Coats UK Pension Scheme
Implementation Statement for the Scheme year 1 April 2020 to 31 March 2021

Introduction

This Implementation Statement has been prepared by the Trustee of the Coats UK Pension Scheme ("the Trustee") and relates to the Coats UK Pension Scheme ("the Scheme").

Under new regulatory requirements now in force, the Trustee is required to produce an annual Implementation Statement setting out how the policies described in the Scheme's Statement of Investment Principles ("the SIP") have been followed. This is the first such statement produced and covers the period 1st April 2020 to 31st March 2021, the Scheme year-end.

The statement aims to set out how, and the extent to which, in the opinion of the Trustee the SIP policies have been followed during this year. In addition, the document explains any changes made to the SIP during the year and describes the voting behaviour on behalf of the Trustee (including the most significant votes cast) during the year.

This Statement is split into three sections:

1. An overview of the Trustee's actions and highlights during the period covered;
2. The policies set out in the SIP and the extent to which they have been followed in the reporting period; and
3. An appendix of voting behaviour and significant votes undertaken by the fund managers on behalf of the Scheme and details of portfolio turnover and transaction costs for each mandate.

Changes to the SIP over the period

The Scheme's SIP was updated in September 2020 to comply with new regulation, specifically the incorporation of the Shareholder Rights II Directive ("SRD II") into UK law, which requires defined benefit pension scheme SIPs to be updated to include further details on:

- The arrangements with investment managers, including how they are incentivised to behave and invest in line with the Trustee's policies and how the Trustee will monitor managers' performance, fees and portfolio costs.
- Engagement policy, including the exercise of the rights (including voting rights) attaching to the investments.

Under SRD II, the Trustee is now also required to publish an annual implementation statement noting the extent to which the SIP policies have been acted on over the relevant scheme year.

Included in this update was a minor amendment to the Additional Voluntary Contributions (AVCs) section to account for members not being able to invest new monies into AVCs.

Overview of Trustee's Actions

Summary of how investment decisions are taken

The Trustee has established an Investment and Funding Committee ("IFC") to whom it delegates: the review of the Scheme's investment strategy, recommendations of long-term strategic asset allocations, the monitoring of Scheme's funding position and performance and the appointment and removal of Asset Managers. This is done in conjunction with the Scheme's Investment Adviser and reported to the Trustee Board as required.

There were no changes to the Scheme's governance structure over the year to 31 March 2021.

Investment Objectives and Strategy

There have been no material changes to the investment strategy over the period. The IFC agreed to carry out a 're-risk' of the portfolio in June 2020, as a result of the moderate reduction in the Scheme's funding level following the COVID-related market turbulence. This was achieved by rebalancing c.6% of excess collateral in the LDI portfolio to the Scheme's liquid mandates managed by BlackRock, M&G, Aegon and ICG.

All changes made to the investment strategy following this were in line with the Scheme's agreed de-risking protocol: a set of pre-agreed portfolios, which assets are transitioned to in the event that a pre-agreed de-risking trigger is hit.

Strong performance of return seeking assets led to the Schemes hitting two required return triggers in November 2020 and February 2021. As a result, the Scheme disinvested from the liquid mandates and increased its allocation to the BlackRock LDI, as per the agreed de-risked portfolios.

Separately, in response to COVID-19 related financial opportunities and following guidance and formal advice from its Investment Adviser, the Trustee selected and implemented one new mandate for the Scheme – committing c.£67m of capital (c.3% of the Scheme's total assets) to the TCW TALF Opportunities Fund. The first and only capital call was made in June 2020, requiring the Scheme to send c.£2.3m to TCW. Due to the market's strong bounce back performance from COVID-19, no investments met the managers required return, the monies were returned, and the investment realised. The benefits of the bounce back did however contribute to the strong performance of the Scheme's other assets.

The Trustee relies on investment managers for the day-to-day management of the Scheme's assets but retains control over the Scheme's investments strategy. The Trustee continues to review and monitor the Scheme's Asset Managers as per the policies outlined in SIP, evidence of which can be found in the following section of this statement.

Overall, the Scheme's agreed Strategic Asset Allocation ("SAA") reflects the Trustees' view of the most appropriate investments, balancing risk/reward characteristics of the funds the Scheme is invested in to support the Scheme's full funding objective.

Concluding Remarks

As demonstrated in the following sections of this statement, the Trustee confirms that the policies set out in the SIP have been appropriately followed over the year to 31st March 2021.

The Trustee will disclose additional information, as appropriate, in next year's statement, to cover the policy changes reflected in the most recent SIP update.

How the Trustee has met the Objectives & Policies outlined in the SIP

Policy	Has the policy been followed?	Evidence
Investment Objectives		
The investment strategy of the Scheme is managed and monitored using a Pensions Risk Management Framework ("PRMF"). The Trustee has agreed a primary funding objective for the Scheme to reach full funding by 2028 using a liability discount rate of Gilts + 0.40% and set a risk budget of 8% for the Funding Ratio-at-Risk.	Yes, the Trustee is satisfied that this policy has been followed.	The required return for full funding by 2028 (on a Gilts + 0.40% basis) and the Funding Ratio-at-Risk budget are both monitored within the PRMF. If these tolerances were breached, appropriate action would be taken. The Trustee monitors the Scheme's position against the objective using the risk budget, other metrics and tolerances. The Investment Adviser formally reports on this on a quarterly basis. At each quarterly meeting, there is a discussion around whether corrective action is required. Consideration is given to the metrics in the Pension Risk Management Framework and any other relevant factors. Both metrics been consistently in line with the required return or within target over the course of the Scheme year.
Investment Strategy		
The Scheme's investment strategy is designed to ensure two criteria are met: diversification and suitability. The Trustee will monitor the strategy regularly to ensure they are comfortable with the level of diversification.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee receives quarterly reporting from its Investment Adviser which includes a breakdown of the Scheme's risk profile and the benefits of diversification. The Trustee and its Investment Adviser are comfortable that the Scheme's investment strategy is diversified and the SAA remains consistent with achieving its long-term funding objective.
Monitoring – Asset Manager Policy		
Whilst the Trustee recognises there is less scope to directly influence how managers of pooled funds invest, the Scheme's Investment Adviser ensures the investment objectives and guidelines of the manager are consistent with that of the Trustee.	Yes, the Trustee is satisfied that this policy has been followed.	In March 2021 the Scheme's Investment Adviser performed a review of each of the Scheme's managers' investment objectives and guidelines. The review found that all the Scheme's managers were acting in line with the Trustee's policies as outlined in the Scheme's SIP.

Policy	Has the policy been followed?	Evidence
Monitoring – Asset Manager Policy continued		
When assessing a manager's performance, the Trustee's focus is on longer-term outcomes, and the manager is assessed over a medium to longer-term timeframe subject to a minimum of three years. The Scheme's Asset Managers should provide a written performance report each quarter to the Trustee through the Investment Adviser. The Investment Adviser will produce a manager report to the Trustee based on this information.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee reviews a quarterly Manager Monitoring Report from its Investment Adviser. This report is produced using quarterly performance data provided by the Scheme's Asset Managers. The Manager Monitoring Report focuses on medium to long-term performance, highlighting since inception and 3-year annualised return and includes written commentary provided by the Investment Adviser. If necessary, the Trustee receives formal written advice from its Investment Adviser in regard to manager performance. There were no material concerns with any of the Scheme's Asset Manager performance over the reporting period.
The Trustee will meet the managers on an ad hoc basis to review manager's actions and investment performance.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has scheduled regular manager monitoring meetings outside of the typical quarterly cycle, the first meeting being with BlackRock in February 2021 to review their LDI and Buy & Maintain Credit portfolios, and the second in June with the Scheme's dynamic credit managers, ICG, M&G and Aegon. The meetings covered updates on fund performance and strategy, market outlook and the funds' Environmental, Social and Governance (ESG) capabilities. All managers were able to demonstrate how ESG considerations are incorporated into their investment process. Following these meetings the Trustee remains comfortable with all allocations.
The Trustee reviews the fees periodically to confirm they are in line with market practices.	Yes, the Trustee is satisfied that this policy has been followed.	The managers annual management charge ("AMC") and total expense ratio ("TER") are included in each quarterly reporting pack received by the Trustee – the Trustee remains satisfied that the Scheme continues to benefit from competitive fee deals. Additionally, the Scheme uses ClearGlass to annually review the manager fees. The Trustee remains comfortable that the fees paid are in line with market practices.

Policy	Has the policy been followed?	Evidence
Monitoring – Asset Manager Policy (cont.)		
The Trustee reviews the portfolio transaction costs and portfolio turnover range of managers periodically where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations, with help from the Investment Adviser.	Yes, the Trustee is satisfied the policy has been followed.	The Trustee has received information relating to cost transparency and portfolio turnover for each of its asset managers over the period, and this has been included in the appendix for completeness. Following advice from the Investment Adviser, the Trustee confirms that these metrics are in line with expectations and that no further action is required.
Monitoring – SIP		
The Trustee aims to review the SIP annually, or without delay, following any changes to the investment strategy, and modify it with consultation from their advisers and the Sponsor.	Yes, the Trustee is satisfied the policy has been followed.	The SIP was last updated in September 2020 to adhere to Shareholder Rights Directive (“SRD”) II legislation. It has since been reviewed by the Trustee, legal advisers and Sponsor in light of the Trustee’s newly articulated responsible investment beliefs, soon to be formally incorporated into the SIP (commentary on how the Trustee meets these policies will be included in next year’s statement).

Policy	Has the policy been followed?	Evidence
Monitoring – Risks		
The Trustee monitors and manages the risks outlined in the SIP through measures specific to each risk.	Yes, the Trustee is satisfied the policy has been followed.	The Trustee receives a quarterly report from its Investment Adviser monitoring the risks as described. It seeks guidance and written advice from its Investment Adviser as appropriate. The largest market risks facing the Scheme (interest rates and inflation) are managed by the Scheme's liability matching portfolio (run by BlackRock). The Trustee receives detailed reporting on this mandate from its Investment Adviser and is satisfied with how BlackRock manages the portfolio as outlined in the Investment Management Agreement (IMA). With respect to the Scheme's investment managers, the Trustee's Investment Adviser proactively monitors each manager against ten key factors and actively engages on the Trustee's behalf on any issues highlighted with respect to these factors. A decision is then taken regarding whether action is required. The Trustee is satisfied that the Scheme's risks have been well managed throughout the reporting period of this Statement, and no concerns or calls to action were raised regarding the Scheme's risk over the period.
Statutory Funding Objective		
The Trustee will consider, with their advisers, whether the results of any actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding objective.	N/A for this reporting period.	The Scheme has not undertaken a triennial actuarial valuation in the period covered by the statement. However, the Trustee, and its advisers, are comfortable that the investment strategy continues to comply with the statutory funding objective.

Policy	Has the policy been followed?	Evidence
Corporate Governance		
The Trustee policy on the exercise of rights attaching to investment, including voting rights is that these rights should be exercised by Asset Managers on behalf of the Trustee. The Trustee has been made aware of each Asset Manager's corporate governance policy where appropriate and delegated the exercise of such rights to the Asset Managers.	Yes, the Trustee is satisfied the policy has been followed.	The Scheme's only exposure to equity holdings (where voting rights are applicable) is through the Legal & General Investment Management World Equity Index Fund. As a pooled investment vehicle, voting rights are exercised by LGIM using the ISS's 'ProxyExchange' voting platform. No voting decisions are outsourced. Voting activity data over the period is provided in the Appendix 2. The Trustee is comfortable that LGIM's stated policy on voting has been followed and has no concerns with the reporting and voting actions carried out by LGIM over the Scheme year.
Social, Environmental and Ethical Issues		
The Trustee requires their Asset Managers to factor ESG considerations into their investment decision making where it has the discretion to do so and invest in a responsible and sustainable manner.	Yes, the Trustee is satisfied this policy has been followed.	In March 2021 the IFC, with the help of their Investment Adviser, reviewed the ESG practices of each of the Scheme's managers. Following the review, the IFC are comfortable that all managers are adequately managing climate and other ESG related risks and incorporating these risks into their investment process where applicable. As the majority of the Scheme's assets are managed via pooled funds, the review noted that it is not possible to specify investment restrictions as the investment manager has discretion over the timing and realisation of investments. The review also concluded that the Scheme's segregated Buy & Maintain Credit mandate with BlackRock - whilst aligned with current policies – has the most potential to be tailored according to the Trustee's responsible investment beliefs. As such the IFC and their Investment Adviser will review this IMA in Q3 2021.

Policy	Has the policy been followed?	Evidence
Social, Environmental and Ethical Issues (continued)		
The Trustee considers how the exposure to ESG risk is managed when selecting asset classes, sub-sectors and specific Asset Managers or strategies. The Trustee requires its investment adviser to review and rate new Asset Managers' credentials in managing risks arising from ESG and report this to the Trustee.	Yes, the Trustee is satisfied this policy has been followed.	Over the period the Scheme made one new allocation to TCW – a short term investment designed to access the TALF programme initiated by the Fed in response to COVID-19. The short-term nature of this investment meant ESG considerations were less applicable than the typical appointment of a new asset class or manager, however they were still considered in the context of the manager. TCW are UN PRI signatories and the Trustee's Investment Adviser is comfortable that TCW have complied with reporting requirements.
The Trustee requires its investment advisor and Asset Managers to communicate new and emerging risks from ESG considerations. This will continually inform the Trustee's policy which the Trustee believes is important to be reviewed periodically and kept up to date with industry practice.	Yes, the Trustee is satisfied this policy has been followed.	Over the period the Trustee received two ESG related training sessions from their Investment Adviser: a Responsible Investment Beliefs Workshop in December 2020 and training on climate change in the context of investments in March 2021. The respective aims of these training sessions were to ratify the Trustee's responsible investment beliefs and show how they could shape Trustee decision-making with regards to climate change. The Scheme's responsible investment beliefs, as defined by these sessions, are soon to be incorporated into the Scheme's Statement of Investment Principles.

Policy	Has the policy been followed?	Evidence
Stewardship and Engagement Policy		
The Trustee chooses Asset Managers that align with its beliefs on stewardship and expects them to practice good stewardship, including engagement and voting activities. The Trustee requires its Investment Adviser to report periodically on how its Asset Managers have acted with respect to the Trustee	Yes, the Trustee is satisfied this policy has been followed.	In March 2021, the Trustee's Investment Adviser reviewed the stewardship practices of all the Scheme's managers, with particular reference to their efforts in engagement. The review found that all the managers' policies were aligned with the newly articulated Trustee's responsible investment beliefs and the Scheme's policies on stewardship as outlined in the SIP. The Trustee has also challenged its managers on their engagement and stewardship practices as part of the additional manager monitoring meetings. The managers met so far have been able to demonstrate how engagements and stewardship is a fundamental part of their process and have provided examples of this. All the Scheme's Asset Managers are signatories of the UN PRI.
The Trustee requires its Investment Adviser to monitor and report on the voting behaviour carried out on its behalf.	Yes, the Trustee is satisfied this policy has been followed.	Voting behaviour is applicable to one of the Scheme's mandates, the Legal & General Investment Management World Equity Index Fund. A summary of voting over the Scheme year, including significant votes cast, is included in the appendix. The Trustee has no concerns of the voting actions carried out by LGIM over the year.
When selecting, monitoring and de-selecting Asset Managers, engagement is factored into the decision-making process to the appropriate levels for the specific asset class in question.	Yes, the Trustee is satisfied this policy has been followed.	For the one new Asset Manager selected by the Scheme over the period, TCW, a focus on engagement was considered to be not appropriate given the asset class and opportunity set.

Policy	Has the policy been followed?	Evidence
Additional Voluntary Contributions (AVCs)		
The Trustee has selected a range of investment funds for the AVCs to be invested in, which are reviewed regularly having regard to their performance, the objectives and the views of their advisers.	Yes, the Trustee is satisfied this policy has been followed.	The Trustee reviewed the suitability of the Scheme's AVC arrangement in March 2021. The review found that the range of fund choices for AVC members is sufficient and the Investment Adviser had no concerns relating to the funds' performance. The review highlighted one fee saving opportunity which the Investment Adviser is attempting to negotiate on behalf of the Trustee.
Corah Defined Contribution Section		
The members of the fund DC section within the Corah benefits structure are all invested in a single With-Profits Fund. The Trustee will continue to regularly review the fund in regard to performance, fees and objectives.	Yes, the Trustee is satisfied this policy has been followed.	The Trustee, with the help of its Investment Adviser, reviewed the suitability of the Prudential With-Profits Fund in June 2021 and found no concerns over the fees or performance.

Appendix

1. Cost Transparency

The Trustee confirms that the costs provided by its managers were within expectations given the nature of each of the mandates, and as such, no action is required.

a. **BlackRock Segregated LDI –** for the period 1 April 2020 to 31 March 2021 total transaction costs were £78,827.

b. **Buy and Maintain Credit fund with BlackRock–** for the period 1 April 2020 to 31 March 2021 total transaction costs were 0.21% (of NAV).

c. **Global Equity fund with Legal & General Investment Management**– for the period 1 April 2020 to 31 March 2021 total transaction costs were 0.037%.

d. **Structured Credit fund with Aegon**– for the period 1 April 2020 to 31 March 2021 total transaction costs were 0.138% (of NAV).

e. **Multi-Class Credit fund with ICG**– for the period 1 April 2020 to 31 March 2021 total transaction costs were 0.145% (of NAV).

f. **Absolute Return Bonds fund with M&G -**for the period 1 April 2020 to 31 March 2021 total transaction costs were 0.2148% (of NAV)

g. **Direct Lending fund with ICG–** Transaction costs are not applicable for the ICG SDP3C Fund as advisory and transaction costs are not borne by the investor or the compartment but by the borrower themselves.

h. **Direct Lending fund with Permira**– Transaction costs are not applicable to direct lending.

i. **Ground Rents fund with Aberdeen Standard**– for the period 1 April 2020 to 31 March 2021 total transaction costs were 0.0% (of NAV).

j. **Long Leases fund with Aberdeen Standard**– for the period 1 April 2020 to 31 March 2021 total transaction costs were 0.7639% (of NAV).

k. **Infrastructure Equity fund with SL Capital**– for the period 1 April 2020 to 31 March 2021 total transaction costs were 0.02% (of NAV).

2. Voting Disclosures

Voting rights are only directly applicable to the listed equity holdings within the Scheme, however, asset managers of other investments within the fund will engage with underlying issuers to instigate change. Where managers have separate listed equity businesses, they may leverage the combined engagement capabilities across the firm and agree combined voting policies.

Below is the voting activity over the period for the Scheme's asset manager which held listed equities over the period, Legal & General Investment Management.

Legal & General Investment Management World Equity Index Fund	
How many meetings were you eligible to vote at over the year to 31/03/2021?	3,421
How many resolutions were you eligible to vote on over the year to 31/03/2021?	40,987
What % of resolutions did you vote on for which you were eligible?	99.84%
Of the resolutions on which you voted, what % did you vote with management?	81.38%
Of the resolutions on which you voted, what % did you vote against management?	18.07%
Of the resolutions on which you voted, what % did you abstain from?	0.55%
In what % of meetings, for which you did vote, did you vote at least once against management?	6.04%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	LGIM's Investment Stewardship team uses ISS's 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with our position in ESG, we have put in place a custom voting policy with specific voting instructions.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0.34%

2. Voting Disclosures (continued)

Most significant votes

In determining significant votes, LGIM's Investment Stewardship team considers the criteria provided by the Pensions & Lifetime Savings Association consultation ("PLSA"). 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 LGIM 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.

Company:	**Qantas Airways Limited**
Date:	23 October 2020
Resolutions:	• Resolution 3: Approve Alan Joyce in the Long-Term Incentive Plan Resolution. • Resolution 4: Approve Remuneration Report.
LGIM Vote:	LGIM voted against Resolution 3 and supported Resolution 4.
Rationale:	The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as they wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. In collaboration with their Active Equities team, LGIM's Investment Stewardship team engaged with the Head of Investor Relations of the company to express their concerns and understand the company's views. LGIM supported the remuneration report (Resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, LGIM's concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. LGIM voted against resolution 3 to signal their concerns. This highlights LGIM's stronger stance on the topic of executive remuneration.

Company:	Whitehaven Coal
Date:	22 November 2020
Resolutions:	• 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.
LGIM Vote:	LGIM voted for the resolution.
Rationale:	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.

Company:	International Consolidated Airlines Group
Date:	7 September 2020
Resolutions:	• Approve Remuneration Report.
LGIM Vote:	LGIM voted against the resolution.
Rationale:	The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model. LGIM 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. LGIM 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. 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).

Company:	Lagardère
Date:	5 May 2020
Resolutions:	• Shareholder resolutions A-P – Activist Amber Capital which owned 16% of the share capital at the time of engagement proposed 8 new directors to the Supervisory Board (SB) of Lagardère, as well as to remove all the incumbent directors (apart from two 2019 appointments).
LGIM Vote:	LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardère SB directors (resolutions B,C,E,F,G).
Rationale:	Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. The company continues to have a commandite structure; a limited partnership, which means that the managing partner has a tight grip on the company, despite only having 7 % share capital and 11% voting rights. LGIM engaged with both Amber Capital, where they were able to speak to the proposed new SB Chair, and also Lagardère, where they spoke to the incumbent SB Chair. This allowed LGIM to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management.

Company:	Imperial Brands plc
Date:	3 February 2021
Resolutions:	• Resolution 2: Approve Remuneration Report. • Resolution 3: Approve Remuneration Policy.
LGIM Vote:	LGIM voted against both resolutions.
Rationale:	The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. An incoming CEO with no previous experience in the specific sector, or CEO experience at a FTSE100 company, should have to prove her or himself beforehand to be set a base salary at the level, or higher, of an outgoing CEO with multiple years of such experience. Prior to the AGM, LGIM engaged with the company outlining what their concerns over the remuneration structure were.

Company:	Pearson

Date:	18 September 2020
Resolutions:	• Amend Remuneration Policy.
LGIM Vote:	LGIM voted against the resolution.
Rationale:	The company decided to put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy. This resolution at the extraordinary general meeting (EGM) was seeking shareholder approval for the grant of a co-investment award, an unusual step for a UK company, yet if this resolution was not passed the company confirmed that the proposed new CEO would not take up the CEO role. Shareholders were keen for the company to appoint a new CEO but were not happy with the plan being proposed. However, shareholders were not able to vote separately on the two distinctly different items and felt forced to accept a less-than-ideal remuneration structure for the new CEO. LGIM spoke with the chair of the board earlier this year, on the board's succession plans and progress for the new CEO. LGIM also discussed the shortcomings of the company's current remuneration policy. In the absence of any changes, LGIM took the decision to vote against the amendment to the remuneration policy.

Company:	**Barclays**
Date:	7 May 2020
Resolutions:	• Resolution 29: Approve Barclays' Commitment in Tackling Climate Change. • Resolution 30: Approve ShareAction Requisitioned Resolution.
LGIM Vote:	LGIM voted for both resolutions.
Rationale:	The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers.

Company:	**Medtronic plc**
Date:	11 December 2020
Resolutions:	• Resolution 3: Advisory Vote to Ratify Named Executive Officers' Compensation.
LGIM Vote:	LGIM voted against the resolution.
Rationale:	Following the end of the financial year, executive directors were granted a special, one-off award of stock options to compensate for no bonus being paid out during the financial year. LGIM voted against the one-off payment as they are not supportive of one-off awards in general and in particular when these are awarded to compensate for a payment for which the performance criterion/criteria were not met. Prior to the AGM we engaged with the company and clearly communicated their concerns over one-off payments.

Company:	Olympus Corporation
Date:	30 July 2020
Resolutions:	• Resolution 3.1: Elect Director Takeuchi, Yasuo.
LGIM Vote:	LGIM voted against the resolution.
Rationale:	On a global level LGIM consider that every board should have at least one female director. Last year in February LGIM sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at executive level, indicating that they expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation. In the beginning of 2020, LGIM announced that they would commence voting against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for those companies included in the TOPIX100. LGIM opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to take action on this issue.

Company:	Toshiba Corp
Date:	18 March 2021
Resolutions:	• Resolution 1: Appoint Three Individuals to Investigate Status of Operations and Property of the Company. • Resolution 2: Amend Article to Mandate Shareholder Approval for Strategic Investment Policies including Capital Strategies.
LGIM Vote:	LGIM voted for both resolutions.
Rationale:	Toshiba Corp's extraordinary general meeting (EGM) was precipitated by a significant decline in trust between its shareholders and management team following recent controversies, including allegations of abnormal practices and behaviour by the company surrounding its July 2020 AGM. LGIM supported the resolution calling for the appointment of investigators to address doubts over the company's 2020 AGM conduct and vote tallying. LGIM believe the enquiry, which is unlikely to be a burden on the company, will be an important step in rebuilding trust between shareholders and the company's executive team and board. LGIM also supported the shareholder resolution mandating the company to present its strategic investment policy to a shareholder vote in order to send a clear message to the Toshiba Board and executive team: shareholders expect increased transparency and accountability.

Company:	Fast Retailing Co. Limited
Date:	26 November 2020
Resolutions:	• Resolution 2.1: Elect Director Yanai Tadashi.
LGIM Vote:	LGIM voted against the resolution.
Rationale:	On a global level LGIM consider that every board should have at least one female director. In the beginning of 2020, LGIM announced that they would vote against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for companies included in the TOPIX100 where these standards were not upheld. LGIM opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to act on this issue.

Company:	Samsung Electronics
Date:	17 March 2021
Resolutions:	• Resolution 2.1.1: Elect Park Byung-gook as Outside Director. • Resolution 2.1.2: Elect Kim Jeong as Outside Director. • Resolution 3: Elect Kim Sun-ul as Outside Director to serve as an Audit Committee Member.
LGIM Vote:	LGIM voted against all three resolutions
Rationale:	In January 2021, Lee Jae-yong, the vice chairman of Samsung Electronics and only son of the former company chairman, was sentenced to two years and six months in prison for bribery, embezzlement and concealment of criminal proceeds worth about KRW 8.6 billion. Lee Jae-yong was first sentenced to five years in prison in August 2017 for using the company's funds to bribe the impeached former President Park Geun-hye. While Lee was released from prison, he was not acquitted of the charges. Based on the court's verdict, Lee actively provided bribes and implicitly asked then president Park to use her power to help his smooth succession. The court further commented that the independent compliance committee established in January 2020 has yet to become fully effective. LGIM engaged with the company ahead of the vote. However, they were not satisfied with the company's response that ties have been severed. LGIM are concerned that Lee Jae-yong continues to make strategic company decisions from prison. LGIM voted against the resolutions as the outside directors, who should provide independent oversight, have collectively failed to remove criminally convicted directors from the board.

Company:	Amazon
Date:	27 May 2020
Resolutions:	• Resolutions 5-16.
LGIM Vote:	Of 12 shareholder proposals, LGIM voted to support 10: disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16) and governance structures that benefit long-term shareholders (resolutions 9 and 14).
Rationale:	In the two months leading up the annual meeting, Amazon was on the front line of the pandemic attracting negative media attention for workers catching COVID-19 and the company's poor response. LGIM's team had multiple engagements with Amazon over the past 12 months. LGIM discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies.

Company:	Americsource Bergen Corporation
Date:	11 March 2021
Resolutions:	• Resolution 3: Advisory Vote to Ratify Names Executive Officers Compensation.
LGIM Vote:	LGIM voted against the resolution.
Rationale:	LGIM voted against the resolution to signal their concern over the overall increased compensation package during a year that the company recorded a $6.6bn charge related to opioid lawsuits and a total operating loss of $5.1 billion.

Company:	Cardinal Health
Date:	4 November 2020
Resolutions:	• Resolution 3: Advisory Vote to Ratify Names Executive Officers Compensation.
LGIM Vote:	LGIM voted against the resolution.
Rationale:	LGIM voted against the resolution to signal their concern over the bonus payment to the CEO in the same year the company recorded a total pre-tax charge of $5.63 billion ($5.14 billion after tax) for an expected opioid settlement.

Company:	ExxonMobil
Date:	27 May 2020
Resolutions:	• Resolution 1.10: Elect Director Darren W Woods.
LGIM Vote:	LGIM voted against the resolution.
Rationale:	In June 2019, under LGIM's annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, LGIM announced that they will be removing ExxonMobil from their Future World fund range and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, LGIM also announced they will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying.

Company:	The Procter & Gamble Company (P&G)
Date:	13 October 2020
Resolutions:	• Resolution 5: Report on effort to eliminate deforestation.
LGIM Vote:	LGIM voted for the resolution.
Rationale:	P&G uses both forest pulp and palm oil as raw materials within its household goods products. 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. Two of their Tier 1 suppliers of palm oil were linked to illegal deforestation. Finally, the company uses mainly Programme for the Endorsement of Forest Certification (PEFC) wood pulp rather than Forestry Stewardship Council (FSC) certified wood pulp. Following a round of extensive engagement on the issue, LGIM decided to support the resolution. 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.

Company:	Tyson Foods
Date:	11 February 2021
Resolutions:	• Resolution 4: Report on Human Rights Due Diligence
LGIM Vote:	LGIM voted for the resolution.
Rationale:	A shareholder-led resolution requested that the company produce a report on Tyson's human rights due diligence process, following issues such as 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. 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 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.

Company:	Walgreens Boots Alliance, Inc.
Date:	28 January 2021
Resolutions:	• Resolution 3: Advisory vote to ratify named executive officer's compensation.
LGIM Vote:	LGIM voted against the resolution.
Rationale:	The company's compensation committee applied discretion to allow a long-term incentive plan award to vest when the company had not even achieved a threshold level of performance. The company did not provide sufficient justification for the level of discretion applied which resulted in the payment of 94,539 shares or approximately $3.5m to the CEO in respect of the 2018-2020 award, which would otherwise have resulted in zero shares vesting.