

BARRATT GROUP PENSION & LIFE ASSURANCE SCHEME ("THE SCHEME") IMPLEMENTATION STATEMENT

Introduction

The information in this Statement refers to the Barratt Group Pension & Life Assurance Scheme (the "Scheme"). This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year to 30 November 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

During 2019, the Scheme's SIP was updated in order to reflect the new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019. The Trustee last updated the SIP in September 2020 to cover the Regulations which came into force on 1 October 2020. Updates to the SIP related to the following:

- How the arrangements with the asset managers incentivise the asset managers to align their investment strategy and decisions with the Trustee's policies in SIP.
- How those arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of asset managers' performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP.
- How the Trustee monitors portfolio turnover costs incurred by the asset managers and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of the arrangements with the asset managers.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the asset managers' policies in the context of the investment objectives the Trustee have set. The objectives of the Scheme, included in the SIP, are as follows:

Defined Benefit Section

"The Trustee's current objective is for all member benefits to be paid in full by regulated insurance companies."

Defined Contribution Section

"The Trustee recognises that members of the Scheme have differing investment needs, that these may change during the course of their working lives and that they may have differing attitudes to risk. The Trustee believes that members should generally make their own investment decisions based on their individual circumstances. The Trustee regards its primary objective as making available a range of investment funds which enable members to tailor the strategy for their assets to their own needs. The Trustee also recognises that members may not believe themselves qualified to take investment decisions. As such, the Trustee makes available a default investment option."

These objectives translate to the following principles:

- *Offering members a ‘Lifestyle’ investment strategy for the default investment option and ensuring that the other lifestyle investment strategies allow members to plan for their specific retirement objectives;*
- *Making available a range of pooled investment funds which serve to meet the varying investment needs and risk tolerances of Scheme members;*
- *Providing general guidance as to the purpose of each investment option;*
- *Encouraging members to seek impartial financial advice from an appropriate party in determining the most suitable option for their individual circumstances;*
- *In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustee aims to make available a range of options which satisfy the needs of the majority of members.”*

The policies set out in the SIP are intended to help meet the overall investment objectives of the Scheme. Detail on the Trustee’s objectives with respect to the default option, the alternative lifestyle options and the self-select fund range are outlined in the SIP.

Policy Requirements over the year to 30 November 2020

	Requirement	Policy	In the year to 30 November 2020
1	Securing compliance with the legal requirements about choosing investments	<i>When considering appropriate investments for the Scheme the Trustee has obtained and considered the written advice of the Investment Consultant. The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended). The Trustee also takes advice as appropriate from the Scheme Actuary and other professional advisers.</i>	<p>DB</p> <p>During the year, the Trustee received investment advice regarding the changes to the Scheme’s investment arrangements reflected in the changes to the SIP.</p> <p>Specifically, the Trustee terminated the Scheme’s equity portfolio in early February 2020 and invested the proceeds into the Scheme’s matching portfolio. This was undertaken in conjunction with increased levels of liability hedging.</p> <p>At the end of June 2020, the Trustee entered into a bulk annuity contract with Legal & General Assurance Society Limited. The initial premium was funded from the matching portfolio assets, leaving a cashflow surplus which was subsequently invested in gilt and index-linked gilt funds with Legal & General Investment Management (“LGIM”)</p> <p>DC</p> <p>The Trustee obtained advice from their investment consultant in relation to the suitability of the default lifestyle strategy in February 2019 as part of the triennial regulatory investment review. The advice was in line with the appropriate Regulations.</p>

			<p>Following the strategy review, the default strategy was changed from a lifestyle targeting the purchase of annuity at retirement to a lifestyle which targets drawdown at retirement in September 2019. No further strategic work was undertaken in 2020 with the next formal review due in 2022.</p>
2	Kinds of investments to be held	<p>DB policy</p> <p><i>The Trustee has considered its investment and funding objectives together and in light of the strength of the Employer covenant to ensure that the two are compatible and supportable.</i></p> <p><i>The Trustee has then constructed a portfolio of investments consistent with these objectives. The main focus of the Trustee has been to construct a portfolio that reduces funding volatility to the extent possible on a low risk, solvency basis.</i></p> <p><i>The Trustee takes into account what it believes to be financially material considerations over an appropriate time horizon, which can include risk and return expectations as well as Environmental, Social and Governance (“ESG”) issues where these are considered to have a material impact on income, value or volatility of an investment held or the overall portfolio of investments held by the Scheme.</i></p> <p>DC policy</p> <p><i>In relation to the DC assets of the Scheme, a range of investment options to meet member’s differing needs and</i></p>	<p>DB</p> <p>For the DB section of the Scheme, the Trustee reviewed its investment strategy over the year in line with its main objective of having all members’ benefits to be paid in full by regulated insurance companies. The Trustee terminated its equity mandate in February 2020, increased liability hedging and entered into a price-lock arrangement with the insurer ahead of bulk annuity purchase. Additional gilts and index-linked gilts currently held have matching properties relative to the insurer’s premium roll-forward mechanism.</p> <p>DC</p> <p>The default investment option was subject to its formal triennial review in February 2019. Although this review was not undertaken during this Scheme year, it</p>

		<p><i>attitudes to risk should be available, while avoiding over complexity.</i></p> <p><i>The range of funds offered include those which offer the prospect of growth which exceeds the rate of inflation in the long term ("growth funds"), as well as funds that provide greater protection against changes in the cost of securing retirement benefits or volatile nominal market values ("defensive funds").</i></p> <p><i>The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.</i></p> <p><i>Members are able to set their own investment allocations, in line with their risk tolerances.</i></p>	<p>represents an important exercise for the Trustee that covers the majority of the investment policies the Trustee has in place, as well as the investments (fund type, management style and asset allocations) used in the default strategy.</p> <p>Following the review, changes were made to the default lifestyle where the default strategy was changed from a lifestyle targeting the purchase of annuity at retirement to a lifestyle which targets drawdown at retirement in September 2019.</p>
3	The balance between different kinds of investments	<p>DB policy</p> <p><i>The Trustee's current objective is for all member benefits to be paid in full by regulated insurance companies.</i></p> <p><i>It has therefore purchased annuity policies which insure all of the known liabilities.</i></p> <p><i>Additional payments or expenses will be met from any available cash / other liquid assets in the first instance and/or payments from the Employer (as may be agreed by the Employer in the schedule of contributions in place from time to time) in the absence of available liquid assets.</i></p> <p>DC policy</p> <p><i>In relation to the DC assets of the Scheme, a range of investment options to meet</i></p>	<p>DB</p> <p>The Scheme's asset allocation is reviewed on a quarterly basis through quarterly investment reports. As noted above, the majority of the Scheme's assets are held in annuities (to insure all of the Scheme's known liabilities). Residual assets are held as cash balances or invested in liquid LGIM gilt/index-linked funds.</p> <p>DC</p> <p>The strategic asset allocation of the default investment option is reviewed on a triennial basis.</p>

		<p><i>member's differing needs and attitudes to risk should be available, while avoiding over complexity.</i></p> <p><i>The Trustee has considered the characteristics of a range of members and their associated investment needs when choosing which types of investment to make available. The range of funds offered include those which offer the prospect of growth which exceeds the rate of inflation in the long term ("growth funds"), as well as funds that provide greater protection against changes in the cost of securing retirement benefits or volatile nominal market values ("defensive funds").</i></p>	<p>This confirmed that the Secured Income Lifestyle (annuity targeting) was no longer the most appropriate default option for the typical member. As such, the Variable Income Lifestyle (drawdown targeting) was switched to be the default arrangement.</p> <p>The fund range and the characteristics of the different asset classes that could be utilised was considered and the decision was that the range remained appropriate following the review.</p> <p>The Trustee also receives a quarterly investment performance report which monitors the risk and return of the default option within the Scheme.</p>
4	Risks, including the ways in which risks are to be measured and managed	<p>DB policy</p> <p><i>There are various risks to which any pension scheme is exposed, which the Trustee believes may be financially material to the Scheme. The Trustee's policy on risk management over the Scheme's anticipated lifetime is set out below.</i></p> <ul style="list-style-type: none"> - <i>The primary investment risk arises from a mismatch between the Scheme's assets and liabilities. This is minimised by matching 100% of the known liabilities with annuity policies held with regulated insurance companies.</i> - <i>The Employer may be unable or unwilling to finance a shortfall between assets and liabilities. This risk is also minimised by holding annuity policies to</i> 	<p>DB</p> <p>As detailed in the risk section in the SIP (section 8.1), the Trustee believes that the following risks may be financially material to the Scheme:</p> <ul style="list-style-type: none"> • Mismatch between the Scheme's assets and liabilities; • Liquidity risk; • Concentration risk; • Counterparty risk; • Environmental, Social and Corporate Governance ("ESG") risk. <p>Completion of the annuity purchase over the year was consistent with managing the Scheme's prime risk.</p> <p>If there are material changes in the Scheme's circumstances, the Trustee will review whether the current risk profile remains appropriate. As its objective is to secure 100% of benefits via annuity contracts, the likelihood of material changes is considered very low.</p>

		<p><i>meet the vast majority of benefits</i></p> <ul style="list-style-type: none"> - <i>The recently purchased bulk annuity policy insures the majority of the Scheme's liabilities. This represents a concentration of risk that the provider does not make the required payments. As the policy is governed by insurance market solvency regulations, the Trustee believes this risk is low and has mitigated it by careful choice of provider and contract terms</i> - <i>Although annuities are illiquid investments and cannot be traded on regulated markets, the Trustee is satisfied this is appropriate given the security they provide by paying members' benefits as they fall due</i> <p>DC policy</p> <p><i>As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that the default strategy that seeks to reduce investment risk (and expected return) as the member approaches retirement by investing in lower risk assets such as bonds and cash is appropriate.</i></p> <p><i>In designing the default option, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement</i></p>	<p>DC</p> <p>As detailed in the risk table in the SIP (section 18.3), the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</p> <p>The Trustee monitors and manages the following risks:</p> <ul style="list-style-type: none"> • Market risks (inflation risk, currency risk, credit risk, equity, property and other price risk); • Liquidity risk; • Investment Manager risk; • Benefit conversion risk; • Environmental, Social and Corporate Governance ("ESG") risk; and • Counterparty risk. <p>The Scheme maintains a risk register of all of the key risks to Scheme members. The</p>
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5	Expected return on investments	<p>DB policy</p> <p><i>An expected return on the annuity contracts has not been determined but is implicit in the price of the contracts.</i></p> <p>DC policy</p> <p><i>In designing the default option, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members.</i></p>	<p>DB</p> <p>In addition to the annuities held, the matching characteristics of the Scheme's gilts and index-linked gilts have also been considered, relative to the insurer's premium roll-forward mechanism.</p> <p>DC</p> <p>The investment performance report is reviewed by the Trustee on a quarterly basis – this includes the risk and return characteristics of the default.</p> <p>As part of the regular reporting, the default option is monitored against its aims and objectives. This includes assessing growth phase of the default option versus inflation, which assesses the impact on member buying power and equity volatility and the de-risking phase against risk mitigation.</p> <p>The investment performance report includes how each investment manager is delivering against their specific mandates.</p> <p>Investment performance is also assessed as part as the value for member assessment to ensure the members are invested in funds providing value.</p>

6	Realisation of investments	<p><i>Both Sections</i></p> <p>The selection, retention and realisation of assets is carried out in a way consistent with the Scheme's investment strategy and with the overall principles set out in this Statement.</p>	<p>DB</p> <p>During June 2020, the Trustee entered into a bulk annuity contract with Legal and General Society Limited in respect of all members of the DB Section of the Scheme whose benefits were not already covered by a separate insurance arrangement.</p> <p>The Scheme's annuity policies make regular payments to the Scheme in respect of the insured members and their benefit entitlements. Any additional cashflow requirements are expected to be met from residual cash/liquid assets or – if there is a shortfall – additional payments from the Employer as may be agreed by the Employer in the schedule of contributions in place from time to time.</p> <p>DC</p> <p>The Trustee receives investment and governance reports. The governance reports are presented at Trustee meetings and ensure that core financial transactions are processed within service level agreements and regulatory timelines, which includes the timely processing and settlement of member trades.</p> <p>As confirmed in the Chair's Statement, the Trustee is satisfied that all requirements were met throughout the year – on average 85% of SLAs in relation to core financial transactions were met. The Scheme administrators provide reports that break down their performance across the various tasks.</p> <p>All funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on member demand.</p>
7	Financially material considerations over the appropriate time horizon of the investments,	<p>DB policy</p> <p><i>The Trustee believes that environmental, social and corporate governance ("ESG") factors, including climate change, could have a material financial impact on risk and</i></p>	<p>Both Sections</p> <p>The Scheme's investment performance report is reviewed by the Trustee on a quarterly basis – this includes ratings (both general and specific ESG) from the investment consultant. Where managers were not highly rated from an ESG</p>

	<p>including how those considerations are taken into account in the selection, retention and realisation of investments</p>	<p><i>return outcomes over the Scheme's investment time horizon and that good stewardship can create and preserve value for companies and markets as a whole.</i></p> <p><i>As the vast majority of the Scheme's assets are invested in annuity contracts, the Trustee is reliant on the insurers' policies on responsible investment and corporate governance and will review these from time to time as appropriate. The Trustee has implicitly delegated consideration of ESG issues, engagement and stewardship obligations to the insurers. As a result, the Trustee believes it has minimal direct exposure to risks arising from long-term sustainability issues, including climate change.</i></p> <p><i>Residual assets of the DB Section of the Scheme are either held as cash or invested in liquid pooled funds which may include cash/liquidity and UK government bonds. Given the size and nature of these investments the Trustee also believes it has minimal direct exposure to risks arising from long-term sustainability issues, including climate change as a result of these investments.</i></p> <p><i>Unless considered as a result of work undertaken by the Trustee on the DC Section of the Scheme, the Trustee will not consider the ESG policies of Additional Voluntary Contributions providers and associated investment funds as these are a small proportion of total assets.</i></p> <p>DC policy</p> <p><i>The Trustee believes that environmental, social, and</i></p>	<p>perspective the Trustee continues to monitor them. When implementing a new manager they would consider the ESG rating of the manager.</p> <p>DB</p> <p>Bulk annuity policies purchased from insurer(s) are done so with the aim of insuring Scheme liabilities and reducing the Scheme's funding level volatility. The Trustee entered into a bulk annuity contract with a single insurer in June 2020 following a careful suitability review, including consideration of financially material factors, and has taken steps to satisfy itself that the insurer has the appropriate knowledge and experience. The Trustee also received written advice consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).</p> <p>DC</p> <p>A range of asset classes and geographies are available under the options available to members and are monitored.</p>
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8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.	<p>Both Sections</p> <p><i>Non-financial matters” (where “non-financial matters” includes members’ ethical views separate from financial considerations such as financially material ESG issues) are not explicitly taken into account in the selection, retention and realisation of investments. The Trustee would review this policy in response to significant member demand.</i></p>	<p>Both Sections</p> <p>Member views are not explicitly taken into account in the selection, retention and realisation of investments. The Trustee would review this policy approach in response to significant member demand.</p>
9	The exercise of the rights (including voting rights) attaching to the investments	<p>DB policy</p> <p><i>As the vast majority of the Scheme’s assets are invested in annuity contracts, the Trustee is reliant on the insurers’ policies on responsible investment and corporate governance and will review these from time to time as appropriate. The Trustee has implicitly delegated consideration of ESG issues, engagement and stewardship obligations to the insurers.</i></p> <p><i>Residual assets of the DB Section of the Scheme are either held as cash or invested in liquid pooled funds which may include cash/liquidity and UK government bonds.</i></p> <p>DC policy</p> <p><i>The Scheme’s assets are invested in pooled vehicles and the day-to-day management of the assets has been delegated to Investment Manager(s), including the selection, retention and realisation of investments within their mandates. In doing so, the Trustee has given the Investment Manager(s) (where relevant to their mandate) full discretion</i></p>	<p>Both Sections</p> <p>The Trustee has given the investment managers / insurers full discretion when evaluating voting rights, environmental, social, and ethical considerations in the selection, retention and realisation of investments for assets of the DB section. This is also the case for investments within the default investment option (and other available fund options within the Defined Contribution Section of the Scheme), subject to adhering to the investment restrictions and objectives of each fund.</p> <p>The Trustee has requested more information on voting records from LGIM in relation to the DB Section and the platform provider for the DC Section, with whom there is a direct legal relationship.</p> <p>The voting records of the investment managers are summarised in the Appendix.</p>

		<p><i>in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.</i></p> <p><i>The management of ESG related risks is delegated to investment managers, with oversight from the Trustee.</i></p>	
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Trustees would monitor and engage with relevant persons about relevant matters)	<p><i>DB policy</i></p> <p><i>As the vast majority of the Scheme's assets are invested in annuity contracts, the Trustee is reliant on the insurers' policies on responsible investment and corporate governance and will review these from time to time as appropriate. The Trustee has implicitly delegated consideration of ESG issues, engagement and stewardship obligations to the insurers.</i></p> <p><i>DC policy</i></p> <p><i>The Trustee aims to monitor its Investment Managers' engagement activity on an annual basis in conjunction with its Investment Consultant. Where the Trustee deems it appropriate, any issues of concern will be raised with the Investment Managers for further explanation.</i></p>	<p>DB</p> <p>The Trustee expects the insurers (and investment managers in relation to the Scheme's residual assets) to undertake engagement activities on their behalf.</p> <p>DC</p> <p>As the Scheme invests solely in pooled funds, the Trustee expects their investment managers to engage with the investee companies on their behalf.</p> <p>The Trustee has requested more information on engagement activity from the platform provider, with whom there is a direct legal relationship. This information was not available at the time of writing, reporting in this area is expected to evolve as information becomes more readily available, in line with regulations.</p>
11	How the arrangements with the asset managers incentivises the	<p><i>DB policy</i></p> <p><i>The Scheme's residual assets which are held with investment manager(s) are invested in pooled funds. The Trustee</i></p>	<p>DB</p> <p>In the year to 30 November 2020, the Trustee used the Scheme's holdings with LGIM to fund the initial premium of the bulk annuity contract entered into with</p>

	<p>asset managers to align investment strategies and decisions with the Trustee's policies</p>	<p><i>accepts that it has no ability to specify the risk profile and return targets of the manager(s) other than through the choice of specific vehicles. They will therefore select vehicles that best align with the Trustee's own policy in terms of investment objectives and guidelines (as set out in relevant governing documents) and, once appointed, will review the appointment should there be any material changes in these terms. Retention of investment manager(s) is dependent upon the Trustee having ongoing confidence that each investment manager will achieve its investment objective. The Trustee makes this assessment taking into account various factors which includes performance to date as well as an assessment of future prospects.</i></p> <p><i>Investment managers are therefore incentivised both to achieve the objectives set for them, which are consistent with the Trustee's policies and objectives, and to ensure that they remain capable of doing so on a rolling basis.</i></p> <p><i>The Scheme's assets which are invested in annuity contracts are managed in line with the Scheme's specific liabilities and investment requirements. The Trustee understands that it has no ability to determine or influence the assets in which the insurers invest. The Trustee recognises that the Scheme's annuity investments are illiquid investments and cannot be traded on regulated markets.</i></p>	<p>Legal & General Assurance Society Limited. Residual monies were invested in gilt and index-linked gilt funds with LGIM at the end of July 2020.</p>
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12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	<p><i>DB policy</i></p> <p><i>The Trustee has historically made investment manager appointments with the view to them being long term (to the extent this is consistent with the Trustee's overall investment time horizon). However, whilst there is no formally set duration for the current manager mandates, residual assets currently invested have been done so with the expectation that they will be disinvested to meet part of a final insurer premium payment in a relatively short time frame. The short-term risk reducing characteristics of these investments is therefore important to the Trustee when assessing whether or not the funds have achieved their</i></p>	<p>DB</p> <p>The Trustee entered into a bulk annuity contract with a single insurer in June 2020 following a careful suitability review and has taken steps to satisfy itself that the insurer has the appropriate knowledge and experience. The Trustee also received written advice consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).</p> <p>Residual assets have been invested in LGIM pooled funds with stated objectives that are aligned to those of the Trustee.</p>

		<p><i>stated objectives. In any event, the investment manager appointment can be terminated at short notice (the scheme invests in assets with daily dealing frequency).</i></p> <p><i>The Scheme's assets which are invested in annuity contracts are managed in line with the Scheme's specific liabilities and investment requirements. The Trustee understands that it has no ability to determine or influence the assets in which the insurers invest. The Trustee recognises that the Scheme's annuity investments are illiquid investments and cannot be traded on regulated markets.</i></p> <p><i>DC policy</i></p> <p><i>The Trustee focuses on long term performance but, as noted above, may review a manager's appointment if:</i></p> <ul style="list-style-type: none"> <i>• There are sustained periods of underperformance;</i> <i>• There is a change in the portfolio manager or the team responsible;</i> <i>• There is a change in the underlying objectives or process of the investment manager; or</i> <i>• There is a significant change to the Investment Consultant's rating of the manager.</i> 	<p>DC</p> <p>In the year to 30 November 2020, the Trustee have discussed their continued appointment of managers, through the LGIM platform and are happy that the contractual arrangement in place continues to incentivise the manager to make decisions based on medium to long term financial and non financial performance.</p> <p>The fee competitiveness of the funds offered to members is assessed by the Trustee on an annual basis with assistance from their investment consultant as part of the Value for Members Assessment.</p>
13	How the method (and time horizon) of the evaluation of the asset managers' performance and the remuneration for asset management services are in line with the Trustee's policies	<p><i>DB policy</i></p> <p><i>As well as assessing investment returns the Trustee will consider a range of other factors, with the assistance of the investment adviser, when assessing investment managers, which may include:</i></p> <ul style="list-style-type: none"> <i>• Personnel and business change</i> 	<p>DB</p> <p>The Trustee is of the view that the current investment arrangements are reflective of the policy outlined in the SIP. Detailed due diligence was undertaken prior to insurer selection in 2020. Once appointed there is no ongoing fee. Fund selection in 2020 for residual assets was also based on professional investment advice. Performance versus objectives is monitored quarterly by the Trustee.</p>

	<ul style="list-style-type: none"> • <i>Portfolio characteristics (including risk and compatibility with objectives) and turnover</i> • <i>Voting and engagement activity (where applicable)</i> • <i>Service standards</i> • <i>The adviser's assessment of ongoing prospects based on their research ratings</i> <p><i>The investment manager(s) are remunerated by way of a fee calculated as a percentage of assets under management. The principal incentive is for the investment manager(s) to retain their appointment (in full), by achieving their objectives, in order to continue to receive their fee in full. Investment managers are not remunerated based on portfolio turnover.</i></p> <p><i>The insurers do not receive ongoing remuneration from the Scheme; instead, the premium paid for the buy-in policy covers the insurer's implicit fees, with the Trustee's choice of insurer(s) taking into account the size of the premium. The Trustee is satisfied that this is the most appropriate basis for remunerating the insurer, and is consistent with the Trustee's policies as set out in this SIP.</i></p> <p><i>DC policy</i></p> <p><i>The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis. The Trustee will therefore retain an investment manager unless:</i></p> <ul style="list-style-type: none"> • <i>There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;</i> • <i>The basis on which the manager was appointed</i> 	<p>DC</p> <p>The Trustee include a three-year performance metric in their quarterly performance reports. In addition, they benchmark managers' charges as part of the annual assessment of Value for Members.</p>
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		<p><i>changes materially (e.g. manager fees or investment process); or</i></p> <ul style="list-style-type: none"> <i>• The manager appointed has been reviewed and the Trustee has decided to terminate the mandate.</i> 	
14	How the Trustee monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p><i>DB policy</i></p> <p><i>Turnover costs arise from a) “ongoing” transactions within an investment manager’s portfolio and b) “cashflow” costs incurred when investing in or realising assets from a mandate:</i></p> <p><i>a) The Trustee does not monitor investment managers’ ongoing transaction costs explicitly but measure these implicitly through ongoing performance assessments which are net of these costs. The insurers’ obligations to make payments is not impacted by ongoing turnover costs;</i></p> <p><i>b) The Trustee does not monitor regular cashflow costs (but seeks to minimise them through ongoing cashflow policy). The Trustee monitors the costs of implementing strategic change via the investment consultant.</i></p> <p><i>DC policy</i></p> <p><i>The Trustee monitors portfolio turnover costs, as part of the consideration of transactions costs, on an annual basis as part of its annual governance statement and value for members assessment.</i></p>	<p>DB</p> <p>The Trustee monitors the performance of the residual assets quarterly via reporting from the investment consultant.</p> <p>Strategic changes during 2020, including the asset transition to the insurer, were coordinated so as to minimise transaction costs to the extent possible.</p> <p>As residual assets are invested in liquid government bond funds with LGIM, associated transactions costs for investment and disinvestment have been low.</p> <p>DC</p> <p>Transaction costs, using the ‘slippage cost methodology’ (as defined in COBS 19.8 of the FCA Handbook), are disclosed in the annual Chair’s Statement. The transaction costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. An investment manager can also factor in anti-dilution mechanisms into the total transaction costs.</p> <p>The Trustee is required to assess these costs for value on an annual basis.</p>

			<p>However, at present, the Trustee notes a number of challenges in assessing these costs:</p> <ul style="list-style-type: none"> • No industry-wide benchmarks for transaction costs exist; • The methodology leads to some curious results, most notably “negative” transaction costs; and • Explicit elements of the overall transaction costs are already taken into account when investment returns are reporting, so any assessment must also be mindful of the return side of the costs. <p>There is little flexibility for the Trustee to impact transaction costs as they invest in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Scheme invests in, there is not as yet any “industry standard” or universe to compare these to. As such, any comments around transaction costs at this stage can only be viewed as speculative. However, the Trustee will continue to monitor transaction costs on an annual basis and developments on assessing these costs for value.</p>
15	The duration of the arrangement with the asset manager	<p>DB policy</p> <p><i>The Trustee has historically made investment manager appointments with the view to them being long term (to the extent this is consistent with the Trustee’s overall investment time horizon). However, whilst there is no formally set duration for the current manager mandates, residual assets currently invested have been done so with the expectation that they will be disinvested to meet part of a final insurer premium payment in a relatively short time frame.</i></p> <p><i>The Trustee recognises that the Scheme’s annuity investments are illiquid</i></p>	<p>DB</p> <p>Given the short expected time horizon for the Scheme’s residual assets, they have been invested in liquid pooled funds with LGIM.</p> <p>Given the illiquid nature of the Scheme’s annuity investments, they were entered into by the Trustee on a long-term irrevocable basis.</p>

		<p><i>investments and cannot be traded on regulated markets.</i></p> <p><i>DC policy</i></p> <p><i>The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis. The Trustee will therefore retain an investment manager unless:</i></p> <ul style="list-style-type: none"> <i>• There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;</i> <i>• The basis on which the manager was appointed changes materially (e.g. manager fees or investment process); or</i> <i>• The manager appointed has been reviewed and the Trustee has decided to terminate the mandate.</i> 	<p>DC</p> <p>There have been no recent changes in managers over the last 12 months.</p>
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Appendix – DB Section Information on Voting and Engagement Activity

The Trustee has delegated the exercise of voting rights to its investment manager. The Trustee does not use the direct services of a proxy voter, however, the investment manager may choose to appoint proxy voters to discharge their responsibilities.

The section below highlights key points as to how the Scheme's manager has exercised the voting rights and/or engagement activity on behalf of the Trustee during the year, based on information provided by them.

Legal & General Investment Management

LGIM states that it recognises its fiduciary obligation to act in the best interests of all clients. One way LGIM represents its clients in matters of corporate governance is through a custom proxy voting process. The firm states that its voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all clients. The following engagement activity encompasses the 12-month period to 31 March 2020, as the Trustee terminated the underlying equity mandates in the beginning of February 2020 and this is the nearest 12-month period of information that LGIM are able to provide.

North America Equity Index Fund (Applies to both GBP Hedged & Unhedged funds)

Over the 12 months to 31 March 2020, LGIM were eligible to vote on 9,134 company resolutions on behalf of the Trustee. They have voted in c.99% of the resolutions that they were eligible, of which c.78% were voted with management and c.22% were voted against management.

Europe (ex UK) Equity Index Fund (Applies to both GBP Hedged & Unhedged funds)

Over the 12 months to 31 March 2020, LGIM were eligible to vote on 7,575 company resolutions on behalf of the Trustee. They have voted in c.99% of the resolutions that they were eligible, of which c.81% were voted with management and c.18% were voted against management.

Japan Equity Index Fund (Applies to both GBP Hedged & Unhedged funds)

Over the 12 months to 31 March 2020, LGIM were eligible to vote on 6,701 company resolutions on behalf of the Trustee. They have voted in 100% of the resolutions that they were eligible, of which c.89% were voted with management and c.11% were voted against management.

Asia Pacific (ex Japan) Developed Equity Index Fund (Applies to both GBP Hedged & Unhedged funds)

Over the 12 months to 31 March 2020, LGIM were eligible to vote on 3,286 company resolutions on behalf of the Trustee. They have voted in c.89% of the resolutions that they were eligible, of which c.75% were voted with management and c.25% were voted against management.

World Emerging Markets Equity Index Fund

Over the 12 months to 31 March 2020, LGIM were eligible to vote on 13,642 company resolutions on behalf of the Trustee. They have voted in c.95% of the resolutions that they were eligible, of which c.82% were voted with management and c.17% were voted against management.

UK Equity (5% Capped) Passive Fund

Over the 12 months to 31 March 2020, LGIM were eligible to vote on 11,141 company resolutions on behalf of the Trustee. They have voted in 100% of the resolutions that they were eligible, of which c.94% were voted with management and c.6% were voted against management.

LGIM disclosed details of four significant votes that occurred during the year under review:

Bayer AG

Date of Vote: 26 April 2019

Summary of the resolution: Approve discharge of Management Board for fiscal year 2018.

Voting decision: Against management

Rationale for voting decision

Following its acquisition of agribusiness Monsanto, Bayer was asked to pay millions in damages in several court cases where plaintiffs claimed that Monsanto's glyphosate-based weedkiller RoundUp was linked to causing cancer. The damages were reduced upon appeal, and Bayer was adamant that RoundUp was not carcinogenic. LGIM were concerned that the Bayer supervisory and management boards had not fully considered the significant risks related to glyphosate litigation in the US. LGIM spoke to the company ahead of its 2019 AGM to gain a better understanding of the decision-making process in relation to the Monsanto acquisition and the legal advice it received for litigation risk. LGIM recommended establishing advisory and M&A committees, staffed by members appointed with specific expertise; appointing non-executive directors with specific expertise; and appointing new executives. In addition, LGIM suggested that these incidents should have a bearing on remuneration awarded for the year.

EssilorLuxottica

Date of Vote: 16 May 2019

Summary of the resolution: Elect Wendy Evrard Lane as Director; Elect Jesper Brandgaard as Director; Elect Peter James Montagnon as Director

Voting decision: For management

Rationale for voting decision

In 2018, French lenses producer Essilor merged with Italian frame manufacturer Luxottica. Upon conclusion of the merger, the executive chair of Luxottica's holding company (Delfin) owned 32.7% of the merged company's share capital. Under the terms of the merger agreement, the aforementioned executive chairman and Essilor's executive vice-chairman were both given equal powers. A board was also established, with membership split equally between Essilor and Delfin. In March 2019 an internal disagreement between the two heads of the merged entity occurred. Two of the company's shareholders – Comgest and Valoptec – put forward three board nominees in a bid to break the impasse. LGIM contacted EssilorLuxottica to discuss the issue, but received no reply. LGIM engaged extensively with Comgest, Valoptec and the board nominees. LGIM publicly announced their support for the board nominees ahead of the AGM, to ensure the current board knew L&G's intentions and to raise awareness to the other shareholders.

BP Plc

Date of Vote: 21 May 2019

Summary of the resolution: Approve the Climate Action 100+ shareholder resolution on climate change disclosures.

Voting decision: For management

Rationale for voting decision

LGIM and other major shareholders put forward a proposal calling on BP to explain how its strategy is consistent with the Paris Agreement on climate change. LGIM worked with the board of BP to secure its support for the motion. At the company's annual general meeting, the proposal was passed with overwhelming approval from shareholders. LGIM have since met BP repeatedly – including its chair and incoming CEO – to advise on implementing the resolution. The company has announced industry-leading targets: net zero emissions from its operations, net zero carbon emissions from the oil and gas it digs out of the ground, and a 50% reduction in the carbon intensity of all the products it sells.

FirstGroup

Date of Vote: 25 June 2019

Summary of the resolution: Remove Wolfhart Hauser as Director

Voting decision: For management

Rationale for voting decision

The performance of the company had been weak for a number of years. Following a profit warning in February 2018, the Chief Executive stepped down. On 25 June 2019, shareholder activist Coast Capital convened a shareholder meeting to appoint seven directors to the board of the company and remove six company directors including the board chair and the chief executive. Coast Capital made strategy proposals such as: the company exits its rail business; separate the company's US and UK assets; the immediate payment of a dividend. David Martin, one of the nominees of the activist, failed to confirm his intention to stand for election before the deadline. The resolution on his appointment to the board could not therefore be validly voted on by shareholders. LGIM engaged directly with both sides: the company's Senior Independent Director (SID) and the activist. LGIM also consulted other top shareholders on their views. LGIM decided to cast a vote against the board chair to signal our concerns around the pace of execution of the strategy and poor performance. LGIM supported the rest of the board and opposed the activist's nominees.

DC Section Voting Activity during the Scheme year

The Trustee has delegated their voting rights to the investment manager. The SIP states "The Trustee has given the Investment Manager(s) (where relevant to their mandate) full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code."

It is the Trustee's view that the policy has been followed during the Plan year.

Going forward investment managers are expected to provide voting summary reporting on a regular basis, at least annually. The reports will be reviewed by the Trustee to ensure that they align with the Trustee's policy. However, over the prior 12 months, the Trustee has not actively challenged the manager on its voting activity. LGIM's stated policies are reproduced below.

Overview of LGIM's approach to voting and engagement

LGIM support the “one share one vote” philosophy and favours share structures where all shares have equal voting rights and those rights are equal to economic value held. LGIM do not support the issue of shares with enhanced or impaired voting rights. In some markets, however, differential voting rights is a long-standing structure and where this exists, the structure should be transparently disclosed. In the case of controlled companies, LGIM state they will review the issuance of shares with enhanced voting rights to understand why these would be necessary. In general, LGIM encourages companies to eliminate differential voting rights over time.

As a long-term and engaged investor, LGIM state that they take responsibility to exercise the voting rights of client's assets seriously. LGIM direct the vote of a considerable proportion of a company's shares by exercising the shareholder rights of a significant number of clients with one consistent voice across its entire active and index funds. This improves the effectiveness of voting as a means to support their engagement activities and bringing about change in the market as a whole.

LGIM's Investment Stewardship team uses ISS's 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions.

LGIM policy on consulting with clients before voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Their voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

LGIM overview of process for deciding how to vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM process for determining the “most significant” votes

As regulation on vote reporting has recently evolved with the introduction of the concept of ‘significant vote’ by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for our clients and interested parties to hold us to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what they deemed were ‘material votes’. They are evolving their approach in line with the new regulation and are committed to provide our clients access to ‘significant vote’ information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

The Scheme invests in the following daily dealt and daily priced pooled funds:

Investment Manager	Fund name
LGIM	Diversified Fund
LGIM	Pre-Retirement Fund
LGIM	Cash Fund
LGIM	Managed Fund
LGIM	UK Equity Index Fund
LGIM	Overseas Bond Index Fund
LGIM	Global Equity Market Weights 30:70 (Currency Hedged) Index Fund
LGIM	Global Equity Fixed Weights 50:50 Index Fund
LGIM	UK Equity 5% Capped Passive Fund
LGIM	North America Equity Index Fund
LGIM	Europe (ex UK) Equity Index Fund
LGIM	Japan Equity Index Fund
LGIM	Asia Pacific (ex Japan) Equity Index Fund
LGIM	World Emerging Markets Equity Index Fund
LGIM	Over 5 Year Index-Linked Gilts Index Fund
LGIM	Investment Grade Corporate Bond – All Stocks – Index Fund

The funds highlighted in bold hold equities.

Significant votes undertaken in the LGIM funds containing equity for the 12 months to 30 November 2020

LGIM have provided the following information on what were deemed 'significant votes' during the Scheme year.

Significant vote #1	
Funds Barratt is invested that vote is relevant to	UK Equity Index Fund
Company	Barclays

Items	Resolution 29 - Approve Barclays' Commitment in Tackling Climate Change Resolution 30 - Approve ShareAction Requisitioned Resolution
Date	07 May 2020
Criteria for assessing as significant	Significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM
Vote	For both resolutions
LGIM's Rationale	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	Resolution 29 - supported by 99.9% of shareholders Resolution30 - supported by 23.9% of shareholders

Significant vote #2	
Funds Barratt is invested that vote is relevant to	UK Equity Index Fund
Company	International Consolidated Airlines
Items	Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.
Date	07 September 2020
Criteria for assessing as significant	Vote illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis.
Vote	Against
LGIM's Rationale	<p>The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model.</p> <p>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.</p>
Outcome	28.4% of shareholders opposed the remuneration report.

Significant vote #3	
Funds Barratt invests that vote is relevant to	UK Equity Index Fund
Company	SIG plc
Items	Resolution 5: Approve one-off payment to Steve Francis' proposed at the company's special shareholder meeting held on 9 July 2020.
Date	9 July 2020
Criteria for assessing as significant	The vote is high-profile and controversial.
Vote	Against
LGIM's Rationale	<p>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.</p> <p>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.</p>
Outcome	The resolution passed. However, 44% of shareholders did not support it. LGIM believe that with this level of dissent the company should not go ahead with the payment.

Significant vote #4	
Funds Barratt invests that vote is relevant to	UK Equity Index Fund
Company	Pearson
Items	Resolution 1: Amend remuneration policy' was proposed at the company's special shareholder meeting, held on 18 September 2020.
Date	18 September 2020
Criteria for assessing as 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	Against
LGIM's Rationale	<p>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.</p>

	<p>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.</p> <p>LGIM 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.</p>
Outcome	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.

Significant vote #5	
Funds Barratt invests that vote is relevant to	UK Equity Index Fund
Company	Plus500
Items	Resolution 17: Approve Special Bonus Payment to CFO Elad Even-Chen' at the company's special shareholder meeting held on 16 September 2020.
Date	16 September 2020
Criteria for assessing as 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	LGIM 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.
LGIM's Rationale	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 equivalent to 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	Given the level of shareholder dissent, Resolution 17 was withdrawn ahead of the AGM. 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).

Significant vote #6	
Funds Barratt invests that vote is relevant to	North America Equity Index
Company	Amazon
Items	Shareholder resolutions 5 to 16
Date	27 May 2020
Criteria for assessing as significant	Significant market attention leading up to AGM
Vote	Out of 12 shareholder proposals, LGIM 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).
LGIM's Rationale	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>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.</p>
Outcome	<ul style="list-style-type: none"> • Resolution 5 to 8, and 14 to 16 each received approx. 30% support from shareholders. • Resolutions 6 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.

Significant vote #7	
Funds Barratt invests that vote is relevant to	North America Equity Index
Company	Exxonmobil

Items	Resolution 1.10 – Elect Director Darren W. Woods
Date	27 May 2020
Criteria for assessing as significant	We voted against the chair of the board as part of LGIM's 'Climate Impact Pledge' escalation sanction.
Vote	Against
LGIM's Rationale	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	93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods.

Significant vote #8	
Funds Barratt invests that vote is relevant to	Japan Equity Index
Company	Olympus Corporation
Items	Resolution 3.1: Elect Director Takeuchi, Yasuo' at the company's annual shareholder meeting held on 30 July 2020.
Date	30 July 2020
Criteria for assessing as significant	LGIM considers it imperative that the boards of Japanese companies increase their diversity
Vote	Against
LGIM's Rationale	<p>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.</p> <p>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.</p> <p>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.</p>
Outcome	94.90% of shareholders supported the election of the director.