SPENCE

Ifor Williams Trailers Limited Retirement Benefits Plan (the 'Scheme') - Investment Accounting Disclosures

Trustees Policies

This section sets out the policies in the Statement of Investment Principles ('SIP') in force at the Scheme year end, relating to the following:

- Financially Material considerations
- Non-Financially Material considerations
- Investment Manager Arrangements

Stewardship including the exercise of voting rights and engagement activities is set out in the 'Voting and Engagement' section.

Financially Material considerations

The Trustees have considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. They believe that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes that they are investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. The Trustees acknowledge that they cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustees do expect their fund managers and investment adviser to take account of financially material considerations when carrying out their respective roles.

The Trustees accept that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustees will assess that this corresponds with their responsibilities to the beneficiaries of the Scheme with the help of their investment adviser.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment adviser. The Trustees will only invest with investment managers that are signatories for the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standards.

The Trustees will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and their investments;

- Use ESG ratings information provided by their investment adviser, to assess how the Scheme's investment managers take account of ESG issues; and

- Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via their investment adviser.

If the Trustees determine that financially material considerations have not been factored into the investment managers' process, they will take this into account on whether to select or retain an investment.

Non-Financially Material considerations

The Trustees have not considered non-financially material matters in the in the selection, retention and realisation of investments.

Investment Manager Arrangements

Incentives to align investment managers' investment strategies and decisions with the Trustees' policies

The Scheme invests in pooled funds and so the Trustees acknowledge the funds' investment strategies and decisions cannot be tailored to the Trustees' policies. However, the Trustees set their investment strategy and then select managers that best suits their strategy taking into account the fees being charged, which acts as the fund manager's incentive.

The Trustees use the fund objective/benchmark as a guide on whether their investment strategy is being followed and monitors this regularly.

Incentives for the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustees select managers based on a variety of factors including investment philosophy and process, which they believe should include assessing the long term financial and non-financial performance of the underlying company that they invest in.

The Trustees also consider the managers' voting and ESG policies and how they engage with the investee company as they believe that these factors can improve the medium to long-term performance of the investee companies.

The Trustees will monitor the managers' engagement and voting activity on an annual basis as they believe this can improve long term performance. The Trustees expect their managers to make every effort to engage with investee companies but acknowledge that their influence may be more limited in some asset classes, such as bonds, as they do not have voting rights.

The Trustees acknowledge that in the short term, these policies may not improve the returns they achieve, but do expect that investing in those companies with better financial and non-financial performance over the long term will lead to better returns for the Scheme. The Trustees believe that the annual fee paid to the fund managers incentivises them to do this.

If the Trustees feel that the fund managers are not assessing financial and non-financial performance or adequately engaging with the companies they are investing in, they will use these factors in deciding whether to retain or terminate a manager.

How the method (and time horizon) of the evaluation of the fund managers' performance and the remuneration for asset management services are in line with the Trustees' policies

The Trustees review the performance of each fund quarterly on a net of fees basis compared to its objective.

The Trustees assess the performance of the funds, where possible, over at least a 3-5 year period when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The fund managers' remuneration is considered as part of the manager selection process and is also monitored regularly with the help of their investment adviser to ensure it is in line with the Trustees' policies.

How the Trustees monitor portfolio turnover costs incurred by the fund managers, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees monitor the portfolio turnover costs on an annual basis.

The Trustees define target portfolio turnover as the average turnover of the portfolio expected in the type of strategy the manager has been appointed to manage. This is monitored on an annual basis.

The Trustees have delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to their investment adviser and this is reported to the Trustees so they too can monitor this.

The duration of the arrangement with the fund managers

The Trustees plan to hold each of their investments for the long term but will keep this under review.

Changes in investment strategy or changes in the view of the fund managers can lead to the duration of the arrangement being shorter than expected.

Voting and Engagement

The Trustees are required to disclose the voting and engagement activity over the Scheme year. The Trustees have appointed Minerva Analytics ('Minerva') to obtain voting and investment engagement information ('VEI') on the Scheme's behalf.

This statement provides a summary of the key information and summarises Minerva's findings on behalf of the Scheme over the Scheme year.

Voting and Engagement Policy and Funds

The Trustees policy on stewardship is as set out below in the SIP dated June 2021:

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustees' behalf, having regard to the best financial interests of the beneficiaries.

The investment manager should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment managers' voting policies, with the help of their investment adviser, and decide if they are appropriate.

The Trustees also expect the fund manager to engage with investee companies on the capital structure and management of conflicts of interest.

If the policies or level of engagement are not appropriate, the Trustees will engage with the investment manager, with the help of their investment adviser, to influence the investment manager's policy. If this fails, the Trustees will review the investments made with the investment manager.

The Trustees have taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments that they manage.

The table below sets out the funds the Scheme invested in over the Scheme year and states the use of a proxy voter.

Fund / Product Manager	Investment Fund/Product	Investment Made Via	Scheme / Inv Type	Period Start Date	-	Period End Date	'Proxy Voter' Used?
BlackRock	Corporate Bond Up To 5 Years Index Fund	Platform	DB Fund	09/04/20	-	31/03/21	
BNY Mellon	Newton Global Dynamic Bond Fund	Platform	DB Fund	01/04/20	-	31/03/21	
LGIM	Dynamic Diversified Fund	Platform	DB Fund	01/04/20	-	31/03/21	ISS
	LDI Matching Core Funds (4 Funds)	Platform	DB Fund	01/04/20	-	31/03/21	
	World Equity Index Fund (including GBP hedged variant)	Platform	DB Fund	01/04/20	-	31/03/21	ISS
Payden & Rygel	Payden Absolute Return Bond Fund	Platform	DB Fund	01/04/20	-	17/04/20	
Vontobel	TwentyFour Strategic Income Fund	Platform	DB Fund	01/04/20	-	31/03/21	
Aviva	AVC Product	Direct	DC - AVC	01/04/20	-	31/03/21	
Prudential	Deposit Fund - AVC Product	Direct	DC - AVC	01/04/20	-	31/03/21	

Confirmed by Manager | Not Yet Confirmed by Manager | *Not Applicable

ISS is a proxy voting service.

Exercise of voting rights

The voting activity was requested from all of the Scheme's managers, where appropriate. Information was obtained from BNY Mellon and Legal & General Investment Management ('LGIM'), but unfortunately at the time of drafting this report, no information was forthcoming from Aviva. Minerva received a response from BlackRock, Payden & Rygel, Vontobel (TwentyFour) and Prudential, all of these managers confirmed that there was no voting information to report.

LGIM confirmed that there is voting activity for the Dynamic Diversified Find and the World Equity Index Fund (GBP Hedged). Minerva confirmed that the manager's voting policies and disclosures broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices. They were also able to confirm the manager's voting activity has followed the Trustee's policy.

BNY Mellon disclosed they did not exercise their votes for ETF holdings in their Fund as they deemed that the resolutions were not sufficiently contentious and wanted to retain freedom to trade the securities. The Trustees believe this is reasonable to retain the ability to buy and sell the ETFs.

Manager Voting Behaviour

The Trustees believe that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Scheme's managers to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour of each manager where disclosed by the manager.

		No. of Meetings	No. of Resolutions				
Manager	Fund	Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
BNY Mellon	Newton Global Dynamic Bond Fund	2	21	0.0%	0.0%	0.0%	0%
LGIM	Dynamic Diversified Fund	7,887	83,262	99.9%	84.1%	15.2%	0.7%
	World Equity Index Fund (including GBP hedged variant)	3,421	40,987	99.8%	81.4%	18.1%	0.6%

Significant Votes

A 'Significant Vote' relates to any resolution at a company that meets one of the following criteria:

- contradicts local market best practice (e.g., the UK Corporate Governance Code in the UK)
- is one proposed by shareholders that attracts at least 20% support from investors; and
- attracts over 10% dissenting votes from shareholders.

Where the manager has not provided the level of data to identify the 'Significant Votes' based on the criteria explained above, Minerva has applied the definition provided by the managers themselves.

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund World Equity Index Fund (including GBP hedged variant)	Lagardère	05-May-20	Shareholder resolutions A to 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 Lagardere, as well as to remove all the incumbent directors (apart from two 2019 appointments).	LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardere SB directors (resolutions B,C,E,F,G).	Even though shareholders did not give majority support to Amber's candidates, its proposed resolutions received approx. between 30-40% support, a clear indication that many shareholders have concerns with the board. (Source: ISS data)	LGIM noted significant media and public interest on this vote given the proposed revocation of the company's board.
		Vote 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 engages with companies on their strategies, any lack of challenge to these, and with governance concerns. The company strategy had not been value-enhancing and the governance structure of the company was not allowing the SB to challenge management on this. Where there is a proxy contest, LGIM engages with both the activist and the company to understand both perspectives. LGIM engaged with both Amber Capital, where we were able to speak to the proposed new SB Chair, and also Lagardere, where we spoke to the incumbent SB Chair. This allowed us to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund World Equity Index Fund (including GBP hedged variant)	Barclays	07-May-20	Resolution 29 - Approve Barclays' Commitment in Tackling Climate Change Resolution 30 - Approve ShareAction Requisitioned Resolution	LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction.	Resolution 29 - supported by 99.9% of shareholders Resolution30 - supported by 23.9% of shareholders (source: Company website)	Since the beginning of the year there has been significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM. We thank our clients for their patience and understanding while we undertook sensitive discussions and negotiations in private. We consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as our clients.
		Vote Rationale:					
		The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund World Equity Index Fund (including GBP hedged variant)	Amazon	27-May-20	Shareholder resolutions 5 to 16	Of 12 shareholder proposals, we voted to support 10. We looked into the individual merits of each individual proposal, and there are two main areas which drove our decision-making: disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16) and governance structures that benefit long-term shareholders (resolutions 9 and 14).	Resolution 5 to 8, and 14 to 16 each received approx. 30% support from shareholders. Resolutions 9 and 10 received respectively 16.7 and 15.3% support. Resolution 11 received 6.1% support. Resolution 12 received 1.5 % support. Resolution 13 received 12.2% support. (Source: ISS data)	The market attention was significant leading up to the AGM, with: •12 shareholder proposals on the table – the largest number of any major US company this proxy season; •Diverse investor coalitions submitting and rallying behind the proposals, including global, different types of investors and first time co-filers/engagers; •Substantial press coverage – with largely negative sentiment related to the company's governance profile and its initial management of COVID-19; and •Multiple state treasurers speaking out and even holding an online targeted pre-annual meeting investor forum entitled 'Workplace & Investor Risks in Amazon.com, Inc.'s COVID-19 Response' Anecdotally, the Stewardship team received more inquires related to Amazon than any other company this season.
LGIM	Dynamic Diversified Fund World Equity Index Fund (including GBP hedged variant)	**Vote Rationale:** In addition to facing a full slate of proxy proposals, in the two months leading up to the annual meeting, Amazon was on the front lines of a pandemic response. The company was already on the back foot owing to the harsh workplace practices alleged by the author of a seminal article in the New York Times published in 2015, which depicted a bruising culture. The news of a string of workers catching COVID-19, the company's response, and subsequent details, have all become major news and an important topic for our engagements leading up to the proxy vote. Our team has had multiple engagements with Amazon over the past 12 months. The topics of our engagements touched most aspects of ESG, with an emphasis on social topics: Governance: Separation of CEO and board chair roles, plus the desire for directors to participate in engagement meetings Environment: Details about the data transparency committed to in their 'Climate Pledge' Social: Establishment of workplace culture, employee health and safety The allegations from current and former employees are worrying. Amazon employees have consistently reported not feeling safe at work, that paid sick leave is not adequate, and that the company only provides an incentive of $2 per hour to work during the pandemic. Also cited is an ongoing culture of retaliation, censorship, and fear. We discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies. However, some of their responses seemed to have backfired. For example, a policy to inform all workers in a facility if COVID-19 is detected has definitely caused increased media attention.					
		ExxonMobil	27-May-20	Resolution 1.10 - Elect Director Darren W. Woods	Against	93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods. Approximately 30% of shareholders supported the proposals for independence and lobbying. (Source: ISS data)	We voted against the chair of the board as part of LGIM's 'Climate Impact Pledge' escalation sanction.
		Vote Rationale: In June 2019, under our annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, we announced that we will be removing ExxonMobil from our Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, we also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, our voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.					
LGIM	Dynamic Diversified Fund	Luckin Coffee inc.	05-Jul-20	Resolution 4: Remove Director Charles Zhengyao Lu proposed at the company's special shareholder meeting held on 5th July 2020.	We voted in favour of this resolution.	A majority of investors (% not available) supported the removal of the board chair. Three other board directors were also removed, and two new outside directors were appointed to the board.	LGIM identified this vote as significant given the size of the scandal and the proposal by the board to remove the company's chair. We also note that this scandal has triggered important media coverage. The company is incorporated in China and was listed in the US; The Financial Times reported that this scandal triggered the US Congress passing bills in May to strengthen disclosure requirements for foreign groups.
		Vote Rationale: Shortly after its public listing in May 2019, the Chinese coffee start-up, which holds the ambition of disrupting the traditional coffee-shop model and competing with Starbucks in China, was accused by an anonymous report of potential fraudulent behaviour. This was initially denied by the board, and the company later opened an internal investigation with the formation of a special board committee and advice from outside law and forensic firms. The investigation revealed fabricated sales of approximately $300 million, which represented almost half of the company's 2019 sales. As a result, the CEO and chief operating officer were dismissed, and the company was delisted from Nasdaq in June 2020. Two Chinese regulators are investigating the issue. As a result of these findings, Haode Investment inc., a significant shareholder of the company (holding at the time approximately 37% of unequal voting rights), beneficially owned by the chair and founder, requested a special meeting to ask for the removal of three board directors including the director leading the internal investigation, and proposed the election of two outside directors. The company board proposed a resolution at the meeting to seek shareholder approval to remove the board chair from the board. This resolution was put forward by the majority of the board as a result of the findings of the internal investigation. Given the findings of the investigation, LGIM decided to sanction the board for its lack of oversight. We supported the removal of the board chair, and also voted in favour of the removal of two outside non-independent directors of the board. LGIM opposed the election of the two outside directors proposed by the board chair himself, as we had concerns about their independence.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	SIG plc.	09-Jul-20	Resolution 5: Approve one-off payment to Steve Francis proposed at the company's special shareholder meeting held on 9 July 2020.	We voted against the resolution.	The resolution passed. However, 44% of shareholders did not support it. We believe that with this level of dissent the company should not go ahead with the payment.	The vote is high-profile and controversial.
		Vote Rationale:					
		The company wanted to grant their interim CEO a one-off award of £375,000 for work carried out over a two-month period (February - April). The CEO agreed to invest £150,000 of this payment in acquiring shares in the business, and the remaining £225,000 would be a cash payment. The additional payment was subject to successfully completing a capital-raising exercise to improve the liquidity of the business. The one-off payment was outside the scope of their remuneration policy and on top of his existing remuneration, and therefore needed shareholder support for its payment. LGIM does not generally support one-off payments. We believe that the remuneration committee should ensure that executive directors have a remuneration policy in place that is appropriate for their role and level of responsibility. This should negate the need for additional one-off payments. In this instance, there were other factors that were taken into consideration. The size of the additional payment was a concern because it was for work carried over a two-month period, yet was equivalent to 65% of his full-time annual salary. £225,000 was to be paid in cash at a time when the company's liquidity position was so poor that it risked breaching covenants of a revolving credit facility and therefore needed to raise additional funding through a highly dilutive share issue.					
	Dynamic Diversified Fund	Olympus Corporation	30-Jul-20	'Resolution 3.1: Elect Director Takeuchi, Yasuo' at the company's annual shareholder meeting held on 30 July 2020.	We voted against the resolution.	94.90% of shareholders supported the election of the director	This vote is deemed significant as LGIM considers it imperative that the boards of Japanese companies increase their diversity.
		Vote Rationale:					
	World Equity Index Fund (including GBP hedged variant)	Japanese companies in general have trailed behind European and US companies, as well as companies in other countries, in ensuring more women are appointed to their boards. The lack of women is also a concern below board level. LGIM have for many years promoted and supported an increase of women on boards, at the executive level and below. On a global level we consider that every board should have at least one female director. We deem this a de minimis standard. Globally, we aspire to all boards comprising 30% women. Last year in February we sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at executive level, indicating that we expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation. In the beginning of 2020, we announced that we would commence voting against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for those companies included in the TOPIX100. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to take action on this issue.					
LGIM	Dynamic Diversified Fund World Equity Index Fund (including GBP hedged variant)	**International Consolidated Airlines Group**	07-Sep-20	Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.	We voted against the resolution.	28.4% of shareholders opposed the remuneration report.	LGIM considers this vote significant as it illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis.
		Vote Rationale:					
		The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model. At the end of March 2020, LGIM addressed a private letter to the company to state our support during the pandemic. We also encouraged the board to demonstrate restraint and discretion with its executive remuneration. As a result of the crisis, the company took up support under various government schemes. The company also announced a 30% cut to its workforce. On the capital allocation front, the company decided to withdraw its dividend for 2020 and sought shareholder approval for a rights issue of €2.75 billion at its 2020 AGM in order to strengthen its balance sheet. The remuneration report for the financial year to 31 December 2019 was also submitted to a shareholder vote. We were concerned about the level of bonus payments, which are 80% to 90% of their salary for current executives and 100% of their salary for the departing CEO. We noted that the executive directors took a 20% reduction to their basic salary from 1 April 2020. However, whilst the bonuses were determined at the end of February 2020 and paid in respect of the financial year end to December 2019, LGIM would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders). Over the past few years, we have been closely engaging with the company, including on the topic of the succession of the CEO and the board chair, who were long-tenured. This engagement took place privately in meetings with the board chair and the senior independent director. This eventually led to a success, as the appointment of a new CEO to replace the long-standing CEO was announced in January 2020. A new board chair: an independent non-executive director, was also recently appointed by the board. He will be starting his new role in January 2021.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	Plus500 ltd.	16-Sep-20	'Resolution 17: Approve Special Bonus Payment to CFO Elad Even-Chen' at the company's special shareholder meeting held on 16 September 2020.	We voted against the special bonus based on the belief that such transaction bonuses do not align with the achievement of pre-set targets. Separately, LGIM also voted against an amendment to the company's remuneration policy, which continues to allow for the flexibility to make one-off awards and offers long-term incentives that remain outside best market practice in terms of long-term performance alignment.	Given the level of shareholder dissent, Resolution 17 was withdrawn ahead of the AGM, while all the other resolutions were passed. The company stated that: 'The board and the remuneration committee consider that a bonus is appropriate given the outstanding efforts of [the CFO].'As such, Plus500 intends to again propose the resolution for shareholder approval at the EGM to cover 2021 director pay (as is required under Israeli law).	There was a level of media interest regarding the withdrawal of the resolution. This, combined with the other shortcomings of this company in relation to the expectations of a company listed in London, make this a significant vote. Shareholder dissent to the resolution was sufficiently high that the proposal was withdrawn ahead of the AGM; this will result in the company being included in the UK Investment Association's Public Register.
		Vote Rationale: At its AGM on 16 September 2020, Plus500 proposed a number of pay-related proposals for shareholder approval. Amongst these, the board recommended the approval of a substantial discretionary bonus offered to the CFO of around ?4.2 million (around $1.2 million), for his successful work with Israeli tax authorities over a number of years, resulting in a significant tax-saving for shareholders. The bonus is in addition to his annual variable pay and outside the normal bonus structure. LGIM does not support one-off discretionary bonuses (or transaction bonuses) as these are not within the approved policy to reward the achievement of pre-set targets. Moreover, discussions with tax authorities and the obtaining of preferential tax structures for the company are seen as part of a CFO's day-to-day job and should not be remunerated separately. Instead, a preferential tax treatment will benefit future performance and will therefore be rewarded within annual bonus and long-term incentives in future performance years.					
LGIM	Dynamic Diversified Fund World Equity Index Fund (including GBP hedged variant)	Pearson	18-Sep-20	Resolution 1: Amend remuneration policy was proposed at the company's special shareholder meeting, held on 18 September 2020.	We voted against the amendment to the remuneration policy.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.	Pearson has had strategy difficulties in recent years and is a large and well-known UK company. Given the unusual approach taken by the company and our outstanding concerns, we deem this vote to be significant.
		Vote Rationale: Pearson issued a series of profit warnings under its previous CEO. Yet shareholders have been continuously supportive of the company, believing that there is much value to be gained from new leadership and a fresh approach to their strategy. However, the company decided to put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy. This resolution at the extraordinary general meeting (EGM) was seeking shareholder approval for the grant of a co-investment award, an unusual step for a UK company, yet if this resolution was not passed the company confirmed that the proposed new CEO would not take up the CEO role. This is an unusual approach and many shareholders felt backed into a corner, whereby they were keen for the company to appoint a new CEO, but were not happy with the plan being proposed. However, shareholders were not able to vote separately on the two distinctly different items, and felt forced to accept a less-than-ideal remuneration structure for the new CEO. LGIM spoke with the chair of the board earlier this year, on the board's succession plans and progress for the new CEO. We also discussed the shortcomings of the company's current remuneration policy. We also spoke with the chair directly before the EGM, and relayed our concerns that the performance conditions were weak and should be re-visited, to strengthen the financial underpinning of the new CEO's award. We also asked that the post-exit shareholding requirements were reviewed to be brought into line with our expectations for UK companies. In the absence of any changes, LGIM took the decision to vote against the amendment to the remuneration policy.					

Manager Engagement Information

The Trustees believe that an important part of responsible oversight is for the Scheme's investment managers to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, they expect the Scheme's managers to engage with investee companies where they have identified any such issues.

The table below summarises the engagement activity of the managers that provided information.

			Summary of Company Engagement Activity										Outcomes	
			Corporate Governance							Sustainability				
Manager	Fund	No.	Strategy	Audit & Report.	Board	Capital	Corp. Action	Remun	Shrhdr Rights	Envir.	Social		Resolved	Open
BNY Mellon	Newton Global Dynamic Bond Fund	34	27.6%							34.5%	37.9%		26.4%	73.6%
LGIM	Firm-level information	891	41.3%							33.8%	24.7%			
Vontobel	TwentyFour Strategic Income Fund	9	44%							11%	44%			

Not identified

BNY Mellon and Vontobel provided further engagement information, which is set out below.

BNY Mellon

Companies	Details of the Engagement(s)
Volkswagen	The manager attended the company's third annual ESG event, which focused on ethics and risk management, as well as human rights and supply chain risks. The company was keen to stress the changes made since it came under significant public and regulatory scrutiny. Whilst mostly reassuring, board involvement and oversight of ethics, risk management and sustainability were not clearly communicated. This remains a material concern and a topic to pursue further with the company.
Nestlé	The manager participated in a group meeting to discuss the company's approach to ESG and sustainability. The company explained that its customers' interest in sustainability is not always reflected within their purchasing habits. However, the millennial generation are the 'purpose generation' and there are signs that this will translate into consumption habits. Generation Z are the 'transparency generation' and are demanding to know where everything comes from. The meeting covered a wide range of topics, including climate change, healthy nutrition and plastics usage.
Lloyds Bank	The manager had an introductory meeting with the incoming chair, who was meeting investors in order to understand any concerns. The chair explained how he is focused on appointing a new Chief Executive Officer (CEO) who can manage cultural change, improve the technology proposition and has a clear strategy to position the bank in a low interest rate environment. We fed back that we think the next CEO has to be customer and technology obsessed, while broadening the product base to other areas of financial services such as insurance.

Vontobel

Companies	Details of the Engagements
Virgin Money	"Virgin Money brought a Tender of their outstanding £475m 5.000% 26NC21 Tier 2 Capital Notes at a tender price of 100 plus accrued. This was at a yield of 5%. Both the Multi-Sector team and Outcome Driven team held bonds and we owned considerable portion of the issue. We discussed the terms and whilst it was above the current market price of the bonds we felt it was still a close decision whether or not to tender the bonds as both teams would have been happy to hold at 5% to the 2021 call. Virgin Money then announced issuance of a 10.25NC5.25 Benchmark Tier 2 to replace their outstanding £475m 5.000% 26NC21 Tier 2 Capital Notes and made it clear during the roadshow that they would be making an economical call if any of the tender bonds were left outstanding. The team felt the language was coercive and the tender level was not attractive compared with where we have seen other banks tender similar positions closer to a respectable yield, however if the new issue was brought at an attractive level would not be bond holder unfriendly. The deal then opened the next day and we felt aggressively tightened despite our guidance throughout the morning and were told by the leads that the Virgin Money were very price sensitive, and we believed our views were not taken into account. We decided and informed the lead that we would be tendering all our previous bonds as we did not want to be left with a small issue size and a chance of a non-call. The new issue was tightened the lowest end of based on general market consensus leading to Multi-sector team pulling their part of the order for the new deal and then reconsidering their position in the AT1 positions. At TwentyFour, we like to see tenders done which are bond holder friendly (an easy decision) and not be told in no uncertain terms any bonds left outstanding at current levels will not be called at their expected call date. This, followed by the continual tightening of the new issue after minimal consultation with us from the start and very minimal if any throughout the morning of the transaction (given we owned significant portions of the tender bond) leaving very little left on the table based on general market consensus and our own valuation. The final pricing lead to the team pulling out of the new deal and reconsidering their position in Virgin and the AT1s. Historically, Virgin had been bond holder friendly, as evidenced in past transactions, and where necessary have issued to keep support in the business and have valued the relationship with the fixed income investor base. We wrote to the CFO to explain why we thought this was a coercive process, that may have damaged the relationship with existing investors, who have been long term supporters, such as ourselves. This recent transaction has made us re-asses our belief and whilst the bonds we hold do represent value to our portfolios, the lack of acceptable governance in this transaction has consequently led us to review our position."

U.S. Concrete	"The team had two separate meetings with the company's investor relations team, one that was predominantly credit focused and one that was dedicated to ESG related questions. While both are integrated into are due diligence, the raw ESG scoring from our Asset 4 database seemed incredibly low for a company that's main products are ready, mixed, and aggregate concrete materials. They do not produce their own cement and hence emissions are mostly from delivery and movement from delivery trucks of ready-made cement. Similarly they also incorporate products (slag cement, fly ash) that use less energy in place of concrete, their plants and delivery trucks in California and Washington DC are powered by B20 biofuels, and they have one R&D lab that invests and researches more environmentally friendly products. Given that fly ash not as plentiful as once was, adding to urgency of alternative concrete mixes, the fact that U.S. concrete were proactively promoting alternatives such as recycled post-consumer glass, limestone cement, and liquid carbon dioxide meant that the team felt their emissions score should be upgrade from 4th quartile to 1st quartile for the construction sector."
Simmons Food	"The ESG profile was relatively sound from an overall ESG score point of view, however socially there was a few gaps in what was available publicly and by the investor relations team. Here the team were specifically looking to build a firmer view of employment practices and data pertaining to health and safety in their distribution network."

Outstanding Information

This section sets out the status of outstanding information Minerva have requested.

Fund / Product Manager	Investment Fund/Product	Information Request Acknowledged	Voting Info Available?	Engagement Info Available?	Info Rec'd by Minerva Deadline
BlackRock	Corporate Bond Up To 5 Years Index Fund				
BNY Mellon	Newton Global Dynamic Bond Fund				
LGIM	Dynamic Diversified Fund				
	LDI Matching Core Funds (4 Funds)				
	World Equity Index Fund (including GBP hedged variant)				
Payden & Rygel	Payden Absolute Return Bond Fund				
Vontobel	TwentyFour Strategic Income Fund				
Aviva	AVC Product				
Prudential	Deposit Fund - AVC Product				

Positive Response	Partial Response	Not Provided	Not Confirmed	Nothing to Report	*Not Applicable

* Indicates that from previous communications the manager has stated that there is no voting or engagement information to report for this investment, and so they were not specifically contacted for this fund in this instance

Minerva is continuing to engage with the relevant managers on the identification and provision of any missing VEI information and will provide the Scheme with an update as soon as all of the managers have formally reported back, and any information provided has then been analysed.

Conclusion

Minerva has concluded that LGIM followed the Trustees' voting policy but as the manager only provided firm wide engagement activity and not fund specific data, Minerva could not determine if LGIM had followed the Trustees' engagement policy.

BNY Mellon only provided part-period information on engagements. From the information provided, Minerva was able to conclude that the manager had followed the Trustees' voting and engagement policies.

Vontobel stated that there was no voting information to report, however, information was provided on 9 engagements through the scheme year. From this, Minerva was able to conclude that the manger had followed the Trustees' engagement policy.

It was determined that the Scheme's holdings in BlackRock, Payden & Rygel, Prudential and LGIM (LDI Matching Core Funds), had no voting or engagement information to report due to nature of the underlying holdings.

Aviva did not confirm any voting or engagement information; therefore, the Trustees are unable to confirm whether their voting and engagement policies have been followed. Minerva will seek any outstanding information and will agree a way forward on any actions identified with the Trustees once this information is available.