Implementation Statement

Introduction

On 6 June 2019, the Government published the Occupational Pension Plans (Investment and Disclosure) (Amendment) Regulations ("the Regulations"). The Regulations, amongst other things, 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 period 1 January 2020 to 31 December 2020;
- Evidence on how the Trustee has fulfilled the objectives and policies included in the SIP over the period 1 January 2020 to 31 December 2020;
- Information on voting and engagement activity undertaken by the Plan's investment managers on the Trustee's behalf over the period 1 January 2020 to 31 December 2020.

This is the first Engagement Policy Implementation Statement ("EPIS") the Trustee has prepared and covers the year ending 31 December 2020.

1. Review of and changes to the SIP

The Plan has two SIPs, one which covers the Defined Benefit Section ("DB" also known as "LUFS") and one which covers the Defined Contribution sections ("DC" also known as "LUMP" section and "2006 Plan" section).

The DB SIP was updated as at 29 May 2019 and the DC SIP was updated as at 21 August 2019 to take account of new regulations. The regulations required the Trustee to include policies relating to Responsible Investment, Stewardship (e.g. voting and engagement) and non-financial factors such as members' views.

There were no significant changes to the DB or DC investment strategy over the Plan year to 31 December 2020. However, the SIPs were reviewed and revised over the course of the year to take account of further regulatory changes which required the Trustee to outline policies regarding how it incentivises asset managers to achieve its long-term objectives, it's policies on cost transparency and performance, it's policies on stewardship, engagement and voting.

The most recent SIPs include the changes outlined here and was agreed and approved by the Trustee as at 30 September 2020.

The Trustee consulted with the Sponsor when making these changes and obtained written advice from Aon, the Trustee's investment adviser.

2. Evidence on how the Trustee has met it's SIP objectives and policies

The Trustee outlines in the SIPs a number of key objectives and policies. The full wording of these SIP policies can be found in the SIP documents at this link: https://www.ptluk.com/statement-of-investment-principles.

We have considered the broad themes these objectives and policies fit into and have noted these below, together with an explanation of how these objectives have been met and policies adhered to over the course of the year. The Trustee will set out where it expects more information or engagement to be provided by its managers.

Stewardship Policy

The following extract is the stewardship policy found within the SIPs:

The Trustee recognises the importance of its role as a steward of capital and the need to assess all financially material risks in its investment decision making process. This includes risks associated with climate change, as *well as other Environmental, Social and Governance ("ESG")-related factors. To this end, the Trustee strives to maintain a high standard of governance, promotion of corporate responsibility and respect of environmental factors throughout the Plan's portfolio. The Trustee believes that doing so ultimately creates long-term financial value and reduces risk for the Plan and its beneficiaries.*

The Trustee carefully reviews the Manager's approach to stewardship, and other ESG-related matters, and communicates its expectations and standards to the Manager. These standards include:

- *The Trustee expects the Manager to be a signatory to the PRI.*
- *The Trustee expects the Manager to be a signatory to the UK Stewardship Code.*
- *The Trustee expects the Manager to ensure that, where appropriate, underlying investment managers use their influence as major institutional investors to exercise the Plan's rights and duties as a shareholder.*
- *The Trustee expects the Manager to provide adequate transparency around stewardship activities, including an annual report on the stewardship activities of the underlying managers.*

The Trustee will engage with the Manager as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting.

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Plan, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of the underlying investment manager. Furthermore, where voting is concerned, the Trustee expects underlying investment managers to recall stock lending, as necessary, in order to carry out voting actions.

The disclosures offered for engagements should include the objectives and relevance to the fund, methods of engagement, progress and perspectives around shortcomings and outcomes to date, as well as escalation points and procedures as necessary.

The Trustee reviews the Manager's stewardship activity on an annual basis to ensure the Plan's stewardship policy is being appropriately implemented in practice. The Trustee does so to ensure that the Manager acts in a manner that is consistent with the Trustee's policies and objectives. If the Manager is found to fall short of the standards set by the Trustee, it is expected to provide satisfactory explanations as to why it is not. While the Trustee may seek to engage with the Manager if it is deemed to be falling short of its standards to reach a more sustainable position, failure to comply may result in a decision to replace it.

In line with its commitment to transparency and disclosure, the Trustee reports its responsible investment activities to the Plan's stakeholders on an annual basis within the Trustee's report and accounts.

The Trustee may engage with the Manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustee will consider, on a case by case basis, a range of methods by which it would monitor (examples include via the manager, media, personal and professional dealings) and engage (examples include via the manager and directly with underlying companies) so as to bring about the best long-term outcomes for the Plan.

Plan stewardship activity over the year

Training

The Trustee received training from both Aon Investments Limited ("AIL", who is the Plan's DC investment manager) and Russell Investments (the Plan's DB investment manager) on their respective approaches to ESG, stewardship, voting, engagement and cost transparency at the August meeting.

During the year, the Trustee received training on the new regulations, covering the required updates to the SIP and responsible investment (RI). The purpose of the training was to provide the Trustee with updates on the evolving regulatory requirements and the importance of stewardship activity and appropriate consideration of ESG factors in investment decision making.

Viewpoints Survey

The Trustee undertook Aon's Responsible Investments survey. The survey facilitated a wider discussion among the Trustee and helped to establish the collective views and beliefs on responsible investment, stewardship, arrangements with investment managers and cost transparency. In September 2020 the SIP was updated to capture the Trustee's views and principles.

Other SIP Policies

Policies relating to investment strategies and objectives

There have been no significant changes to the investment strategy and, to the best of its knowledge, the Trustee can report that there has not been any departure from the SIP by the Plan’s investment managers during the year ended 31 December 2020.

The Trustee considered the DB investment strategy in light of the pandemic and decided to maintain the current target return and soft triggers. The Trustee tightened some of the hedging risk parameters.

With regard to the DC Sections, the Trustee has continued to provide members with a broad range of investment choices over the year. Members can choose between two broad approaches to invest their pension account:

- Retirement Pathway approach via target date funds i.e. the Aon Managed Retirement Pathway Fund series. The Pathway funds aim to grow members' money, then to protect that growth in a way that matches how members plan to take their money in retirement. Three Pathway options are available and each corresponds to a retirement option, namely drawdown (the default arrangement), annuity purchase and cash.

- Self-select approach – A range of funds are made available for members to invest in. These are suitable for members that want some control over their investments but also some assistance in terms of the broad objective they aim to achieve.

The Trustee regularly monitored the strategies and funds available to members to ensure they were meeting their objectives and that their inclusion in the fund range continued to be in members' best interests.

During the year the Plan's DC investment manager made changes to the default strategy to replace two of the passive factor equity funds with a multi-factor fund that also incorporates an ESG overlay. This allocation represents around 50% of the growth phase of the default strategy. The ESG overlay focuses on low carbon, overweighting companies with a lower carbon footprint and underweighting companies with a higher carbon footprint. Additionally, the ESG overlay excludes tobacco companies, thermal coal companies, companies involved with controversial weapons and companies that violate the UN Global Compact.

Although outside of the period reporting on, the Plan's DC investment manager has also introduced an allocation to an active impact equity strategy within the growth phase of the default strategy. This new allocation aims to deliver healthy financial returns and make a positive impact on both society and the environment through the companies in which it invests. This change was made in January 2021.

Policies relating to monitoring the Plan's investments

The Trustee monitors the key inter-related funding, covenant and investment risks of the Plan using their integrated risk management dashboard. The Company covenant is monitored regularly at Trustee meetings.

DB investment risks are monitored quarterly using Russell quarterly investment reports and the Trustee has access to the funding level daily. Interest rate risk is controlled using the matching portfolio to hedge in line with the funding level (100% of assets). ESG issues are taken into account by Russell Investments as part of their investment process. The ESG scores of the underlying managers were reported in the quarterly monitoring report covering Q2 2020.

For the DC section, investment monitoring takes place on a quarterly basis with monitoring reports provided to the Trustee by Aon. The investment reports include performance reporting on all of the investment funds relative to their respective benchmarks or targets and performance commentary which highlights key factors affecting the performance of the funds over the quarter. These reports also contain any updates on changes to the funds made by the DC investment manager, AIL, over the quarter. Any issues with the managers' investment strategy, including the ESG assessment, are flagged.

AIL invests in buy-rated managers which are provided with ESG ratings designed to assess whether asset managers integrate responsible investment, and more specifically ESG considerations, into their investment decision making process. The ESG ratings are based on a variety of qualitative factors and are updated to reflect any changes or broader responsible investment developments. The ESG ratings of the underlying managers are reported in the quarterly monitoring reports. Additionally, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG. These ESG sessions cover both how each manager incorporates ESG considerations into their investment process and their stewardship activity.

Policies relating to Environmental, Social and Governance (ESG) Factors

Over the Plan year the Trustee formulated a Responsible Investment policy that was documented in the Statement of Investment Principles.

The Trustee relies on Russell Investments and AIL to raise potential ESG concerns with any of the investment funds. Over the Plan year no such concerns were raised.

The Trustee expects its asset managers to exercise their voting and engagement rights where possible. In addition to the training received in the year as mentioned earlier, the Trustee, assisted by Russell Investments and AIL, has collated it's asset managers' voting and engagement records for the year. These are documented later in this Statement.

During the course of the year, the Trustee has received presentations from Aon and Russell in relation to how the votes are carried out on their behalf and more generally on how ESG factors are integrated into their respective investment philosophy and by association the underlying specialist managers used in the portfolio.

Policies relating to costs and transparency

Over the year the Trustee has monitored the costs for the DB section through Russell Investments annual cost statements provided in the Q2 2020 monitoring report.

The Trustee, with help from Aon, also collated all of the member borne costs, including transaction costs. These are reported in the Annual Chair's Statement. The Trustee is satisfied that, over the year, none of these charges was out of line with charges that would be expected for each type of investment fund.

3. Voting and Engagement Activity

The Trustee notes that most of their applicable asset managers were able to disclose strong evidence of voting and engagement activity.

Based on the information provided, the Trustee is of the opinion that the stewardship policy (including voting and engagement activity) has been implemented effectively in practice. The following sections provide further detail on the voting and engagement information carried out on behalf of the Trustee that has been provided by the Plan’s investment managers.

DB Section Russell Investments

Under the Trustee's fiduciary mandate managed by Russell Investments, they appoint underlying asset managers to achieve an overall target return.

Under the Fiduciary Management arrangement in place the Trustee has delegated proxy voting and engagement decisions to Russell Investments. They have a robust and well-established set of guidelines to follow when voting on the Trustee's behalf which are reviewed and updated on an annual basis. It has provided the Trustee with both a copy of the Proxy Voting Guidelines and the most recent Active Ownership - Proxy Voting and Engagement Report and is content that Russell Investments is using its resources to appropriately influence positive outcomes in the strategies in which they invest..

Russell Investments instructs Glass Lewis, a specialist proxy voting firm, to execute the votes in-line with the agreed guidelines and where Glass Lewis cannot apply this policy the votes are referred to Russell Investments Proxy Voting and Engagement Committee.

Russell Investments have undertaken a considerable amount of engagement activity over 2020, some examples of which have been outlined within this statement.

Russell Investments is a signatory to the UK Stewardship code and UN Principles for Responsible Investment ("UN PRI"). As a globally recognised proponent of responsible investment, the UN-supported Principles for Responsible Investing ("Principles or PRI") provides resources and best practices for investors incorporating ESG factors into their investment and ownership decisions. As a signatory to the PRI since 2009, The Fiduciary Manager has a long-standing relationship with the organisation and has completed the annual PRI assessment every year since 2013. The Principles are a set of global best practices that provide a framework for integrating ESG issues into financial analysis, investment decision-making and ownership practices. The Fiduciary Manager is actively involved with the PRI, attending annual conferences and global seminars, and engaging on discussions of interest.

The current UN PRI scorecard scored by the Fiduciary Manager as A+ or A in all categories. The average Median score across various categories was 'B'.

DB Section Voting and Engagement

a) Voting

A total of 12,120 votes were placed on securities held in the Plan's Growth portfolio over the period under review. A summary of the voting activity carried out on behalf of the Trustee is set out overleaf.

	Management Proposals	Share Holder Proposal	Total Proposals
With Management	10,391	225	**10,616**
Against Management	592	157	**749**
Votes without Management Recommendation	44	20	**64**
Take No Action	674	17	**691**
Unvoted	0	0	**0**
Totals	**11,701**	**419**	**12,120**

There is an example of the more significant and contentious votes undertaken by Russell Investments, on behalf of the Trustee, from each of the environmental, social and governance categories set out below.

Environmental Vote

JPMorgan Chase & Co.	
Shareholder Proposal Regarding Aligning Green House Gas Reductions with Paris Agreement	
Date	09/05/20
Mgmt. Rec.	Against
How the vote was cast	For
Vote Outcome	Voted Down
Rationale	
Adoption of this proposal would allow shareholders to better understand the risks facing the Company and how the Company is monitoring and managing the risks associated with its lending activities, especially given the public scrutiny surrounding the Company in regard to its carbon-intensive lending portfolio. The proposal was voted down by less than 1% of the vote.	

Social Vote

Apple Inc	
Shareholder Proposal Regarding Freedom of Expression and Access to Information	
Date	26/02/20
Mgmt. Rec.	Against
How the vote was cast	For
Vote Outcome	Voted Down
Rationale	
Russell Investments were encouraged by the company's indication that it will disclose appeals received related to government requests, to take down apps from its app store, which will help shareholders understand which requests are most controversial. Nonetheless, Russell Investments believe that it would be prudent for the company to exhibit enhanced transparency around how it respects the right to free expression, especially in light of the disclosure provided by peers. Given that this is a precatory proposal, Russell Investments believe that the company has the flexibility to implement its request in a manner that does not violate any laws or regulations and that does not harm shareholder interests.	

Governance Vote

AT&T, Inc.	
Shareholder Proposal Regarding Independent Chair	
Date	24/04/20
Mgmt. Rec.	Against
How the vote was cast	For
Vote Outcome	Voted Down
Rationale	
Vesting a single person with both executive and board leadership concentrates too much responsibility in a single person and inhibits independent board oversight of executives on behalf of shareholders. Russell Investments believe adopting a policy requiring an independent chair may therefore serve to protect shareholder interests by ensuring oversight of the company on behalf of shareholders is led by an individual free from the insurmountable conflict of overseeing oneself. Russell Investments believe that this resolution is reasonably crafted and that shareholders should support this proposal.	

b) Engagement

Whilst not all investments have voting rights attached to them it is still possible to effect positive change by engaging with the underlying issuers of equity and debt. The Trustee is supportive of engagement in this way and has delegated this activity to Russell Investments and two examples are outlined below.

	Discussion with European industrial conglomerate (September 2020)
Topic	Human capital risks and impacts posed by technological change, demographic shifts and globalisation.
Overview of Engagement	In 2020, we began a planned three-year engagement in collaboration with Sustainalytics, under the Human Capital and the Future of Work theme. The goal of the programme is to guide companies toward the goal of setting established management strategies that mitigate negative ramifications and ensure workforces that support innovation and business objectives while meeting demands of the future of work. An additional goal of this engagement is to ensure that companies strive to support diversity and inclusion strategies within these practices.
Outcome	The company expressed that it valued the opportunity to have a dialogue with Sustainalytics and engaged investors. The next step of this nascent engagement is to discuss the current governance of human capital and the overall human capital management at the company.

	Direct engagement with a US Packaging company (October 2020)
Topic	Sustainability disclosures, diversity, and executive compensation
Overview of Engagement	In Q4 2020, our Engagement Subcommittee, joined by a member of the portfolio management team, discussed the current membership of the board. It noted that there are many long-standing board members, but these could be considered entrenched. The company expressed an intention to add fresh perspective via upcoming openings, which is positive. We had flagged executive compensation as an area for discussion after our proxy research provider assigned a low score to the pay for performance metric. Through discussion, we determined the program is sufficiently aligned with company performance measures. We also noted, positively, that the company has begun to incorporate non-financial metrics such as safety measures, and they plan to add a diversity component at the senior level. We assessed their sustainability reporting as strong overall but noted that there were several important metrics still not included in the reporting, and we encouraged further development of these metrics over time.
Outcome	We intend to monitor further developments. Our agenda and the results of the conversation were shared with our sub-advisor partner.

DC Section – Aon Investments Limited

Under the Trustee's fiduciary mandate managed by AIL for the DC Sections, AIL appoints underlying asset managers to achieve the objective of the default strategy and each self-select fund. The Trustee delegates the monitoring of ESG integration and stewardship quality to AIL and AIL has confirmed that all equity and fixed income managers have been rated 2 or above using its four-tier ESG ratings criteria.[1] This means that all the appointed asset managers are at least aware of potential ESG risks in the investment strategy and have taken some steps to identify, evaluate and potentially mitigate these risks.

AIL have undertaken a considerable amount of engagement activity over 2020, some examples of which have been outlined within this statement. AIL held around 21 ESG specific meetings predominantly covering the equity and fixed income managers that are invested in by AIL across all delegated funds in which AIL's clients invest. At these meetings, AIL were able to analyse and discuss the voting and engagement activities undertaken during calendar year 2019 and into 2020, highlighting areas of improvement and discussing manager strategy in the area of RI moving forward.

Engagement Example: Passive Manager

Over 2020, Aon's Engagement Programme maintained a dialogue with one its leading global asset managers on behalf of many of Aon's schemes which invest with the manager, including the Plan through the default strategy. This culminated towards the end of the year in a discussion with their Global Head of Stewardship with respect to numerous areas of concern regarding stewardship, in particular the manager's ability to demonstrate commitment to publicly stated climate change goals. Discussions were helpful regarding the following:

- Aon's analysis of the manager's voting actions over 2020 showed that the manager had not been voting in a manner consistent with their public pledges nor rhetoric on the importance of sustainability issues. The manager acknowledged that there was a disconnect between voting decisions made in the first half of 2020, but that they had markedly changed their voting policies in the second half of 2020, and provided reassurance that, moving forward, voting decisions would better align with the manager's stated position on such ESG matters. We expect to see this reflected in voting actions by mid-2021.
- Aon expressed concern that, given the level of potential influence the manager has, the manager was unable to bring shareholder resolutions to those companies with which it had reason to engage. Reasons for this are regulatory and concern regarding its investor classification status. The manager acknowledged our concern and agreed to follow up with further detail. While the manager's situation has not yet changed, it is possible that regulatory restrictions may be eased in the future allowing the manager to use shareholder resolutions as a tool. The manager has since stated its intention to use its vote for shareholder resolutions brought by other organisations to greater effect.

The manager has since provided further information on how they are updating their policies in a manner consistent with their strategy of intensifying engagement on sustainability. For example, in areas such as the transition to the low carbon economy; diversity, equity and inclusion; and voting on shareholders proposals.

Aon welcome the improved stance on ESG issues from the manager and their proactive updating of their policies to more closely align with their responsible investment goals. Aon will continue to monitor and engage with the manager, scrutinising their voting and engagement actions. Aon is encouraged that manager plans to strengthen their influence with invested companies to better effect, especially the changed stance around supporting appropriate shareholder proposals.

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[1] More information on the Aon ESG Ratings Process can be found here: https://www.aon.com/getmedia/0b52d7ec-db77-41bc-bb45-9386034db392/AonCanada-Publication-Investment -GuideESGRatings.aspx

DC Section – Voting and Engagement

Voting and engagement - Equities

Over the year, the Plan was invested in several funds which held equity exposure, including the default strategy. AIL appoints a number of underlying asset managers within each fund. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the funds that were in place for the majority of the reporting year.

All equity managers utilise third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research.

Aon Managed Retirement Pathway Funds, Aon Managed Initial Growth Phase Fund, Aon Managed Diversified Asset Fund

The Aon Managed Retirement Pathway Funds (default) and Aon Managed Diversified Asset Fund, available as a self-select fund, invested in six underlying passive equity funds over the period. The Aon Managed Initial Growth Phase Fund, available as a self-select fund, invested in five underlying passive equity funds.

The voting activity undertaken over the year for each underlying fund to 31 December is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Retirement Pathway Funds	Aon Managed Initial Growth Phase Fund	Aon Managed Diversified Asset Fund
BlackRock MSCI World Index Fund	91.4%	7.0%	0.6%	Yes	Yes	Yes
BlackRock Emerging Market Index Fund	97.1%	8.7%	3.0%	Yes	Yes	Yes
BlackRock Global Developed Fundamental Weighted Index Fund	91.6%	5.8%	0.7%	Yes	Yes	Yes
BlackRock Global Minimum Volatility Index Fund	96.6%	3.5%	0.5%	Yes	Yes	Yes
BlackRock Currency Hedged MSCI World Index Fund	91.4%	7.0%	0.6%	Yes	No	Yes
LGIM Global Developed Four Factor Scientific Beta Index Fund	99.7%	17.9%	0.1%	Yes	Yes	Yes

Source: Aon Investments Limited, BlackRock, LGIM.

Voting Example: Chevron Corporation (May 2020)

An example of a significant vote is when BlackRock voted against the Board's recommendations in May 2020, by voting in support of a shareholder proposal requesting that Chevron report on how the company's lobbying aligns with the goals of the Paris Agreement.

While BlackRock acknowledged that Chevron has been responsive to investors and transparent in their reporting, they felt that increased transparency around political spending and lobbying relating to climate risk and the low carbon transition would strengthen the company's disclosure. Recent engagements leading up to the annual general meeting have given BlackRock the impression that Chevron is aligned with the spirit of this proposal, as it has articulated a desire to provide more clarity for investors on its internal climate considerations and associated political lobbying. BlackRock believe enhanced disclosure will help investors better understand the company's political activities in the context of policy that supports the transition to a lower carbon economy including the goal of the Paris Agreement to limit global warming to no more than two degrees Celsius, which the company supports.

More information can be found on the voting bulletin here: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-chevron-may-2020.pdf

Voting Example: Walmart (June 2020)

Another example of a significant vote was in June 2020, when BlackRock voted against a shareholder resolution requesting that Walmart reports on the impact of single-use plastic bags. BlackRock determined that Walmart already has a robust plan in place to address plastic waste management and effective public disclosures related to its approach. Among Walmart's publicly-stated environmental goals are to achieve zero plastic waste, including taking action to eliminate problematic or unnecessary plastic packaging by 2025, achieve 100% of in-scope private brand plastic packaging to be reusable, recyclable, or industrially compostable by 2025, and recycled content target across all plastic packaging used by 2025. BlackRock does not have concerns regarding the company's commitment to addressing plastic waste management as part of its overall sustainability strategy.

Another key resolution at June 2020 meeting was a shareholder proposal regarding reporting on strengthening prevention of workplace sexual harassment. BlackRock again supported management by voting against this shareholder proposal. Walmart's policy strictly prohibits discrimination or harassment by or directed at associates, job applicants, customers, members, suppliers, or people working on Walmart's behalf. The company's incentive compensation plans also support the company's efforts to enforce its policies. For example, the company has already disclosed that annual cash incentive payments to the company's senior executives may be reduced by up to 30% if they violate the company's discrimination and harassment policies. Similarly, there are claw-back provisions in long-term incentive plans if a participant violates company policies, including the policies that prohibit workplace sexual harassment. Given these policies and procedures in place, BlackRock did not consider the proposal necessary or additive at this time.

More information can be found on the voting bulletin here: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-walmart-jul-2020.pdf

Voting Example: Amazon (May 2020)

Another example of a significant vote was in May 2020, when LGIM supported 10 out of 12 shareholder proposals put forward against the management of Amazon (the largest number of shareholder proposals put on the table for any US company this proxy season). Two resolutions related to governance structures that benefit long-term shareholders, and the remaining eight were in relation to disclosure to encourage a better understanding of process and performance of material issues. The resolutions received between 1.5% and 30% support from shareholders.

The company had received press coverage due to the largely negative sentiment related to its governance profile and its initial management of the COVID-19 pandemic. This was an important topic for LGIM's multiple engagements with the company over the past 12 months, as well as the separation of CEO and board chair roles, a desire for directors to participate in engagement meetings, and details about the data transparency committed to in their Climate Pledge. The Stewardship team at LGIM received more inquires related to Amazon than any other company this season.

Engagement Example: Proctor and Gamble

An example of engagement carried out by LGIM over 2020 was with Proctor and Gamble ("P&G"). P&G uses both forest pulp and palm oil as raw materials within its household goods products. A key issue identified by LGIM was that the company has only obtained certification from the Roundtable on Sustainable Palm Oil for one third of its palm oil supply, despite setting a goal for 100% certification by 2020. Furthermore, two of their Tier 1 suppliers of palm oil were linked to illegal deforestation.

Following a resolution proposed by Green Century that P&G should report on its effort to eliminate deforestation (that was voted on in October 2020), LGIM engaged with the P&G, the resolution proponent, and with the Natural Resource Defence Counsel to fully understand the issues and concerns.
Through this round of engagements, LGIM decided to support this resolution as, although P&G has introduced several objectives and targets to ensure their business does not impact deforestation, LGIM felt it was not doing as

much as it could. LGIM has asked P&G to respond to the CDP Forests Disclosure and continue to engage on the topic and push other companies to ensure more of their pulp and wood is from FSC-certified sources.

More detail on this stewardship example can be found here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/cg-quarterly-report.pdf.

HSBC Islamic Global Equity Fund

The Trustee makes the HSBC Islamic Global Equity Fund available as part of the self-select fund range.

Voting Policy

HSBC uses the proxy advisory firm ISS to vote on its behalf. HSBC reviews recommendations on all active holdings and its largest holdings by value and provide regular feedback on recommendations on its voting policy. HSBC holds periodic review meetings with ISS.

HSBC's global voting guidelines are based upon international principles of good governance. As a global investor, it recognises that corporate governance codes, standards and practices vary across different markets and it is sensitive to this in the application of its guidelines. Some markets operate a 'comply or explain' approach, thus HSBC considers companies' explanations of any non-compliance in determining its vote.

The voting activity undertaken over the year to 31 December is shown below:

Voting information

Fund	% proposals voted	% votes cast against management	% votes abstained
HSBC Islamic Global Equity Index Fund	97.0%	12.3%	0.0%

Source: Aon Investments Limited, HSBC.

Engagement Policy

HSBC prioritises engagements based on its holdings, feedback from internal stakeholders and exposure to ESG issues. Using ESG scores and holdings information, it evaluates the weighted exposure to critical ESG issues. This evaluation is undertaken at a global and office level, enabling them to determine whether an issue encompasses its holding globally or it is more relevant for specific market/s. After critical ESG themes have been identified, these are reviewed both by ESG specialists and by local investment teams, to ensure that their plan incorporates insights from portfolio managers, analysts and subject matter experts. Additional themes may be added at this stage. A final list of companies for each project is compiled and the corresponding responsibility for engagement is allocated internally in its governance team; members of the active investment teams will collaborate and participate in meetings with companies when relevant.

Voting and engagement - Property and Infrastructure

Over the year, the Plan was invested in several funds which held exposure to property and infrastructure assets, including the default strategy. AIL appoints a number of underlying asset managers to provide this exposure. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the strategies that were in place for the majority of the reporting year.

Aon Managed Retirement Pathway Funds (Default), Aon Managed Property and Infrastructure Fund

The Aon Managed Retirement Pathway Funds (default) and Aon Managed Property and Infrastructure Fund, available as a self-select fund, invested in three underlying property / infrastructure funds over the period. The BlackRock Global Property Securities Index Fund invests in listed property investments, the Legal & General Infrastructure Index Fund invests in listed infrastructure and the Threadneedle Pensions Property Fund invests directly in UK commercial property.

Both BlackRock and LGIM utilise third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research in relation to the listed investments held.

The voting activity undertaken by BlackRock and LGIM in relation to the listed investments over the year to 31 December is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Retirement Pathway Funds	Aon Managed Property and Infrastructure Fund
BlackRock Global Property Securities Index Fund	91.4%	7.0%	0.6%	Yes	Yes
LGIM Infrastructure Index Fund	99.7%	17.9%	0.1%	Yes	Yes

Source: Aon Investments Limited, BlackRock, LGIM.

Direct property investments

The Trustee appreciates that engagement activities within the direct property fund may be limited in comparison to other asset classes, such as equity and fixed income. Nonetheless, the Trustee expects ESG engagement to be integrated in its managers' investment approaches. The direct property manager (Threadneedle) is a signatory of the UN PRI and has adopted ESG policies across its investments. Threadneedle takes an approach to real estate whereby they strive to understand the risks posed within the asset class and focus on mitigating these during the lifecycle of the projects. This can be done through property management, refurbishment, building improvements and strategic asset management.

A key topic of engagement continues to the significant impact of Covid-19 on companies' ability to operate. Threadneedle's approach to active stewardship remains unchanged: Threadneedle continues to engage with companies to better understand their management of financial and non-financial risks and how they generate sustainable long-term returns. Companies’ response to and management of Covid-19 will be a core part of this analysis going forward.

Engagement - Fixed Income

Over the year, the Plan invested in six funds, including the default strategy, which held exposure to fixed income. AIL appoints a number of underlying asset managers to provide this exposure.

Aon Managed Retirement Pathway Funds (Default), Aon Managed Diversified Asset Fund, Aon Managed Bond Phase Fund, Aon Managed Liquidity Fund

The Aon Managed Retirement Pathway Funds (default) and Aon Managed Bond Phase Fund (available as a self-select fund) invested in six underlying actively managed fixed income funds over the period. The Aon Managed Diversified Asset Fund (available as a self-select option) invested in five underlying actively managed fixed income funds. These funds also invested in several passively managed fixed income strategies. The Aon Managed Liquidity Fund (available as a self-select option) invested in a single underlying fund that provided exposure to short dated money market assets. Further detail is provided in the table below.

Underlying manager information

Underlying manager	Aon Managed Retirement Pathway Funds	Aon Managed Diversified Asset Fund	Aon Managed Bond Phase Fund	Aon Managed Liquidity Fund
BlackRock (two active strategies)	Yes	Yes	Yes	No
BlackRock (passive corporate bonds)	Yes	Yes	Yes	No
BlackRock (passive government bonds)	Yes	Yes	No	No
BlackRock (cash)	Yes	Yes	No	Yes
Insight (active strategy)	Yes	No	Yes	No
LGIM (annuity matching bonds)	Yes	No	No	No
Ninety One (active strategy)	Yes	Yes	Yes	No
PIMCO (active strategy)	Yes	Yes	Yes	No
T-Rowe Price (active strategy)	Yes	Yes	Yes	No

Source: Aon Investments Limited.

While equity managers may have more direct influence on the companies they invest in, fixed income managers are also increasingly influential in their ability to encourage positive change. The Trustee also acknowledges that the concept of stewardship may be less applicable with respect to some of its fixed income investments, particularly for government bonds.

Engagement Example: Exxon

An example of an engagement by BlackRock was that with Exxon, a multi-national oil and gas company. In BlackRock's discussion with the company, they discussed several engagement topics such as governance structure, corporate strategy, environmental risks and opportunities. These included relating to Exxon's approach to the European regulatory environment, their views on electric vehicle penetration as a risk to their business, and their risk management in relation to physical climate change risks.

BlackRock have stated that their ongoing dialogue has been largely constructive and effective, however, there have also been matters where the company wasn’t adequately responsive to shareholder feedback. As a result, they voted against the re-election of the lead independent director for the company’s lack of progress on climate-related disclosure and supported a shareholder proposal seeking a report on the extreme weather resilience of certain operations. This is consistent with their view to first engage with companies on their concerns and to subsequently hold directors accountable if those concerns are not sufficiently addressed.

BlackRock anticipate further dialogue with the board and management of Exxon and remain optimistic that their recommendations to enhance governance and transparency will lead to additional positive future outcomes.

Engagement Example: Dell

Another example of an engagement relates to PIMCO's engagement with Dell on labour rights issues in their supply chain, including compliance on working hours and response and investigation on forced labour disputes. PIMCO encouraged the company to disclose supplier audit coverage and assurance progress for conflict mineral sourcing, including sub-tier suppliers, and make public commitments to 100% Responsible Minerals Assurance Process (RMAP) for conflict mineral sourcing.

Dell confirmed their audits cover much of their supply chain. The issuer also updated disclosure on RMAP-conformant supplier list to maintain transparency. Dell is working to achieve 100% RMAP conformance for conflict mineral such as tin, tantalum, tungsten, gold and cobalt in 2021. PIMCO will continue to engage with Dell on supply chain transparency and traceability.

Aon Managed Long Term Inflation Linked Fund and Aon Managed Pre-Retirement Bond Fund

The Aon Managed Long Term Inflation Linked Fund invested in an underlying passively managed government bond fund over the period. This fund invested solely in government bonds. The Aon Managed Pre-Retirement Bond Fund invested in an underlying fund that aims to match changes in the cost of purchase a level annuity at retirement. To achieve this, the underlying fund invests in a mixture of government and corporate bonds. As noted above, the concept of stewardship may be less applicable with respect to investments in government bonds.

Voting and engagement - Multi-Asset

Over the year, the Plan was invested in a fund which held exposure to multiple asset classes including equities and fixed income, including the default strategy. AIL appoints a number of underlying asset managers to provide this exposure. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the funds that were in place for the majority of the reporting year.

Aon Managed Retirement Pathway Funds (Default), Aon Managed Diversified Asset Fund

The Aon Managed Retirement Pathway Funds (default) and Aon Managed Diversified Asset Fund, available as a self-select fund, invested in an actively managed multi-asset fund over the period. The BlackRock Market Advantage Fund invests in equities alongside a range of other asset classes including fixed income, property and commodities.

BlackRock uses third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research in relation to the listed investments held.

The voting activity undertaken by BlackRock over the year to 31 December 2020 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Retirement Pathway Funds	Aon Managed Diversified Asset Fund
BlackRock Market Advantage Fund	96.5%	8.6%	2.8%	Yes	Yes

Source: Aon Investments Limited, BlackRock.

Summary

Overall, the Trustee is of the opinion the stewardship carried out on behalf of the Plan is adequate, and in line with the stewardship policy as stated in the SIP. The Trustee notes the efforts from their fiduciary managers (Russell Investments and AIL) in monitoring the underlying asset managers and encouraging better practices where appropriate. Similarly, the other examples reviewed demonstrate the willingness and ability of the underlying asset managers to take proactive stewardship activity.

The Trustee recognises that it has a responsibility as a large institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Plan invests in. Accordingly, the Trustee continues to expect improvements over time, in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Plan, through considered voting and engagement.