

Care UK LG Pension Scheme (the “Scheme”)

Implementation Statement 1 April 2020 – 31 March 2021

The 2019 Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (“the Regulations”) require that the Trustees outline how they have ensured compliance with the policies and objectives set out in their Statement of Investment Principles (SIP) over the course of the year under review.

During the year, Scheme assets were managed by three managers:

- Legal and General Investment Management (LGIM). The Scheme invests in three different pooled equity funds with LGIM.
- Insight. The Scheme invests in pooled bond and gilts funds with Insight.
- Federated Hermes. The Scheme invests in a pooled property unit trust.

This Statement focuses on the funds held with LGIM, as the other funds held do not possess voting rights and have little scope for engagement in relation to ESG issues.

The Trustees’ policies on ESG considerations and the exercise of voting rights

The Trustees believe that good stewardship and environmental, social and governance (“ESG”) issues may have a material financial impact on investment returns. However, for investments that are held in pooled funds, the Trustees recognise that they have little or no influence on their managers’ ESG and Stewardship behaviour, including the exercise of voting rights. The Trustees have therefore given each individual fund manager their full discretion when evaluating ESG issues and in exercising rights, engagement activities, and stewardship obligations attached to the Scheme’s investments. However, the extent to which these factors are taken into account by the fund managers in the selection, retention and realisation of investments is considered by the Trustees as part of the process of selecting organisations with which to invest.

The Trustees’ policy is to delegate the exercise of voting rights to their managers, but to review the voting behaviour of the managers annually to check that they are comfortable with the decisions taken by the managers and their approach generally.

Full details of the Trustees’ Stewardship and Engagement policies are included in the Scheme’s SIP, which is appended to this Statement.

Changes to the SIP during the year regarding Stewardship and Engagement

The SIP has been reviewed and revised over the period, and was signed on 28 September 2020.

Stewardship

Each investment manager used by the Scheme is a signatory to the UK Stewardship code and UN Principles for Responsible Investment (UN PRI). The UN PRI are a set of global best practices that provide a framework for integrating ESG issues into financial analysis, investment decision-making and ownership practices.

Voting behaviour

Appendices A - C summarise the voting behaviour within each of the LGIM funds.

LGIM’s more general stewardship reports can be read via the following link:

[Investment stewardship & governance | LGIM Institutional](#)

LGIM have provided details of 26 key votes that they made, across the three funds held by the Scheme. The Trustees believe it would not be proportionate to include details of all of these in this Statement, but have instead presented three of the key votes to provide an illustration of LGIM's voting behaviour.

The Trustees are satisfied that the way in which the managers behaved during the period was in line with their expectations and requirements.

Reviews of fund managers

The Trustees review the performance of their fund managers regularly, but did not receive proposals from any other fund managers during the period.

Statement of compliance with Regulations

The Trustees are pleased to report that, during the period under review, they have in their opinion adhered to the policies set out in their SIP and have complied with the Regulations.

Keith Lewis, PTL Governance Limited	15 September 2021
Name (Print)	Date

For and on behalf of
Trustees of the Care UK LG Pension Scheme

Appendix A – Summary of LGIM voting practices

Question	UK Equity Index Fund	World (ex UK) Equity Index Fund	World (ex UK) Equity Index Fund – GBP currency hedged
How many meetings were you eligible to vote at over the year to 31/03/2021?	943	3243	3243
How many resolutions were you eligible to vote on over the year to 31/03/2021?	12574	37840	37840
What % of resolutions did you vote on for which you were eligible?	100.00%	99.83%	99.83%
Of the resolutions on which you voted, what % did you vote with management?	92.94%	80.25%	80.25%
Of the resolutions on which you voted, what % did you vote against management?	7.05%	19.16%	19.16%
Of the resolutions on which you voted, what % did you abstain from?	0.01%	0.60%	0.60%
In what % of meetings, for which you did vote, did you vote at least once against management?	3.27%	6.35%	6.35%
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0.80%	0.27%	0.27%

A

Appendix B – Summary of LGIM voting policies

What is your 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. Our 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 we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Please provide an overview of your process for deciding how to vote.

All decisions are made by LGIM's Investment Stewardship team and in accordance with our 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 our 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.

How, if at all, have you made use of proxy voting services over the year to 31/03/2021?

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

What process did you follow 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 we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our 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 we deemed were 'material votes'. We are evolving our 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.

We 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. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

Appendix C – Examples of Significant Votes

Vote 1

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

Vote 5

Company name	Barclays
Date of vote	07-May-20
Summary of the resolution	Resolution 29 Approve Barclays' Commitment in Tackling Climate Change Resolution 30 Approve ShareAction Requisitioned Resolution
How you voted	LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction.
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome.
Outcome of the vote	Resolution 29 - supported by 99.9% of shareholders Resolution30 - supported by 23.9% of shareholders (source: Company website)
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	Since the beginning of the year there has been significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM. We thank our clients for their patience and understanding while we undertook sensitive discussions and negotiations in private. We consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as our clients.

Vote 14

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