this company. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism. |

**Vote 3**

| | |
|---|---|
| Company name | International Consolidated Airlines Group |
| Date of vote | 07-Sep-20 |
| Summary of the resolution | Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020. |
| How you voted | We voted against the resolution. |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model. At the end of March 2020, LGIM addressed a private letter to the company to state our support during the pandemic. We also encouraged the board to demonstrate restraint and discretion with its executive remuneration. As a result of the crisis, the company took up support under various government schemes. The company also announced a 30% cut to its workforce. On the capital allocation front, the company decided to withdraw its dividend for 2020 and sought shareholder approval for a rights issue of €2.75 billion at its 2020 AGM in order to strengthen its balance sheet. The remuneration report for the financial year to 31 December 2019 was also submitted to a shareholder vote. We were concerned about the level of bonus payments, which are 80% to 90% of their salary for current executives and 100% of their salary for the departing CEO. We noted that the executive directors took a 20% reduction to their basic salary from 1 April 2020. However, whilst the bonuses were determined at the end of February 2020 and paid in respect of the financial year end to December 2019, LGIM would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders). Over the past few years, we have been closely engaging with the company, including on the topic of the succession of the CEO and the board chair, who were long-tenured. This engagement took place privately in meetings with the board chair and the senior independent director. This eventually led to a success, as the appointment of a new CEO to replace the long-standing CEO was announced in January 2020. A new board chair: an independent non-executive director, was also recently appointed by the board. He will be starting his new role in January 2021. |
| Outcome of the vote | 28.4% of shareholders opposed the remuneration report. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage closely with the renewed board. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | LGIM considers this vote significant as it illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis. |

**Vote 4**

| | |
|---|---|
| Company name | Lagardère |
| Date of vote | 05-May-20 |
| Summary of the resolution | Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardère, as well as to remove all the incumbent directors (apart from two 2019 appointments). |
| How you voted | LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardère SB directors (resolutions B,C,E,F,G). |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. The company continues to have a commandite structure; a limited partnership, which means that the managing partner has a tight grip on the company, despite only having 7 % share capital and 11% voting rights. LGIM engages with companies on their strategies, any lack of challenge to these, and with governance concerns. The company strategy had not been value-enhancing and the governance structure of the company was not allowing the SB to challenge management on this. Where there is a proxy contest, LGIM engages with both the activist and the company to understand both perspectives. LGIM engaged with both Amber Capital, where we were able to speak to the proposed new SB Chair, and also Lagardère, where we spoke to the incumbent SB Chair. This allowed us to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management. |
| Outcome of the vote | Even though shareholders did not give majority support to Amber's candidates, its proposed resolutions received approx. between 30-40% support, a clear indication that many shareholders have concerns with the board. (Source: ISS data) |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | LGIM noted significant media and public interest on this vote given the proposed revocation of the company's board. |

**Vote 5**

| | |
|---|---|
| Company name | Imperial Brands plc |
| Date of vote | 03-Feb-21 |
| Summary of the resolution | Resolutions 2 and 3, respectively, Approve Remuneration Report and Approve Remuneration Policy. |
| How you voted | LGIM voted against both resolutions. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. A higher base salary has a consequential ripple effect on short- and long-term incentives, as well as pension contributions. Further, the company did not apply best practice in relation to post-exit shareholding guidelines as outlined by both LGIM and the Investment Association. An incoming CEO with no previous experience in the specific sector, or CEO experience at a FTSE100 company, should have to prove her or himself beforehand to be set a base salary at the level, or higher, of an outgoing CEO with multiple years of such experience. Further, we would expect companies to adopt general best practice standards. Prior to the AGM, we engaged with the company outlining what our concerns over the remuneration structure were. We also indicated that we publish specific remuneration guidelines for UK-listed companies and keep remuneration consultants up to date with our thinking. |
| Outcome of the vote | Resolution 2 (Approve Remuneration Report) received 40.26% votes against, and 59.73% votes of support. Resolution 3 (Approve Remuneration Policy) received 4.71% of votes against, and 95.28% support. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM continues to engage with companies on remuneration both directly and via IVIS, the corporate governance research arm of The Investment Association. LGIM annually publishes remuneration guidelines for UK listed companies. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | We are concerned over the ratcheting up of executive pay; and we 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. |

**Vote 6**

| | |
|---|---|
| Company name | Pearson |
| Date of vote | 18-Sep-20 |
| Summary of the resolution | Resolution 1: Amend remuneration policy was proposed at the company's special shareholder meeting, held on 18 September 2020. |
| How you voted | We voted against the amendment to the remuneration policy. |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | Pearson issued a series of profit warnings under its previous CEO. Yet shareholders have been continuously supportive of the company, believing that there is much value to be gained from new leadership and a fresh approach to their strategy. However, the company decided to put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy. This resolution at the extraordinary general meeting (EGM) was seeking shareholder approval for the grant of a co-investment award, an unusual step for a UK company, yet if this resolution was not passed the company confirmed that the proposed new CEO would not take up the CEO role. This is an unusual approach and many shareholders felt backed into a corner, whereby they were keen for the company to appoint a new CEO, but were not happy with the plan being proposed. However, shareholders were not able to vote separately on the two distinctly different items, and felt forced to accept a less-than-ideal remuneration structure for the new CEO. LGIM spoke with the chair of the board earlier this year, on the board's succession plans andprogress for the new CEO. We also discussed the shortcomings of the company's current remuneration policy. We also spoke with the chair directly before the EGM, and relayed our concerns that the performance conditions were weak and should be re-visited, to strengthen the financial underpinning of the new CEO's award. We also asked that the post-exit shareholding requirements were reviewed to be brought into line with our expectations for UK companies. In the absence of any changes, LGIM took the decision to vote against the amendment to the remuneration policy. |
| Outcome of the vote | At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | Such significant dissent clearly demonstrates the scale of investor concern with the company's approach. It is important that the company has a new CEO, a crucial step in the journey to recover value; but key governance questions remain which will now need to be addressed through continuous engagement. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | Pearson has had strategy difficulties in recent years and is a large and well-known UK company. Given the unusual approach taken by the company and our outstanding concerns, we deem this vote to be significant. |

**Vote 7**

| | |
|---|---|
| Company name | SIG plc. |
| Date of vote | 09-Jul-20 |
| Summary of the resolution | Resolution 5: Approve one-off payment to Steve Francis proposed at the company's special shareholder meeting held on 9 July 2020. |
| How you voted | We voted against the resolution. |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | The company wanted to grant their interim CEO a one-off award of £375,000 for work carried out over a two-month period (February - April). The CEO agreed to invest £150,000 of this payment in acquiring shares in the business, and the remaining £225,000 would be a cash payment. The additional payment was subject to successfully completing a capital-raising exercise to improve the liquidity of the business. The one-off payment was outside the scope of their remuneration policy and on top of his existing remuneration, and therefore needed shareholder support for its payment. LGIM does not generally support one-off payments. We believe that the remuneration committee should ensure that executive directors have a remuneration policy in place that is appropriate for their role and level of responsibility. This should negate the need for additional one-off payments. In this instance, there were other factors that were taken into consideration. The size of the additional payment was a concern because it was for work carried over a two-month period, yet was equivalent to 65% of his full-time annual salary. £225,000 was to be paid in cash at a time when the company's liquidity position was so poor that it risked breaching covenants of a revolving credit facility and therefore needed to raise additional funding through a highly dilutive share issue. |
| Outcome of the vote | The resolution passed. However, 44% of shareholders did not support it. We believe that with this level of dissent the company should not go ahead with the payment. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | We intend to engage with the company over the coming year to find out why this payment was deemed appropriate and whether they made the payment despite the significant opposition. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | The vote is high-profile and controversial. |

**Vote 8**

| | |
|---|---|
| Company name | Barclays |
| Date of vote | 07-May-20 |
| Summary of the resolution | Resolution 29 Approve Barclays' Commitment in Tackling Climate Change Resolution 30 Approve ShareAction Requisitioned Resolution |
| How you voted | LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction. |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome. |
| Outcome of the vote | Resolution 29 - supported by 99.9% of shareholders Resolution30 - supported by 23.9% of shareholders (source: Company website) |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | The hard work is just beginning. Our focus will now be to help Barclays on the detail of their plans and targets, more detail of which is to be published this year. We plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | Since the beginning of the year there has been significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM. We thank our clients for their patience and understanding while we undertook sensitive discussions and negotiations in private. We consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as our clients. |

**Vote 9**

| | |
|---|---|
| Company name | Mitchells & Butlers |
| Date of vote | 11-Mar-21 |
| Summary of the resolution | Resolution 1: Authorise Issue of Equity in Connection with the Open Offer Resolution 2: Authorise Issue of Shares Pursuant to the Open Offer at a Discount to Middle Market Price Resolution 3: Authorise Implementation of Open Offer |
| How you voted | LGIM voted against all three resolutions. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | Given the current COVID restrictions and their impact on this pub & restaurant company's financials, the company sought shareholder approval for an equity raise through an underwritten Open Offer 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 Open Offer, the concert party committed to underwrite any remaining offer shares not taken up by existing shareholders. We opposed Open Offer given our concerns about the influence of the newly incorporated holding company, Odyzean Limited, over our 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 as stated in the prospectus. LGIM would have expected a fair traditional rights issue to protect minority investors. We also noted that the concert party was able to buy deeply discounted shares without paying a control premium through their underwriting of the open offer. |
| Outcome of the vote | Only 6.8% of shareholders opposed these resolutions. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor the company closely. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | We have taken the rare step of opposing a capital raise given our serious concerns for minority shareholders' rights. |

**Vote 10**

| | |
|---|---|
| Company name | Rank Group |
| Date of vote | 11-Nov-20 |
| Summary of the resolution | Resolution 2 Approve the remuneration report; and resolution 3 Approve remuneration policy. |
| How you voted | LGIM supported both resolutions. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | The company and its stakeholders have been impacted by the COVID crisis. As an active owner and responsible investor, LGIM wants to ensure this is reflected in the executive remuneration package paid for this year. In addition, in 2018 the company granted 'block awards' long-term incentives (LTI) to the executives and committed not to grant any LTI awards until financial year 2022. After review of the remuneration policy, the remuneration committee asked shareholders to adopt a new LTI structure with the first award under this plan to be made in the 2021 financial year. We decided to support the remuneration report, which looks back at the remuneration earned during the financial year. We noted the remuneration committee's decision to apply a 20% deduction and cancel the planned increase of salaries of the executives and fees of the board members. No annual bonus was granted, given the performance of the company. LGIM was comfortable that the impact of COVID-19 had been appropriately reflected in the remuneration of the executives and therefore decided to support the remuneration report. Regarding the remuneration policy, our direct engagement with the company allowed us to better understand the rationale for the proposed changes to the LTIP. We took into account their concerns around retention, and the fact that there would be a substantial gap in the vesting of any long-term incentives if this plan was not approved. Notably, that the structure of the proposed LTIP was in line with LGIM's remuneration principles. |
| Outcome of the vote | 90.79% of shareholders supported resolution 2 and 96.4% supported resolution 3. However, it should be noted that a majority shareholder owned 56.15% of the voting rights shortly before the time of the vote. This remains an interesting outcome given the recommendation of a vote against both resolutions by influential proxy voting agency ISS. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | Our engagement with the company on the topic of remuneration led to an informed vote decision by LGIM. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | It illustrates the complexity of remuneration practices and the importance of engagement. The media also expected this shareholder meeting would trigger a substantial amount of votes against. |

**Vote 11**

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|---|---|
| Company name | Hollywood Bowl Group |
| Date of vote | 27-Jan-21 |
| Summary of the resolution | Resolution 2: approve remuneration report Resolution 3: re-elect Nick Backhouse as director Resolution 7: re-elect Ivan Schofield as director Resolution 8: re-elect Claire Tiney as director |
| How you voted | We voted against the remuneration report and escalated our concerns by a vote against all the members of the remuneration committee. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | The bowling alley operator has been financially impacted by the COVID-19 pandemic. This resulted in staff being furloughed and the company not paying dividends to shareholders. Despite this, the remuneration committee decided to exercise its discretion to allow for the performance period of the 2017 Long-Term Incentive Plan (LTIP) award to be reduced from September 2020 to February 2020, to avoid having to factor-in the financial consequences of the pandemic into the incentive plan. This resulted in the pro-rated LTIP vesting at 81% of salary. The remuneration committee did not consult with LGIM before taking the decision to retrospectively reduce the performance period of the LTIP. We applied our policy and sanctioned this practice by a vote against the remuneration report. Given the seriousness of our concerns and the precedent this could set, we decided to escalate our vote sanction by a rare vote against all members of the remuneration committee. |
| Outcome of the vote | 47.7% of shareholders opposed the remuneration report (resolution 2) and 15.8% the re-election of the chair of the remuneration committee (resolution 8). The other members of the remuneration committee (resolution 3 and 7) were only opposed by 4.2% and 4.0% of shareholders respectively. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor the company. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | We took the rare step of escalating our vote against all members of the remuneration committee given the seriousness of our concerns. This highlights the importance of ensuring that executive remuneration remains in line with stakeholder experience. |

**Vote 12**

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| Company name | SSP Group plc |
| Date of vote | 25-Mar-21 |
| Summary of the resolution | Resolutions 3 and 4: Approve Remuneration Policy and Restricted Share Plan (RSP) Resolutions 15-17: Approve general share issuance authorities |
| How you voted | LGIM voted Against the introduction of the RSP (Item 4) and the Remuneration Policy (Item 3). We also voted against the share issuance authorities (Items 15-17) given that we considered that the company had misused similar authorities during the previous year. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | Issue 1 – remuneration-based Many companies, especially those operating in sectors particularly hard-hit by COVID-19, have in the last year sought to introduce alternative long-term share incentives. Where performance-based awards are replaced with time-vested shares (restricted shares), which exhibit a higher likelihood of vesting, we expect the award opportunity to be significantly reduced to take account of the increased value. Institutional guidelines note a minimum 50% discount as an appropriate starting point. However, best market practice has since evolved to take account of any substantial reduction in the share price year-on-year to ensure that potential windfall gains when the market recovers are avoided. At SSP Group, whilst the remuneration committee proposed a 50% discount, it did not further reduce the award size despite the share price not having sufficiently recovered, lingering below 50% of the pre-pandemic price. Thus, the proposed award size would actually be larger than the number of pre-COVID shares previously offered under the LTIP, despite its likelihood of vesting having increased dramatically. Issue 2 – share issuances without adequate shareholder protections At a capital raising by SSP Group in June 2020 – in the height of the coronavirus pandemic – the company issued additional capital through a legal structure that bypassed shareholder pre-emption rights. |
| Outcome of the vote | Resolution 3: 9.79% votes against, with a further substantial number of abstain votes. Resolution 4: 10.25% votes against. Resolution 15: 21.77% votes against. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor the company closely. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | Ahead of the AGM, there had been rumblings from investors regarding the proposed RSP award size. But more importantly, the move away from performance-based share incentive to time-based awards, which vest subject to no further performance targets, is concerning and can set a dangerous precedent if not appropriately discounted. The high vote against the standard share issuance authority (Item 15) demonstrates shareholders' concern with capital raises that may lead to shareholders suffering dilution. |

**Vote 13**

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| Company name | Future plc |
| Date of vote | 11-Feb-21 |
| Summary of the resolution | Resolution 3: Approve Remuneration Report Resolution 4: Approve Remuneration Policy Resolution 10: Re-elect Hugo Drayton Resolution 18: Approve Value Creation Plan |
| How you voted | LGIM voted against the resolutions. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | The company proposed a bonus scheme that could award its chief executive just over £40m. The Value Creation Plan could pay out up to £95m in stock-based awards annually over three years to employees, based on total shareholder return and dividends. We had concerns around the potential increase in total quantum, as the proposed plan does not comply with LGIM's pay policy. We did not engage with the company as we have clearly set out our expectations on remuneration in our principles document. We voted against the remuneration report and policy as we did not consider there to be sufficient justification for the proposed increase to the LTIP, and the proposed plan does not comply with LGIM's published pay policy. We voted against the value creation plan due to the potential increase in total quantum of pay. We voted against the chair of the remuneration committee as we have current and previous concerns with the remuneration plans. |
| Outcome of the vote | The resolutions received the below in votes against: Resolution 3: 35% Resolution 4: 27% Resolution 10: 10% Resolution 18: 35% Whilst all resolutions passed, the company did receive significant votes against a number of these resolutions. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor the company. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | This was a high-profile vote, which has such a degree of controversy that there is high client and/or public scrutiny. |

**Vote 14**

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| Company name | Medtronic plc |
| Date of vote | 11-Dec-20 |
| Summary of the resolution | Resolution 3 Advisory Vote to Ratify Named Executive Officers' Compensation. |
| How you voted | LGIM voted against the resolution. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | Following the end of the financial year, executive directors were granted a special, one-off award of stock options to compensate for no bonus being paid out during the financial year. LGIM voted against the one-off payment as we are not supportive of one-off awards in general and in particular when these are awarded to compensate for a payment for which the performance criterion/criteria were not met. Prior to the AGM we engaged with the company and clearly communicated our concerns over one-off payments. |
| Outcome of the vote | The voting outcome was as follows: For: 91.73%; against: 8.23%. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor this company. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | We believe it is contrary to best practice in general and our pay principles in particular to award one-off awards, especially if they are to compensate for a forgone payment. |

**Vote 15**

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| Company name | Plus500 ltd. |
| Date of vote | 16-Sep-20 |
| Summary of the resolution | Resolution 17: Approve Special Bonus Payment to CFO Elad Even-Chen at the company's special shareholder meeting held on 16 September 2020. |
| How you voted | We voted against the special bonus based on the belief that such transaction bonuses do not align with the achievement of pre-set targets. Separately, LGIM also voted against an amendment to the company's remuneration policy, which continues to allow for the flexibility to make one-off awards and offers long-term incentives that remain outside best market practice in terms of long-term performance alignment. |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | Given our concerns, LGIM directly notified the company of its vote intentions before the shareholder meeting. |
| Rationale for the voting decision | At its AGM on 16 September 2020, Plus500 proposed a number of pay-related proposals for shareholder approval. Amongst these, the board recommended the approval of a substantial discretionary bonus offered to the CFO of around ?4.2 million (around $1.2 million), for his successful work with Israeli tax authorities over a number of years, resulting in a significant tax-saving for shareholders. The bonus is in addition to his annual variable pay and outside the normal bonus structure. LGIM does not support one-off discretionary bonuses (or transaction bonuses) as these are not within the approved policy to reward the achievement of pre-set targets. Moreover, discussions with tax authorities and the obtaining of preferential tax structures for the company are seen as part of a CFO's day-to-day job and should not be remunerated separately. Instead, a preferential tax treatment will benefit future performance and will therefore be rewarded within annual bonus and long-term incentives in future performance years. |
| Outcome of the vote | Given the level of shareholder dissent, Resolution 17 was withdrawn ahead of the AGM, while all the other resolutions were passed. The company stated that: 'The board and the remuneration committee consider that a bonus is appropriate given the outstanding efforts of [the CFO].'As such, Plus500 intends to again propose the resolution for shareholder approval at the EGM to cover 2021 director pay (as is required under Israeli law). |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | We will continue to monitor the company, |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | There was a level of media interest regarding the withdrawal of the resolution. This, combined with the other shortcomings of this company in relation to the expectations of a company listed in London, make this a significant vote. Shareholder dissent to the resolution was sufficiently high that the proposal was withdrawn ahead of the AGM; this will result in the company being included in the UK Investment Association's Public Register. |

**Vote 16**

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| Company name | Olympus Corporation |
| Date of vote | 30-Jul-20 |
| Summary of the resolution | Resolution 3.1: Elect Director Takeuchi, Yasuo at the company's annual shareholder meeting held on 30 July 2020. |
| How you voted | We voted against the resolution. |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | Japanese companies in general have trailed behind European and US companies, as well as companies in other countries, in ensuring more women are appointed to their boards. The lack of women is also a concern below board level. LGIM have for many years promoted and supported an increase of women on boards, at the executive level and below. On a global level we consider that every board should have at least one female director. We deem this a de minimis standard. Globally, we aspire to all boards comprising 30% women. Last year in February we sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at executive level, indicating that we expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation. In the beginning of 2020, we announced that we would commence voting against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for those companies included in the TOPIX100. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to take action on this issue. |
| Outcome of the vote | 94.90% of shareholders supported the election of the director |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with and require increased diversity on all Japanese company boards. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | This vote is deemed significant as LGIM considers it imperative that the boards of Japanese companies increase their diversity. |

**Vote 17**

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| Company name | Toshiba Corp. |
| Date of vote | 18-Mar-21 |
| Summary of the resolution | Resolution 1: Appoint Three Individuals to Investigate Status of Operations and Property of the Company Resolution 2: Amend Articles to Mandate Shareholder Approval for Strategic Investment Policies including Capital Strategies |
| How you voted | LGIM voted for the resolutions. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | Toshiba Corp's extraordinary general meeting (EGM) was precipitated by a significant decline in trust between its shareholders and management team following recent controversies, including allegations of abnormal practices and behaviour by the company surrounding its July 2020 AGM. As a result, the company faced two independent shareholder resolutions at the EGM calling for it to introduce remedies that would restore confidence and trust in the company's governance, management and strategy. LGIM supported the resolution calling for the appointment of investigators to address doubts over the company's 2020 AGM conduct and vote tallying. We believe the enquiry, which is unlikely to be a burden on the company, will be an important step in rebuilding trust between shareholders and the company's executive team and board. We also supported the shareholder resolution mandating the company to present its strategic investment policy to a shareholder vote in order to send a clear message to the Toshiba Board and executive team: shareholders expect increased transparency and accountability. |
| Outcome of the vote | Resolution 1 was passed with 57.9% of participating shareholders in support. The company promptly put investigators in place and set up a confidential hotline for any individuals who are willing to provide information. Resolution 2, in respect to the company's capital allocation and strategic investment policy received 39.3% support and did not pass. However, the vote serves to send a clear signal to the board and executive team that shareholders expect increased transparency and accountability. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor the company. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | The vote was high profile and controversial. |

**Vote 18**

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| Company name | Fast Retailing Co. Limited. |
| Date of vote | 26-Nov-20 |
| Summary of the resolution | Resolution 2.1: Elect Director Yanai Tadashi. |
| How you voted | LGIM voted against the resolution. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | Japanese companies in general have trailed behind European and US companies, as well as companies in other countries in ensuring more women are appointed to their boards. A lack of women employed is also a concern below board level. LGIM has for many years promoted and supported an increase of appointing more women on boards, at the executive level and below. On a global level we consider that every board should have at least one female director. We deem this a de minimis standard. Globally, we aspire to all boards comprising 30% women. In the beginning of 2020, we announced that we would vote against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for companies included in the TOPIX100 where these standards were not upheld. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to act on this issue. |
| Outcome of the vote | Shareholders supported the election of the director. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with and require increased diversity on all Japanese company boards, including Fast Retailing. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | LGIM considers it imperative that the boards of Japanese companies increase their diversity. |

**Vote 19**

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| Company name | Samsung Electronics |
| Date of vote | 17-Mar-21 |
| Summary of the resolution | Resolution 2.1.1: Elect Park Byung-gook as Outside Director Resolution 2.1.2: Elect Kim Jeong as Outside Director Resolution 3: Elect Kim Sun-uk as Outside Director to Serve as an Audit Committee Member |
| How you voted | LGIM voted against all three resolutions. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | In January 2021, Lee Jae-yong, the vice chairman of Samsung Electronics and only son of the former company chairman, was sentenced to two years and six months in prison for bribery, embezzlement and concealment of criminal proceeds worth about KRW 8.6 billion. Lee Jae-yong was first sentenced to five years in prison in August 2017 for using the company's funds to bribe the impeached former President Park Geun-hye. While Lee was released from prison, he was not acquitted of the charges. Based on the court's verdict, Lee actively provided bribes and implicitly asked then president Park to use her power to help his smooth succession. The court further commented that the independent compliance committee established in January 2020 has yet to become fully effective. LGIM engaged with the company ahead of the vote. However, we were not satisfied with the company's response that ties have been severed. We are concerned that Lee Jae-yong continues to make strategic company decisions from prison. Additionally, we 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. |
| Outcome of the vote | The meeting results are not yet available. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor the company. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | 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. |

**Vote 20**

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| Company name | Amazon |
| Date of vote | 27-May-20 |
| Summary of the resolution | Shareholder resolutions 5 to 16 |
| How you voted | Of 12 shareholder proposals, we voted to support 10. We looked into the individual merits of each individual proposal, and there are two main areas which drove our decision-making: disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16) and governance structures that benefit long-term shareholders (resolutions 9 and 14). |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | In addition to facing a full slate of proxy proposals, in the two months leading up to the annual meeting, Amazon was on the front lines of a pandemic response. The company was already on the back foot owing to the harsh workplace practices alleged by the author of a seminal article in the New York Times published in 2015, which depicted a bruising culture. The news of a string of workers catching COVID-19, the company's response, and subsequent details, have all become major news and an important topic for our engagements leading up to the proxy vote. Our team has had multiple engagements with Amazon over the past 12 months. The topics of our engagements touched most aspects of ESG, with an emphasis on social topics: • Governance: Separation of CEO and board chair roles, plus the desire for directors to participate in engagement meetings • Environment: Details about the data transparency committed to in their 'Climate Pledge' • Social: Establishment of workplace culture, employee health and safety The allegations from current and former employees are worrying. Amazon employees have consistently reported not feeling safe at work, that paid sick leave is not adequate, and that the company only provides an incentive of $2 per hour to work during the pandemic. Also cited is an ongoing culture of retaliation, censorship, and fear. We discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies. However, some of their responses seemed to have backfired. For example, a policy to inform all workers in a facility if COVID-19 is detected has definitely caused increased media attention. |
| Outcome of the vote | Resolution 5 to 8, and 14 to 16 each received approx. 30% support from shareholders. Resolutions 9 and 10 received respectively 16.7 and 15.3% support. Resolution 11 received 6.1% support. Resolution 12 received 1.5 % support. Resolution 13 received 12.2% support. (Source: ISS data) |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | Despite shareholders not giving majority support to the raft of shareholder proposals, the sheer number and focus on these continues to dominate the landscape for the company. Our engagement with the company continues as we push it to disclose more and to ensure it is adequately managing its broader stakeholders, and most importantly, its human capital. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | The market attention was significant leading up to the AGM, with: •12 shareholder proposals on the table – the largest number of any major US company this proxy season •Diverse investor coalitions submitting and rallying behind the proposals, including global, different types of investors and first time co-filers/engagers •Substantial press coverage – with largely negative sentiment related to the company's governance profile and its initial management of COVID-19 •Multiple state treasurers speaking out and even holding an online targeted pre-annual meeting investor forum entitled 'Workplace & Investor Risks in Amazon.com, Inc.'s COVID-19 Response' Anecdotally, the Stewardship team received more inquires related to Amazon than any other company this season. |

**Vote 21**

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| Company name | AmerisourceBergen Corporation |
| Date of vote | 11-Mar-21 |
| Summary of the resolution | Resolution 3: Advisory Vote to Ratify Named Executive Officers' Compensation |
| How you voted | LGIM voted against the resolution. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | During the same year the Company recorded a $6.6 billion charge related to opioid lawsuits, its CEO's total compensation was approximately 25% higher than the previous year. By excluding the settlement costs, the Compensation Committee ensured executive pay was not impacted by an operating loss of $5.1bn (on unadjusted basis). LGIM has in previous years voted against executives' pay packages due to concerns over the remuneration structure not comprising a sufficient proportion of awards assessed against the company's performance. We voted against the resolution to signal our concern over the overall increased compensation package during a year that the company recorded a $6.6bn charge related to opioid lawsuits and a total operating loss of $5.1 billion. |
| Outcome of the vote | The resolution encountered a significant amount of oppose votes from shareholders, with 48.36% voting against the resolution and 51.63% supporting the proposal. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM continues to engage with US companies on their pay structures and has published specific pay principles for US companies. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | LGIM considers it imperative that pay structures are aligned with company performance and that certain expenses over which directors have control and influence should not be allowed to be excluded in the calculation of their pay, in particular if these would be detrimental to the executive director(s) in question. |

**Vote 22**

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| Company name | Cardinal Health |
| Date of vote | 04-Nov-20 |
| Summary of the resolution | Resolution 3, Advisory Vote to Ratify Named Executive Officers' Compensation. |
| How you voted | LGIM voted against the resolution. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | The company paid out an above target bonus to the CEO, the same year it recorded a total pre-tax charge of $5.63 billion ($5.14 billion after tax) for expected opioid settlement costs during the fiscal year ended 30 June, 2020. The Compensation Committee excluded the settlement costs from the earnings calculations which resulted in executive pay being boosted. Further, the current CEO was head of pharma globally during the worst years of the opioid crisis. Accountability would therefore have been expected. LGIM has in previous years voted against executives' pay packages due to concerns over the remuneration structure not comprising a sufficient proportion of awards assessed against the company's performance. We voted against the resolution to signal our concern over the bonus payment to the CEO in the same year the company recorded the charge for expected opioid settlement. |
| Outcome of the vote | The resolution encountered a significant amount of oppose votes from shareholders, with 38.6% voting against the resolution and 61.4% supporting the proposal. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM continues to engage with US companies on their pay structures and has published specific pay principles for US companies. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | We believe it is imperative that pay structures are aligned with company performance and that certain expenses over which directors have control and influence should not be allowed to be excluded in the calculation of their pay, in particular if these would be detrimental to the executive director(s) in question. |

**Vote 23**

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| Company name | ExxonMobil |
| Date of vote | 27-May-20 |
| Summary of the resolution | Resolution 1.10  Elect Director Darren W. Woods |
| How you voted | Against |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | In June 2019, under our annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, we announced that we will be removing ExxonMobil from our Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, we also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, our voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration. |
| Outcome of the vote | 93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods. Approximately 30% of shareholders supported the proposals for independence and lobbying. (Source: ISS data) |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | We believe this sends an important signal, and will continue to engage, both individually and in collaboration with other investors, to push for change at the company. Our voting intentions were the subject of over 40 articles in major news outlets across the world, including Reuters, Bloomberg, Les Échos and Nikkei, with a number of asset owners in Europe and North America also declaring their intentions to vote against the company. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | We voted against the chair of the board as part of LGIM's 'Climate Impact Pledge' escalation sanction. |

**Vote 24**

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| Company name | The Procter & Gamble Company (P&G) |
| Date of vote | 13-Oct-20 |
| Summary of the resolution | Resolution 5 Report on effort to eliminate deforestation. |
| How you voted | LGIM voted in favour of the resolution. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | P&G uses both forest pulp and palm oil as raw materials within its household goods products. The company has only obtained certification from the Roundtable on Sustainable Palm Oil for one third of its palm oil supply, despite setting a goal for 100% certification by 2020. Two of their Tier 1 suppliers of palm oil were linked to illegal deforestation. Finally, the company uses mainly Programme for the Endorsement of Forest Certification (PEFC) wood pulp rather than Forestry Stewardship Council (FSC) certified wood pulp. Palm oil and Forest Pulp are both considered leading drivers of deforestation and forest degradation, which is responsible for approximately 12.5% of greenhouse gas emissions that contribute to climate change. The fact that Tier 1 suppliers have been found to have links with deforestation calls into question due diligence and supplier audits. Only FSC certification offers guidance on land tenure, workers', communities and indigenous people's rights and the maintenance of high conservation value forests. LGIM engaged with P&G to hear its response to the concerns raised and the requests raised in the resolution. We spoke to representatives from the proponent of the resolution, Green Century. In addition, we engaged with the Natural Resource Defence Counsel to fully understand the issues and concerns. Following a round of extensive engagement on the issue, LGIM decided to support the resolution. Although P&G has introduced a number of objectives and targets to ensure their business does not impact deforestation, we felt it was not doing as much as it could. The company has not responded to CDP Forest disclosure; this was a red flag to LGIM in terms of its level of commitment. Deforestation is one of the key drivers of climate change. Therefore, a key priority issue for LGIM is to ensure that companies we invest our clients' assets in are not contributing to deforestation. LGIM has asked P&G to respond to the CDP Forests Disclosure and continue to engage on the topic and push other companies to ensure more of their pulp and wood is from FSC certified sources. |
| Outcome of the vote | The resolution received the support of 67.68% of shareholders (including LGIM). |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with P&G on the issue and will monitor its CDP disclosure for improvement. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | It is linked to LGIM's five-year strategy to tackle climate change and attracted a great deal of client interest. |

**Vote 25**

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| Company name | Tyson Foods |
| Date of vote | 11-Feb-21 |
| Summary of the resolution | Resolution 4: Report on Human Rights Due Diligence |
| How you voted | LGIM voted against the resolution. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | A shareholder-led resolution requested that the company produce a report on Tyson's human rights due diligence process. The pandemic highlighted potential deficiencies in the application of its human rights policies. The following issues have been highlighted as giving grounds to this assessment: strict attendance policies, insufficient access to testing, insufficient social distancing, high line speeds and non-comprehensive COVID-19 reporting. Furthermore, it is believed that there have been over 10,000 positive cases and 35 worker deaths. As such, the company is opening itself up to undue human rights and labour rights violation risks. Tyson is already subject to litigation for wrongful death of an employee filed by the family of the deceased. Additionally, there is a United States Department of Agriculture complaint for failure to protect employees of colour who are disproportionately affected by Covid-19, and two Federal Trade Commission (FTC) complaints for misleading representations about worker treatment, the nature of relationships with farmers, and conditions at poultry farms in its supply chain. LGIM believes that companies in which we invest our clients' capital should uphold their duty to ensure the health and safety of employees over profits. While the company has health and safety, and code of conduct, policies in place and may have introduced additional policies to protect employees during the pandemic, there was clearly more it could have done. This is indicated by the reported complaints and rates of infection among its employee population. We believe that producing this report is a good opportunity for the board to re-examine the steps they have taken and assess any potential shortfalls in safety measures so that they can improve controls and be better prepared for any future pandemic or similar threat. |
| Outcome of the vote | The resolution failed to get a majority support as only 17% of shareholders supported it. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor the company. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | Our clients were particularly interested in the outcome of this vote. |

**Vote 26**

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| Company name | Walgreens Boots Alliance, Inc. |
| Date of vote | 28-Jan-21 |
| Summary of the resolution | Resolution 3: Advisory vote to ratify named executive officer's compensation. |
| How you voted | We voted against the resolution. |
| Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | The company's compensation committee applied discretion to allow a long-term incentive plan award to vest when the company had not even achieved a threshold level of performance. This is an issue because investors expect pay and performance to be aligned. Exercising discretion in such a way during a year in which the company's earnings per share (EPS) declined by 88% caused a significant misalignment between pay and performance. LGIM had a constructive engagement with the company in November 2020; however, it failed to mention the application of discretion during that call. We found this surprising given the significant impact it had on compensation, which was discussed, giving the company an opportunity to raise this. LGIM does not generally support the application of retrospective changes to performance conditions. Although the company was impacted by COVID, many of its shops remained open as they were considered an essential retailer. The company did not provide sufficient justification for the level of discretion applied which resulted in the payment of 94,539 shares or approximately $3.5m to the CEO in respect of the 2018-2020 award, which would otherwise have resulted in zero shares vesting. |
| Outcome of the vote | The resolution failed to get a majority support as 52% of shareholders voted against. |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor the company. |
| On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"? | It was high-profile and controversial. |