Implementation Statement, covering the Plan Year from 1 January 2020 to 31 December 2020

The Trustees of the TRP UK Retirement Plan (the "Plan") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed their Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-8 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

This Statement uses the same headings as the Plan's SIP dated July 2020 and should be read in conjunction with the SIP.

1. Introduction

At the start of the Plan year the SIP in force was dated September 2019. The SIP was reviewed and updated during the Plan Year in July 2020 to reflect:

- The addition of two new funds to the self-select fund range, namely the BlackRock Aquila Emerging Markets Equity Index Fund and the Ardevora Global Long Only Equity Fund;
- the removal of seven of the Plan's funds:
    - BNY Mellon Global Equity Fund;
    - Scottish Widows UK Equity Fund;
    - Scottish Widows UK Preference and Fixed Interest Fund;
    - BlackRock over 15 year Corporate Bond Fund;
    - Henderson Global Sustainable Equity Fund;
    - Scottish Widows Passive Multi Asset III Fund; and
    - Stewart Investors Global Emerging Markets Leader
- the SW Property Fund suspension which resulted in the BlackRock Sterling Liquidity Fund now being considered a default arrangement for governance purposes;
- removal of the wording to members being able to select the Henderson fund should they wish to account for ethical factors in section 8.7; and
- removal of wording referencing closed end funds in section 6.8 of the document as this was no longer relevant to the Plan;

As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the policies in the Plan's SIP during the Plan Year. The following sections provide detail and commentary about how and the extent to which they have done so.

No changes were made to the voting and engagement policies in the SIP during the Plan Year. The last time these policies were formally reviewed was August 2019.

2. Investment objectives and policy

Default arrangement

The Trustees, with the help of their advisers and in consultation with the sponsoring employer, formally reviewed the strategy and performance of both the default and alternative lifestyle strategies in September and December 2020. As part of this review, the Trustees considered and reviewed the Plan's membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan as part of this review.

Based on the outcome of this analysis, the Trustees concluded that the default arrangements; the TRP Drawdown Lifestyle Investment Programme, the TRP Annuity Lifestyle Investment Programme and the BlackRock Sterling

Liquidity Fund, have been designed to be in the best interests of the majority of the Plan's members and reflects the demographics of those members.

Self-select fund range

The Trustees also provide members with access to a range of pooled, self-select funds across the main asset classes, reflecting the changing requirements of members as they progress towards retirement, which they believe are suitable for this purpose and enable appropriate diversification.

The Trustees have also made available an alternative lifestyle strategy which is designed to provide members access to a different retirement outcome other than annuity purchase and income drawdown – lump sum withdrawal. Details of these lifestyles and the extensive self-select fund range is set out in Appendix A and Appendix C of the SIP.

The Trustees monitor the take up of the self-select fund range on a regular basis and conducted a formal review of the investment offering on 11 September 2019 and 10 December 2019. The Trustees recognise the importance of regularly reviewing the self- select offering given the proportion of members invested in these funds is high in comparison to the broader market. The Trustees have reminded members to review their investment holdings and check they are suitable for each individual's risk tolerances and retirement planning throughout the Plan Year via member presentations, the annual member newsletter and members' annual benefit statements.

3. Investment strategy

In the review of the default investment lifestyle mentioned in Section 2, the Trustees concluded that drawdown remains an appropriate retirement target for the majority of members and therefore continue to use the TRP Drawdown Lifestyle Investment Programme as the primary default investment option for the Plan. A small cohort of members remain defaulted into the lifestyle targeting annuity purchase at retirement (TRP Annuity Lifestyle Investment Programme) as a result of legacy strategy changes and it was agreed that given the proximity of members to their retirement ages this strategy continued to remain appropriate.

The Trustees reviewed the growth phase of the default and alternative lifestyle arrangements offered to members and agreed to make changes to the TRP Growth Blend fund to:

- replace the 10% allocation to the BlackRock UK Equity Index Fund with the BlackRock ACS Climate Transition World Equity Fund; and
- reduce the level of active management in the overseas equity allocation by reducing the allocation to the Baillie Gifford International Fund by 5% in favour of the BlackRock Aquila World ex-UK Equity Index Fund.

The Trustees also agreed to reduce the expected volatility in the TRP Fixed Income Blend, a white labelled fund used in both the Annuity and Drawdown Lifestyle Investment Programmes, by reducing the allocation to the Blackrock Over 15 Year UK Gilt Index Fund by 20% and increasing the allocation to BlackRock Aquila Corporate Bond All Stock Index Fund proportionately.

As part of this review, the Trustees ensured that the Plan's default arrangements were adequately and appropriately diversified between different asset classes and that the self-select options provide a suitably diversified range to choose from. In addition, the Trustees considered a wide range of asset classes for investment, taking into account the funds' diversification, in terms of objectives, sectors, investment styles and management approach (including active and passive options).

4. Considerations in setting the investment arrangements

In the review of the default investment lifestyle mentioned in Section 2, the Trustees considered the investment risks set out in Section 5 of the SIP. They also considered a wide range of asset classes for investment, taking account of the funds' diversification, in terms of objectives, sectors, investment styles and management approach (including active and passive options) and the expected returns, and key individual risks associated with those asset classes as well as how these risks can be mitigated.

The Trustees last reviewed their investment beliefs in June 2019. As part of this process, the investment adviser held an online ESG and climate change beliefs survey which gathered the opinions of individual Trustees in order to ascertain Trustee opinions. The survey was followed up with a beliefs' session to summarise the responses, which assisted in defining the Trustees' beliefs and transitioning these into actions and policies.

As a result, the Trustees updated the investment beliefs in the SIP in August 2019. They added two new investment beliefs to the SIP: "environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors" and "long-term environmental, social and economic sustainability is one factor that Trustees should consider when making investment decisions”. These beliefs remain in place in the most recent SIP. Following the addition of these beliefs, the Trustees reviewed their investment manager mandates to understand the extent to which ESG factors are incorporated in the funds currently held by the Plan.

Following discussion at the meetings in September and December 2020, and with advice from their investment adviser, the Trustees decided to add a fund to the default growth blend (TRP Lifestyle Growth Blend) to reduce the carbon footprint of the Lifestyle in a manner more aligned with the Trustees’ ESG beliefs. This change will be implemented after the Plan Year end in two phases, in March 2021 and September 2021.

5. Risk management

Risks are monitored on an ongoing basis with the help of the investment adviser.

The Trustees maintain a risk register which is discussed at quarterly Risk and Compliance Sub-committee meetings as well as being discussed at Trustees’ meetings when required. The ongoing appropriateness of the risk register is also reviewed on an annual basis.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan’s investment adviser or information provided to the Trustees by the Plan’s investment managers.

Some of the risks the Trustees monitor, including the ways in which they are measured and managed are included below:

- risk of inadequate returns and inflation risk: the Trustees make use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default and alternative lifestyles and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

- pension conversion risk: the Trustees offer an index-linked gilt fund (for those members wanting an annuity that increases during retirement) and a number of fixed interest bond and gilt funds as well as an annuity targeting lifestyle strategy for the purpose of managing this risk.

- currency risk: as all the funds are converted back into Sterling there will be an element of currency risk.

- contribution shortfall risk: the Trustees reminded members to review their retirement planning throughout the Plan Year via member presentations, the annual member newsletter and members’ annual benefit statements. Average contributions were considered as part of the investment strategy review to better understand member pot projections and the impact on these projections should members not contribute into the Plan.

- political risk: the default arrangements and self-select fund range invest in assets across many countries to mitigate the risk of an adverse influence on investment values from political intervention.

- credit risk is managed by only investing in pooled funds that have a diversified exposure to different credit issuers.

In addition, the following risks are covered earlier in this Statement: lack of diversification risk in Sections 3 and 6, investment manager risk and excessive charges in Section 6, illiquidity/marketability risk in Section 7 and ESG risks in Section 7.

6. Implementation of the investment arrangements and Monitoring and reviewing investments

In the previous Plan Year, the Trustees undertook a review of the self-select fund range. As result of this review and subsequent further reviews, the Trustees decided to remove seven and appoint two new self-select investment mandates, as outlined in Section 1 of this Statement. Since the end of the Plan Year a number of other funds have also been subsequently added to the self-select fund range and these are outlined in Section 7 of the Statement. The Trustees obtained formal written advice from their investment adviser, LCP, before making these funds available for members to invest in and made sure the investment portfolio of the funds chosen were adequately and appropriately diversified. Before appointing the managers, the Trustees also received advice from their investment advisors in relation to key personnel, fund investment process and philosophy, the broader investment team, responsible investment, past performance and portfolio turnover (for the actively managed Ardevora Global Long-only Equity Fund). A delegation of Trustees also met the two new managers themselves to discuss the mandate and also to better understand the manager’s approach to responsible investment and stewardship. As part of the appointment process, the Trustees agreed that they were comfortable with all of these aspects for each of the appointed managers.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustees promptly about any significant updates or events they become aware of that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the fund. This is undertaken on both an ad hoc basis but also formally as part of the deep-dive performance review, which was undertaken in March 2020 for the Plan year.

This process is supplemented by the Investment sub-committee ("ISC") who assign particular Trustee delegates to monitor each of the funds offered to members. These delegates review fund performance and meet the Plan's investment managers whenever the Trustees have any concerns, queries or discussion points they would like addressed. Over the period, the Trustees met with T. Rowe Price, Baillie Gifford, Fidelity, M&G, Stewart Investors, Ardevora and BlackRock to discuss both the Plan's current funds and prospective funds.

The Trustees formally monitor the performance of the Plan's investment managers on a semi-annual basis, using the semi-annual performance monitoring report, one of which is an extensive 'deep dive' report. The report shows the performance of each manager over the 6 months, 1 year, 3 year and 5 years. Performance is considered in the context of the manager's benchmark and objectives. During the Plan Year two performance reports were prepared by the investment advisors and presented at the 18 March Trustee meeting (an annual review covering periods to 31 December 2019) and on 16 September (covering periods to 30 June 2020).

Following the self-select fund range review in the previous Plan Year, the seven investment mandates highlighted in section 1 of this Statement were removed in September 2020. The Trustees were comfortable with the majority of its investment manager arrangements over the Plan Year. If the there are any arrangements where there are concerns, the ISC places the fund on a 'watchlist' to be monitored, raised at the Trustees' meetings and they also meet with the relevant managers as appropriate.

The most recent semi-annual report, showing performance to 31 December 2020, shows that the majority of managers have produced performance broadly in line with expectations over the long-term. However, during the Plan Year, the Trustees decided to remove the Fidelity Moneybuilder Income Fund as they viewed the Fund as not being 'best in class' due to concerns over management following the retirement of the lead Portfolio Manager along with concerns about performance. This fund was subsequently removed in February 2021. In addition, since the end of the Plan Year the Trustees have decided to remove the SW Property Fund from the self-select range in May 2021 due to the Fund becoming less diversified, personnel and organisational changes as part of the underlying fund vehicle changes from Threadneedle to ASI in March 2021 and further mandate uncertainty as the Fund's underlying manager would change to Schroders in 2022.

The Trustees undertook a value for members' assessment for the Plan Year to 31 December 2020 which assessed a range of factors, including the fees payable to managers in respect of the Plan which were found to be reasonably competitive when compared against schemes with similar sizes mandates. The Trustees consider the fees for the active funds in the context of the funds' performance. In this assessment, the Trustees identified that some of the active funds' fees were above the median of the peer group analysis. However, in majority of these cases, the funds were also delivering strong positive, relative returns and the Trustees believe that these funds continue to offer strong expected returns. Overall, the Trustees believe the investment managers provide good value for money.

The performance of the professional advisers is considered on an ongoing basis by the Trustees.

Shortly following the Plan Year end in January 2021, the Trustees put in place formal objectives for their investment adviser and will review the adviser's performance against these objectives on a regular basis and at least annually.

7. Other matters

Financially material considerations and non-financial matters

The Trustees have, in their opinion, followed the Plan's voting and engagement policies during the Plan Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes and to meet managers personally ahead of any selection to better understand their Responsible Investment policies. The Trustees took a number of steps to review the Plan's new and existing managers and funds over the period, as described in Section 7 (Other matters) below.

As part of its advice on the selection and ongoing review of the investment managers LCP incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

In March 2020, the Trustees reviewed LCP's responsible investment (RI) scores for the Plan's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores are also reviewed in the annual performance report. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme and it is these that directly affect both LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2020. The highest score available is 4 (strong) and the lowest is 1 (weak).

When meeting with the managers outlined in section 6 of this Statement, the Trustees asked several questions about the managers' ESG, voting and engagement practices as well as ESG processes and mandate resources and, for those managers either retained or appointed, were satisfied with the responses and integration of ESG into the fund offering. The Trustees also reviewed reports from their managers on voting and engagement activities undertaken on their behalf.

The Trustees added the following funds either during or just outside of the Plan Year and before the publication of this Statement:

- BlackRock Aquila Emerging Markets Equity Index Fund – added to the self-select range on 20 April 2020;
- Ardevora Global Long-only Equity Fund – added to the self-select range on 23 June 2020;
- M&G Total Return Credit Investment Fund - added to self-select range on 15 February 2021; and
- BlackRock ACS Climate Transition World Equity Fund – half of the proposed allocation to this fund was added to the T.Rowe Price Growth Blend in March 2021 and the second half will follow in September 2021.

In selecting and appointing these investment managers, the Trustees reviewed LCP's RI assessments, along with other criteria, for each manager and fund as well as meeting each manager themselves.

Liquidity and realisation of investments

It is the Trustees' policy to invest in funds that offer frequent dealing to enable members' benefits to be realised on retirement, or earlier on transfer to another pension arrangement or to readily realise and change their investments. All of the Plan's funds which the Trustees offers are daily or weekly priced.

In addition to the above, the self-select SW Property Fund was suspended at the end of March 2020 due to market conditions which increased the uncertainty in correctly valuing the underlying properties within the fund. As a result, members were unable to buy, sell or switch investments in the fund for the period the fund was suspended. On 26 October 2020, the fund was re-opened and members have since been able to make switches into or out of this fund.

8. Description of voting behaviour during the Plan Year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Plan Year.

In this section the Trustees have included data on the Plan's funds which hold equities and that:

- are used in the default strategies, as these are the strategies which contain the majority of the Plan's assets; and
- have greater than 5% of total Plan assets invested in the fund (shown in italics below)

As such, we have included manager voting data for the following funds:

- Baillie Gifford International Fund
- BlackRock Aquila UK Equity Index Fund
- BlackRock Aquila World ex-UK Equity Index Fund
- T. Rowe Price Emerging Markets Equity Fund
- LGIM Diversified Fund
- *T. Rowe Price Global Focused Growth Equity Fund* (7.65% of AuM)

The Trustees also considered including any self-select responsible investment ("RI") funds. However, as the only fund in this category was the Henderson Global Sustainable Equity Fund and this fund only held a small proportion of assets and was also removed from the self-select fund range during the Plan year (25 September 2020) the Trustees have decided to not include data for this Fund on grounds of materiality.

9.1 Description of the voting processes

As and when securities are lent, a manager loses any voting right attached to those securities. To the extent to which it is relevant to the exercise of voting rights, each manager will have in place its own policy to deal with securities on loan. Clearly, the voting process details provided by each manager apply where voting rights are retained for a particular security.

Baillie Gifford

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. They do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then they will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Thoughtful voting of their clients' holdings is an integral part of Baillie Gifford's commitment to stewardship. Baillie Gifford believe that voting should be investment led, because how they vote is an important part of the long term investment process, which is why their preference is to be given this responsibility by their clients. The ability to vote on behalf of their clients strengthens their position when engaging with investee companies. Baillie Gifford's Governance and Sustainability team oversees voting analysis and execution in conjunction with their investment managers. Baillie Gifford do not outsource any part of the responsibility for voting to third-party suppliers, but they do utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their Governance & Sustainability Principles and Guidelines and they endeavour to vote every one of our clients' holdings in all markets.

Whilst Baillie Gifford are cognisant of their proxy advisers' voting recommendations (Institutional Shareholder Services {"ISS"} and Glass Lewis), they do not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. As such Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford also have specialist proxy advisors in the Chinese and Indian markets to provide them with more nuanced market specific information.

BlackRock

Voting decisions are made by members of the BlackRock Investment Stewardship team with input from the wider investment team as required, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines.

BlackRock takes a case-by-case approach to the items put to a shareholder vote. Analysis is informed by internally developed proxy voting guidelines, its pre-vote engagement with the company, its research, and any situational factors for a particular company.

BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, BlackRock will review the resolutions to assess the extent of the restrictions on voting against the potential benefits. BlackRock generally prefers to engage with the company in the first instance where there are concerns and give management time to address the issue.

BlackRock will vote in favour of proposals where it supports the approach taken by a company's management or where it has engaged on matters of concern and anticipates management will address them. BlackRock will vote against management proposals where it believes the board or management may not have adequately acted to advance the interests of long-term investors. BlackRock ordinarily refrains from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option (in accordance with company by-laws) for voting against management, there is a lack of disclosure regarding the proposal to be voted, or an abstention is the only way to implement its voting intention.

Whilst BlackRock does subscribe to research from the proxy advisory firms, ISS and Glass Lewis, this is just one among many inputs into its voting decision process. BlackRock primarily uses proxy research firms to transform corporate governance information and analysis into a concise, easily reviewable format so that BlackRock's investment stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial. Other sources of information BlackRock use include the company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, the views of its active investors, public information and ESG research.

BlackRock has for over a decade also used an independent fiduciary, Sustainalytics, to vote proxies where they are required by regulation not to vote themselves or where there are actual or perceived conflicts of interest. The independent fiduciary makes voting decisions based solely on BlackRock's publicly available proxy voting guidelines, which aim to advance their clients' long-term economic interests, and public information disclosed by the relevant company. Sustainalytics, may engage with companies at its discretion to ask clarifying questions or in response to a company's request for engagement on voting matters, though it is not authorised to represent BlackRock's views. BlackRock are committed to enhancing the transparency of their stewardship practices. Where they believe it will help to understand the voting decisions at shareholder meetings, BlackRock will publish a Voting Bulletin explaining the rationale for how they or, in this case, the independent fiduciary, have voted on select resolutions, and (where relevant) provide information around their engagement with the issuer.

T. Rowe Price

T. Rowe Price have stated that they welcome discussions with clients on ESG topics, either as part of the regular monitoring or on an ad-hoc basis as issues arise. They use their understanding of how market practice is developing to shape the changes they propose to the T. Rowe Price ESG Committee as part of their annual voting policy update.

Proxy voting decisions are made internally and are executed with the assistance of an external proxy voting partner. T. Rowe Price view proxy voting as an important component of their ongoing responsibilities as engaged shareowners as it can also provide a unique opportunity to open a dialogue with management or boards of the companies in their portfolios.

The T. Rowe Price ESG Committee maintains guidelines for analysing voting decisions for most corporate governance issues. They believe a "one size fits all" approach to corporate governance does not adequately address the complexity of some issues. Therefore, they allow for exceptions and nuance. Consequently, T. Rowe Price's voting policies are simply guidelines for their portfolio managers to use, and they allow them to apply their professional judgment when voting proxies for their portfolio companies. When a portfolio manager votes opposite the T. Rowe Price guidelines, he or she must document the reason through a customised online system.

T. Rowe Price has retained ISS to provide proxy advisory and voting services. These services include custom vote recommendations, research, vote execution, and reporting. In order to reflect T. Rowe Price's issue-by-issue voting guidelines as approved each year by the ESG Committee, ISS maintains and implements a custom voting policy for the T. Rowe Price Funds and other client accounts.

LGIM

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its 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 LGIM's Investment Stewardship team. The views expressed by attendees during this event form a key consideration in developing LGIM's voting and engagement policies. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All voting 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 helps ensure LGIM's stewardship approach is consistent throughout the engagement and voting process, and that engagement is fully integrated into the voting decision process, which aims to provide consistent messaging to companies.

LGIM's Investment Stewardship team uses ISS' 'ProxyExchange' electronic voting platform to electronically vote. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. The use of ISS' recommendations is to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes are in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its 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 LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

9.2 Summary of voting behaviour over the Plan Year

A summary of voting behaviour over the period is provided in the table on the next page.

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6
Manager name	Baillie Gifford	BlackRock	BlackRock	T. Rowe Price	LGIM	T. Rowe Price
Fund name	International Fund	Aquila UK Equity Index Fund	Aquila World ex-UK Equity Index Fund	Emerging Markets Equity Fund	Diversified Fund	Global Focused Growth Equity Fund
Total size of fund at end of reporting period	£1.7bn	£4.8bn	£2.2bn	$3.1bn	£10.9bn	$4.1bn
Value of Plan assets at end of reporting period (% of total assets)	20.6%	12.4%	20.6%	10.6%	3.4%	7.7%
Number of holdings at end of reporting period	98	611	-*	89	6556	78
Number of meetings eligible to vote	104	769	2,207	103	10,973	97
Number of resolutions eligible to vote	1,108	11,035	27,008	1,035	112,453	1,058
% of resolutions voted	94.1%	100.0%	94.0%	97.0%	98.8%	100%
Of the resolutions on which voted, % voted with management	96.5%	95.2%	93.9%	87.0%	82.0%	94.3%
Of the resolutions on which voted, % voted against management	2.8%	4.8%	6.1%	11.0%	17.5%	5.7%
Of the resolutions on which voted, % abstained from voting	0.8%	0.7%	0.4%	3.0%	0.6%	0.2%
Of the meetings in which the manager voted, % with at least one vote against management	18.3%	Not provided by BlackRock	Not provided by BlackRock	43.0%	6.3%	40.2%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A	Not provided by BlackRock	Not provided by BlackRock	N/A	0.2%	N/A

*BlackRock have confirmed that at present they are unable to provide this information as this is a fund of a fund. LCP, on behalf of the Trustees, are continuing to liaise with BlackRock to try and obtain this information for each fund.

9.3 Most significant votes over the Plan Year

Commentary on the most significant votes over the period, from the Plan's investment managers who hold listed equities, is set out below. We have interpreted "most significant votes" to mean those that:

- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile (eg shareholder resolutions) or are seen as being controversial;
- the Plan or the sponsoring company may have a particular interest in;
- were against company management; and
- has significant client interest.

Due to the number of votes provided by the Plan's investment managers the Trustees have chosen a subset of votes to report on in this Statement. The votes selected are those which relate to environmental, social or corporate governance factors. If members wish to obtain more investment manager voting information, this is available upon request.

Baillie Gifford International Fund

1. Tesla, September 2020. Vote: For.

   Summary of resolution: Shareholder resolution - Governance

   Rationale: Baillie Gifford supported a shareholder proposal to eliminate supermajority voting requirements from the company's bylaws and to adopt a simple majority voting standard. Baillie Gifford voted in favour as they believed the change was in shareholders' best interests.

   Criteria for which vote has been assessed as "most significant": This resolution is significant because it was submitted by shareholders and received greater than 20% support.

2. Schibsted, May 2020. Vote: Against.

   Summary of resolution: Remuneration - Policy

   Rationale: Baillie Gifford opposed two resolutions regarding remuneration due to concerns about the stringency of the policy and its alignment with shareholders. Baillie Gifford's vote was consistent with how they have voted in previous years and reflects their concerns over the stringency of the performance conditions attached to the long-term incentive plan. Baillie Gifford were not comfortable with the setting of threshold and target performance hurdles at the 25th and 50th percentiles relative to Schibsted's peer group. They believe variable performance plans should incentivise and reward outperformance and were concerned that the plan rewarded management for underperforming relative to peers. As a result, Baillie Gifford have encouraged the remuneration committee to strengthen the objectives attached to management's long-term incentives to provide better alignment with shareholders.

   Criteria for which vote has been assessed as "most significant": This vote is significant because Baillie Gifford opposed remuneration.

BlackRock Aquila UK Equity Index Fund

1. Exxon Mobil Corporation, May 2020. Vote: Against.

   Summary of resolution: Elect directors Angela F. Braly and Kenneth C. Frazier and require an independent Board Chair

   Rationale: BlackRock voted against electing the two directors due to insufficient progress of Task Force on the Climate-related Financial Disclosures ("TCFD") aligned reporting and related action; for failure to provide investors with confidence that the board is composed of the appropriate mix of skillsets; and can exercise independence from the management team to effectively guide the company in assessing material risk to the business. BlackRock voted for the Independent Chair proposal on account of BlackRock's belief that the Board would benefit from a more robust independent leadership structure.

Criteria for which vote has been assessed as "most significant": This was considered significant as BlackRock voted against management and BlackRock considers climate change to be a key financial risk for the company.

2. Royal Dutch Shell plc, May 2020. Vote: Against.

   Summary of resolution: Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions

   Rationale: BlackRock's Investment Stewardship team ("BIS") has been engaged with Shell on its climate commitments for a number of years and was engaged with the company throughout the process of this latest upgrading of its commitments. Most of Shell's Scope 3 emissions[2] are the Scope 1 emissions of their customers. Because no single oil & gas company is fully in control of the global energy mix, Shell's Scope 3 commitments will only be achievable if key stakeholders such as policymakers, businesses and consumers accelerate the development and use of low-carbon technologies, incentivise more energy efficiency, reduce demand for fossil fuels, and remove emissions from the atmosphere. Given the company's progress towards aligning its reporting with the TCFD recommendations, which has been one of BlackRock's key requests of large carbon emitters, and its responsiveness to shareholder engagement on portfolio resilience and reduction of scope 1, 2, and 3 GHG emissions, BlackRock remained supportive of management for the time being.

   Criteria for which vote has been assessed as "most significant": Considered significant as companies face material climate risks, therefore they must demonstrate that management have assessed how climate may impact operations and determined an appropriate business strategy.

BlackRock Aquila World ex-UK Equity Index Fund

1. AGL Energy Ltd., October 2020. Vote: For.

   Summary of resolution: Approve Coal Closure Dates

   Rationale: While BlackRock recognise the various regulatory challenges and energy generation requirements that AGL faces, they supported this proposal with the intent to encourage the company in its efforts to proactively and ambitiously manage the climate risk in its business model. BlackRock expect that doing so would help offset the potential financial risks, and capture some of the opportunities of the global energy transition, thus protecting the long-term economic interest of shareholders. Therefore, BlackRock supported this proposal because they believe the company, and its shareholders, would benefit from a continued focus on long-term strategic planning covering several decades. AGL's scenario analysis, aligned with the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD), implies it is possible to close the coal-fired Loy Yang plant twelve years ahead of the current scheduled closure. The proposal, and BlackRock's support of it, affords the AGL board and executives the discretion to manage that timing to ensure an effective and safe closure at the appropriate time.

   Criteria for which vote has been assessed as "most significant": Considered significant as AGL is both Australia's largest electricity generator and Australia's largest carbon emitter.

2. Volkswagen AG ("VW"), September 2020. Vote: Against.

   Summary of resolution: BlackRock voted against the discharge of a number of Management Board and Supervisory Board members (items 3.1, 3.3, 3.5 and items 4.1, 4.3, 4.6, 4.7, 4.8, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18, 4.19, 4.21) due to ongoing concerns with (i) oversight in relation to the emissions scandal, (ii) the insufficient level of independence on the Supervisory Board and its sub-committees, and (iii) the independence of the external auditor. BlackRock also voted against item 5 to re-elect Dr. Hussain Ali Al Abdulla as Supervisory Board member due to the insufficient level of independence on the Supervisory Board.

   Rationale:

   Items 3.1, 3.3, 3.5: Resolution on the formal approval for fiscal year 2019 of the actions of the members of the Board of Management H. Diess, J. Heizmann and A. Renschler who held office in fiscal year 2019.

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[2] The Greenhouse Gas Protocol categorises greenhouse gas emissions into three groups or "scopes". Scope 1 covers direct emissions from owned or controlled sources, eg fuel combustion from company cars. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.

a. BlackRock voted against the discharge of members of the Board of Management who were already serving at the time of the emissions incident. By voting against they are holding those individuals accountable for the deficiencies in VW's governance practices and management of its material risks.

Items 4.1, 4.3, 4.6, 4.7, 4.8, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18, 4.19, 4.21: Resolution on the formal approval for fiscal year 2019 of the actions of the members of the Supervisory Board who held office in fiscal year 2019

b. BlackRock has ongoing concerns with the insufficient level of independence on the Supervisory Board and its sub-committees. BlackRock's policy is to withhold support from the re-election or discharge (eg removal) of those members who are most accountable for Supervisory Board composition through their role on the Supervisory Board or membership of relevant board sub-committees. Therefore, they voted against the discharge of three members of the nomination committee for the insufficient level of independence on the Supervisory Board, and of the Supervisory Board Chair for the insufficient level of independence on the sub-committees. In light of BlackRock's concern regarding the independence of the external auditor, they also voted against the discharge of five Supervisory Board, all of whom served on the audit committee during fiscal year 2019. BlackRock believe Supervisory Board members should be held accountable for the level of oversight provided on governance matters. BlackRock additionally voted against the discharge of ten Supervisory Board members who were already serving at the time of the emissions incident.

Item 5: Election of a member of the Supervisory Board

c. BlackRock voted against the re-election of Supervisory Board member H.A. Al Abdulla, who will reach a tenure of 12 years during the course of this new mandate, if approved, further reducing the level of independence on the Supervisory Board.

Criteria for which vote has been assessed as "most significant": Vote classed as significant due to the number of votes against made by BlackRock, as well as the high-profile nature of a company such as Volkswagen.

T. Rowe Price Emerging Markets Equity Fund

1. Shoprite Holdings Ltd, November 2020. Vote: For.

   Summary of resolution: Elect Director Wendy Lucas-Bull

   Rationale: At the 2019 AGM 61% of shareholders voted against the re-election of Christo Wiese. Concerns were raised around the events of the Steinhoff International scandal which involved corporate fraud, given Christo Wiese's seniority and tenure on that board. In response, the company initiated a succession process. T.Rowe engaged with the company before the AGM to understand their perspective on the Chair succession and their pay practices.

   Criteria for which vote has been assessed as "most significant": This vote is significant as the Chair succession was in response to ESG controversy.

2. Prosus NV, August 2020. Vote: Against.

   Summary of resolution: Approve Remuneration Policy for Executive Directors

   Rationale: This was the first Annual General Meeting ("AGM") since the Initial Public Offering ("IPO"). The T.Rowe policy raised concerns about plan design and limited transparency, given the quantum of the award. T. Rowe have since engaged with the company ahead of the 2021 AGM, seeking improvements to the plan design and better disclosure.

   Criteria for which vote has been assessed as "most significant": This vote is significant as T.Rowe voted against management.

LGIM Diversified Fund

1. Whitehaven Coal, October 2020. Vote: For.

   Summary of resolution: Resolution 6 - Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.

   Rationale: The role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation: in Q4 2020 alone three of Australia's main export markets for coal - Japan, South Korea and China - have announced targets for carbon neutrality around 2050. LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets.

   Criteria for which vote has been assessed as “most significant”: The vote received media scrutiny and is emblematic of a growing wave of green shareholder activism.

2. Barclays, May 2020. Vote: For.

   Summary of resolutions: LGIM voted for resolution 29 (approve Barclays' Commitment in Tackling Climate Change) and for resolution 30 (Approve ShareAction Requisitioned Resolution)

   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. LGIM were particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome.

   Criteria for which vote has been assessed as “most significant”: Since the beginning of the year there has been significant client interest in LGIM’s voting intentions and engagement activities in relation to the 2020 Barclays AGM. LGIM consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as their clients.

T. Rowe Price Global Focused Growth Equity Fund

1. Amazon.com, Inc., May 2020. Vote: Against.

   Summary of resolution: Report on Global Median Gender/Racial Pay Gap

   Rationale: T. Rowe consider shareholder resolutions on a case-by-case basis taking into account the materiality of the topic, and the level of disclosure already provided by the company. The strategy did not support any of the shareholder proposals brought before Amazon in 2020. Therefore T.Rowe believed that none of them were aligned with shareholders' interest.

   Criteria for which vote has been assessed as “most significant”: This vote is deemed to be significant due to the high-profile nature of shareholder resolutions.

2. Netflix, Inc., June 2020. Vote: Against.

   Summary of resolution: Elect Director Jay C. Hoag

   Rationale: Over the past nine years, Netflix has lost 40 votes on shareholder resolutions but has taken no action on any of the issues investors asked them to adopt with majority support. Therefore, T.Rowe voted against the re-election of the chair of the Governance Committee.

   Criteria for which vote has been assessed as “most significant”: This vote was deemed to be significant as it was a vote against management.