IMPLEMENTATION STATEMENT (forming part of the Trustee's report)

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 ("the Regulations"). The Regulations require that the Trustee produces an annual implementation statement which outlines the following:

A summary of the changes made to the Statement of Investment Principles ("SIP") over the scheme year

Evidence on how the Trustee has fulfilled the objectives and policies included in the SIP over the scheme year

Describe the voting behaviour by, or on behalf of the Trustee (including the most significant votes cast) during the scheme year and state any use of third-party proxy voting services

This Implementation Statement has been prepared by the Trustee for the year 1 April 2020 to 31 March 2021 for the Laporte Group Pension Trust (the "Trust").

Changes to the SIP over the year to 31 March 2021

The Trustee last reviewed and subsequently updated the SIP in January 2021 to reflect the Trust's investment in a Bulk Purchase Annuity Agreement ("Annuity Policy") with Legal & General Assurance Society ("LGAS") during the fourth quarter of 2020.

The SIP was also updated during the year to take to take account of the new regulatory requirements to set out the Trustee's policies on 'financially material considerations' and 'non-financial factors'. The changes made by the Trustee included:

- Its policy governing investment stewardship, including how it will take account of environmental, social and corporate governance issues in setting DC investment strategy – whilst seeking the best returns consistent with a prudent and appropriate level of risk;
- An expectation that the Trust's investment managers will, where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and exercise the Trustee's voting rights in relation to the Trust's assets;
- Confirmation that in setting and implementing the Trust's investment strategy, the Trustee does not explicitly take into account the views of Trust members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors);
- Further expansion on the Trustee's voting and engagement policy and its relationship with its fund manager, Legal & General Investment Management ("LGIM"), noting that the Trustee regularly reviews the continuing suitability of the appointed manager and takes advice from its investment adviser with regards to any changes;
- An explanation of how the Trustee will seek to ensure that the investment objectives and guidelines of any investment fund used are consistent with their own policies and objectives, including to understand the investment manager's approach to sustainable investment (including engagement);
- How the Trustee intends to monitor ongoing investment management costs, including charges, transaction costs and portfolio turnover; and
- Removal of references to Equitable Life With-profits investments as these were transferred to LGIM Funds under the Trust in July 2020.

The most recent SIP can be found online here: https://www.psgovernance.com/communications/laporte-group-pension-trust.html

Meeting objectives and policies outlined in the SIP

The Trustee outlines in the SIP several key objectives and policies. An explanation of how these objectives and policies have been met and adhered to over the course of the year is set out in the remainder of this section.

The Trustee has implemented its investment policy as set out in the SIP over the reporting period.

DB Section

Ongoing monitoring

Prior to the purchase of the Annuity Policy, investment monitoring for the DB section took place on a quarterly basis with monitoring reports being provided to the Trustee by its DB investment adviser, Aon ("Aon"). The Trustee used these reports to monitor the performance, strategic asset allocation and risk management of the Trust's investments, and the funding level of the Trust, covering a number of different objectives and policies set out in the SIP.

Aon's Investment Manager Research ("IMR") Team were responsible for researching, rating and monitoring the Trust's investment manager (LGIM). This included some aspects of the manager's alignment with the Trustee's policies generally, for example, whether the manager was expected to achieve the performance objective and a review of their approach to ESG issues. IMR met the investment manager on a regular basis to assess any changes in the investment personnel, investment process, risk management and other manager evaluation factors to determine whether the overall rating assigned to the funds remained appropriate and the manager remained suitable to manage the assets.

Investment objective

The Trustee aims to invest the DB assets of the Trust prudently to ensure that the benefits promised to members are provided.

Over the year, the Trustee has conducted various exercises in relation to the Trust's DB investment strategy.

In October 2020, to protect the Trust's funding level while it considered undertaking a buy-in exercise, the Trustee de-risked the investment strategy, reducing the strategic target allocation to "return-seeking" assets from 5% to 0%, and increasing the strategic target allocation to "risk-reducing" assets from 95% to 100%.

In December 2020, the Trustee purchased an Annuity Policy to insure the benefits for the DB membership of the Trust and minimise the risk that the Trust is unable to meet its objective. The Annuity Policy is intended to match the liabilities for the membership of the Trust, and to eliminate the interest rate, inflation and longevity risk associated with the Trust's liabilities.

Investment Strategy

The current DB investment strategy was set in December 2020. The Trustee has established a bulk purchase annuity agreement which is intended to match the liabilities for the DB membership of the Trust, and to eliminate the interest rate, inflation and longevity risk associated with these liabilities.

Risk

Please refer to the "Ongoing monitoring" section above for further details on how risks within the DB section of the Trust were monitored over the year, prior to the purchase of the Annuity Policy.

Following the purchase of the Annuity Policy, the key risk to the DB section of the Trust is the risk that LGAS fails to make the pension payments covered by the Annuity Policy as they fall due. The Trustee considered the credit

strength of LGAS as part of its due diligence process, in addition to other factors such as the regulatory environment and other protections available.

DC Section

Ongoing monitoring

The Trustee's Investment Committee met quarterly over the reporting period to conduct the Trust's DC business, which includes monitoring the Trust's investment strategy and performance of the Trust's fund range. The Trust's DC investment adviser, Willis Towers Watson ("WTW") updates the Trustee in between meetings if a particular issue arises with LGIM or one of the funds made available within the Trust. A representative from LGIM also attends quarterly meetings when required.

The Trustee regularly monitors the performance of the DC investment options and the Trust's investment manager (LGIM).

Over the reporting period, the Trustee considered the performance of the fund range at each of the quarterly Trustee meetings. In doing this, the Trustees discussed the market context alongside assessing how closely each of the passively managed funds had tracked their respective indices. The Trustee also considered the funds against its broader objective to offer accumulation options which exceed price inflation over the mid to long-term.

The Trustee was satisfied that the investment options were performing in line with the agreed objectives.

Investment objective

The Trustee's key investment objective for the DC section is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives.

The Trustee meets this objective by reviewing the Trust's investment strategy in detail on at least a three-yearly basis. The last review was undertaken in February 2018. At the time of writing, the Trustee has recently finished its 2021 strategic review which commenced in Q1 2021. Following the review, the Trustee is satisfied that the current investment options remain broadly appropriate, however, over the next reporting period it will look to:

- Introduce a drawdown focussed 'hands off' investment strategy option
- Rebalance the global equity fund distribution (reducing the UK equity component)
- Introduce a sustainable/ESG 'tilted' global equity fund option into the fund range

The 2021 investment review considered a detailed appraisal of the demographic profile of the membership, the likely income choices members will make at retirement, developments in the money purchase/defined contribution market and legislative changes.

Further details on the latest review and the resulting changes the Trustees made can be found in the Chair's Statement which can be found here: https://www.psgovernance.com/communications/laporte-group-pension-trust.

Investment Strategy

The current DC investment strategy was set in February 2018, with the most recent review initiating at the end of the reporting period in February 2021. The review followed the Regulator's best practice guidance and included detailed a detailed demographic analysis and an assessment of overall risk profile, as well as financial modelling to better understand how, proportionately, members were likely to take their benefits at retirement. The review concluded outside of the reporting period in June 2021.

Risk

The Trustee has considered and identified the key DC risks members are exposed to. These are shown on page 4 in the SIP.

The Trustee does not consider risk in isolation, but in conjunction with expected investment returns and outcomes for members. The Trustee has developed and maintained a risk register as part of a framework of assessing investment risks. The risk register is reviewed regularly.

The Trust does not (and has never) operated a default investment arrangement, however, the Trustee has nevertheless sought to adopt the Regulator's best practice principles in formulating its wider investment strategy. As part of its monitoring, the Trustee, in conjunction with its DC investment adviser, considers the performance of the fund range at each quarterly Trustee meeting, concentrating on the mid to long-term periods.

The Trustee has selected a range of funds which attempt to address the key DC risks the Trustee has identified. The Trustee measures the effectiveness of the investment choices to address these risks on an ongoing basis.

DB and DC Sections

Governance

The Trustee is responsible for the investment of the Trust's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take and which to delegate, the Trustee has taken into account whether it has the appropriate training and knowledge, having taken advice where appropriate in order to take an informed decision.

Over the course of the year, the division of responsibilities between the Trustee, its investment advisers and the asset managers remained unchanged.

The Trustee is aware of the requirement to take professional advice when setting and reviewing the investment strategy.

The Trustee has appointed WTW to provide such advice for the DC section of the Trust. In accordance with this engagement, WTW provides a triennial strategy review which includes recommendations in relation to the default investment strategy and wider fund range. WTW also attend each quarterly Trustee's meeting to provide ongoing investment support and advice.

The Trustee has appointed Aon to provide such advice for the DB section of the Trust. The Trustee obtained written advice from Aon in relation to the changes made to its investment strategy during the year.

The Trustee reviews the SIP at least every three years and immediately following any significant change in investment policy. The Trustee takes investment advice and consults with the Sponsoring Employer over any changes to the SIP.

In line with regulatory requirements to expand the SIP for policies such as costs transparency and incentivising managers, the Trustee reviewed and expanded the Stewardship policy in August 2020. The Trustee has also been proactive to ensure the Trust appropriately updated its SIP following the purchase of the Annuity Policy during the year. The Trustee consulted with the Sponsoring Employer when making these changes and obtained written advice from its investment advisers. The updated SIP has been made available online where it can be accessed by the public.

Environmental, Social and Governance Considerations

In setting the Trust's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Trust and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors including climate change could negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the Trust's asset allocation, when selecting and monitoring managers.

With the help of its investment advisers, the Trustee has gathered and analysed engagement and voting data information for its investments over the year, where applicable. This information is presented later in this Statement.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee elected to invest the Trust's DB assets in an Annuity Policy during the year. The Trustee cannot directly influence the environmental, social, and governance policies and practices of the companies in which the Annuity Policy invests.

As previously noted, during the reporting period, the SIP was updated to take account of the new requirements that came into force from 1 October 2020, particularly around ESG factors and sustainability. To support these changes, the following specific activities were also undertaken in relation to the DC assets:

- In June 2020, an initial training session was provided by WTW covering:
  - What ESG investing means and how it is connected to investment risk/return.
  - Examples of the types of companies ESG investments would exclude including those involved with controversial weapons as well as those with questionable health and safety practices.
- On 9 March 2021, LGIM presented to the Trustee on how it integrates Sustainability and ESG factors into investment stewardship policy. In this presentation, LGIM covered details of its stewardship team size and its voting and engagement priorities as well as how it has built sustainable portfolios and increased access to sustainable investing.

The Trustee has also sought to integrate ESG principles into its 2021 DC investment strategy review and selection of new funds (agreed outside of the reporting period – further commentary on this will provided next year).

Cost Monitoring

The Trustee is aware of the importance of monitoring the total investment costs and the impact that these costs can have on the potential value of the Trust's assets.

Following the purchase of the Annuity Policy, responsibility for monitoring costs in relation to the Trust's DB assets has been delegated to LGAS. The Trustees therefore do not monitor costs relating to the Policy; however, they expect LGAS to confirm if costs are likely to have an impact on the Policy. The Trustee paid a premium to the Annuity Provider when the Policy was initiated, and as a result there are no ongoing fees in respect of the Policy.

For the DC section, members only meet the costs associated with the management and delivery of the Trust's investment options. All other Trust expenses (such as administration, communication and general scheme governance) are met by the sponsoring employer.

During the reporting period, the Trustee's DC investment adviser compared charges applying to the Trust's fund range against those of their client base and the wider market. The charges under the Scheme range from 0.1% p.a. to 0.3% p.a. The majority of members invest in the LGIM 30/70 Global Equity Fund which has a charge of 0.2% p.a. Members also have access to the LGIM Diversified Fund at 0.19% which represents a low cost when considered it offers access to alternative investment classes. The charges for all funds are below the survey average that DC members typically pay for access to DC pension arrangements.

The Trustee's DC investment adviser also compared the Trust's aggregated transaction costs against the market average cost of funds in equivalent sectors. This comparison showed that the transaction costs are all reasonable.

Arrangement with Asset Managers

Please refer to the "Ongoing monitoring" section above for further details on how the Trust's investments and asset managers were monitored over the year.

Before entering into the Annuity Policy, the Trustee reviewed the governing documentation associated with the Policy and considered the extent to which it aligned with the Trust's requirements.

Following the purchase of the Annuity Policy, the responsibility for managing arrangements with asset managers lies with LGAS. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the long-term objectives of LGAS and the Trust.

Trust Stewardship activities over the year

Voting and Engagement activity

Prior to the purchase of the Annuity Policy, the Trustee invested the Trust's DB assets in pooled funds managed by LGIM. Following the purchase of the Annuity Policy, responsibility for voting and engagement with managers has been delegated to LGAS.

The Trustee's DC equity holdings are also invested in pooled funds managed by LGIM. The Trustee does not own the legal entitlement to the underlying portfolio of securities. The Trustee's rights pertain only to owning units in the funds.

Accordingly, the Trustee's policy is that day-to-day decisions relating to the investment of Trust assets is left to the discretion of their investment manager. This includes consideration of all financially materially factors, including ESG-related issues where relevant.

When reviewing the existing manager, the Trustee, together with its investment advisers, look to take account of the approach taken by the manager with respect to sustainable investing including voting policies and engagement where relevant.

The following sections provide an overview of the voting (where applicable) and engagement activities of the manager over the reporting period.

Voting and Engagement activity – Equity

LGIM

Voting policy

LGIM makes use of the Institutional Shareholder Services' ("ISS") proxy voting platform to electronically vote and augment its own research and proprietary Environmental, Social and Governance ("ESG") assessment tools, but do not outsource any part of the strategic decisions. LGIM has put in place a custom voting policy with specific instructions that apply to all markets globally, which seeks to uphold what it considers to be minimum best practice standards that all companies should observe.

Among other things, the custom voting policy implemented by LGIM requires companies to have a higher level of independence and diversity on the board, or to provide more in-depth disclosure regarding executive compensation. For example, in 2020 LGIM launched high-profile campaigns to drive greater ethnic diversity within boards, while engaging on gender and leadership diversity in Japan. LGIM opposed 208 directors globally in 2020 due to concerns over Board diversity.

Even so, LGIM retains the ability to override any voting decisions based on the voting policy if appropriate, for example, if engagements with the company have provided additional information.

Voting activities – DB Section

During the scheme year the DB section of the Trust invested in the following funds managed by LGIM:

- Europe (ex. UK) Equity Index Fund
- North America Equity Index Fund
- Japan Equity Index Fund
- Asia Pacific (ex. Japan) Developed Equity Index Fund
- UK Equity Index Fund

Voting statistics - DB section – 1 April 2020 to 31 March 2021

	Number of resolutions eligible to vote on over the year	% of resolutions voted on for which the fund was eligible	% voted against management	% abstained
Europe (ex. UK) Equity Index Fund	11,412	99.89%	15.26%	0.53%
North America Equity Index Fund	9,495	100.00%	28.17%	0.04%
Japan Equity Index Fund	6,518	100.00%	86.08%	0.00%
Asia Pacific (ex Japan) Developed Equity Index Fund	3,774	100.00%	25.76%	0.03%
UK Equity Index Fund	12,574	100.00%	7.05%	0.01%

Source: LGIM.

The following examples demonstrate some of the significant voting activity carried out by the asset manager in relation to the Trust's assets over the year.

Significant voting example - DB section: Procter & Gamble Company (P&G)

A significant vote was in the case of P&G in October 2020, wherein LGIM voted in favour of a shareholder resolution to report on the effort to eliminate deforestation. This vote was deemed to be significant because it is linked to LGIM's five-year strategy to tackle climate change and attracted a great deal of client interest at the time.

P&G uses both forest pulp and palm oil as raw materials within its household goods products. 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. LGIM engaged with P&G to hear its responses to the concerns and requests raised in the resolution. LGIM also spoke to representatives from the proponent of the resolution, Green Century. In addition, LGIM 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 had introduced a number of objectives and targets to ensure its business did not impact deforestation before the shareholder proposal, LGIM felt it was not doing as much as it could. The company had not submitted a CDP Forest disclosure (a global disclosure for investors, companies, cities, states and regions in relation to managing their environmental impacts), which was a red flag for LGIM in terms of its level of commitment.

The resolution received the support of 67.7% of shareholders (including LGIM). LGIM will continue to engage with P&G on the issue and will monitor its CDP disclosure for improvement.

Voting activities – DC Section

During the scheme year the DC section of the Trust invested in the following funds managed by LGIM:

- Global Equity Market Weights (30:70) Fund
- UK Equity Index Fund
- World (ex UK) Equity Index Fund
- Ethical Global Equity Index Fund
- Diversified Fund

The table on the following pages sets out the relevant voting activities, including any votes cast on the Trustee's behalf and examples of votes cast that they deem to be significant. The voting covers funds available under the Trust as at 31 March 2021

Fund name	Voting activity	Example of one of the most significant votes cast during the period
Global Equity Market Weights (30:70) Fund	Number of eligible votes: 79,697 Percentage of eligible votes cast: 99.87% Percentage of votes with management: 84.31% Percentage of votes against management: 14.99% Percentage of votes abstained from: 0.7%	**Company:** Medtronic PLC **Resolution:** 3 - Advisory Vote to Ratify Named Executive Officers' Compensation. **How LGIM voted:** Voted against the resolution. **Rationale:** 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 they 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.
UK Equity Index Fund	Number of eligible votes: 12,574 Percentage of eligible votes cast: 100% Percentage of votes with management: 92.94% Percentage of votes against management: 7.05%	**Company:** Barclays **Resolution:** 29 Approve Barclays' Commitment in Tackling Climate Change Resolution 30 Approve Share Action Requisitioned Resolution **How LGIM voted:** Voted for the proposal **Rationale:** The resolution proposed by Barclays sets out its long-term plans and has the backing of Share Action and cofilers. LGIM were

Fund name	Voting activity	Example of one of the most significant votes cast during the period
World (ex UK) Equity Index Fund	Number of eligible votes: 37,840 Percentage of eligible votes cast: 99.83% Percentage of votes with management: 80.25% Percentage of votes against management: 19.16% Percentage of votes abstained from: 0.60%	**Company:** Lagardere **Resolution:** 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 LGIM voted:** 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). **Rationale:** 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 they were able to speak to the proposed new SB Chair, and also Lagardère, where they spoke to the incumbent SB Chair. This allowed LGIM to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management.

Fund name	Voting activity	Example of one of the most significant votes cast during the period
Ethical Global Equity Index Fund	Number of eligible votes: 18,215 Percentage of eligible votes cast: 99.92% Percentage of votes with management: 83.77% Percentage of votes against management: 15.95% Percentage of votes abstained from: 0.27%	**Company:** Pearson **Resolution:** Resolution 1: Amend remuneration policy was proposed at the company's special shareholder meeting, held on 18 September 2020. **How LGIM voted:** LGIM voted against the amendment to the remuneration policy. **Rationale:** 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 and progress 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.

Fund name	Voting activity	Example of one of the most significant votes cast during the period
Diversified Fund	Number of eligible votes: 115,604 Percentage of eligible votes cast: 98.98% Percentage of votes with management: 81.72% Percentage of votes against management: 17.71% Percentage of votes abstained from: 0.56%	**Company:** Whitehaven Coal **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 LGIM voted:** LGIM voted for the resolution. **Rationale:** 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.

Source: LGIM.

Engagement policy

LGIM prioritises and identifies its engagements following a six-step approach:

1. Identify the most material ESG issues
2. Formulate the engagement strategy
3. Enhance the power of their engagement
4. Public policy and collaborative engagement
5. Voting
6. Reporting to stakeholders on their engagement activity

More information can be found here: LGIM's Engagement Policy 2020

The Investment Stewardship team engaged 891 times in respect of 665 companies during 2020, which is an increase on the previous year. The environment was the team's top topic for engagement in 2020. The UK was the second biggest engagement market (275) after North America (283). The most frequently engaged companies were BP (9 engagements), Tesco (7), and Rio Tinto (6).

Engagement example

In 2020, following steps by the Brazilian government to loosen environmental protections, LGIM joined a new investor coalition to lobby the Brazilian government to take steps to halt deforestation in the country. The investor coalition sent letters to several Brazilian embassies in Europe and subsequently, a video conference was scheduled with key members of the Brazilian government. At the video conference the investor coalition called on

the Brazilian government to commit to achieving a significant reduction in deforestation and to ensure that existing environmental legislation is enforced.

In response to these engagements, the Brazilian government announced a moratorium on setting fires in the Amazon. However, data released in July 2020 shows that the rate of deforestation in the Amazon is increasing. LGIM will monitor developments closely and will continue to engage with the food companies in their portfolio with exposure to soy and cattle farming in Brazil, to encourage them to root out deforestation from their supply chain.

Going forward, the remit of the investor group will expand to focus lobbying efforts in Southeast Asia too.

Engagement activity – Fixed Income

During the scheme year the DB section of the Trust also invested in a passive corporate bond strategy managed by LGIM, the AAA-AA-A Corporate Bonds All Stocks Index Fund. LGIM engages on a firm wide level, hence the information relayed above is also applicable to this fund.

Whilst voting rights are not applicable to non-equity mandates, the Trustee recognises that debt investors have significant capacity for engagement with issuers of debt. Debt financing is continuous, and therefore a vested interest on the part of debt issuers to ensure that institutional investors are satisfied with the issuer's strategic direction and policies. Whilst upside potential may be naturally limited, in comparison to equities, downside risk mitigation and credit quality is a critical part of investment decision-making.

With this in mind, while the Trustee acknowledges that the ability for fixed income managers to vote or engage may be less direct than for other asset classes, it is encouraged that LGIM are aware and active in their role as a steward of capital, based on information provided.

Summary

Based on the activity over the year by the Trustee and its service providers, the Trustee is of the opinion that the stewardship policy has been implemented effectively in practice. The Trustee notes that its investment manager was able to disclose evidence of voting and engagement activity.