LV= Employee Pension Scheme
Statement of Investment Principles ("SIP") Implementation Statement

1. Introduction

This SIP Implementation Statement ("the Statement") has been prepared by The LV= Pension Trustee Limited ("the Trustee") in relation to the LV= Employee Pension Scheme ("the Scheme").

This is the first Statement produced by the Trustee as required by changes in legislation and is expected to evolve overtime. This Statement:

	Section
• describes any review of the SIP undertaken during the year;	2
• explains any changes made to the SIP during the year and the reasons for the changes;	2
• sets out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year; and	3, 4, 5 & 6
• describes the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and states any use of the services of a proxy voter during that year.	7, 8 & 9

This Implementation Statement covers the period 1 April 2020 to 31 March 2021, the Scheme's reporting year, in line with the regulations that came into force in October 2019.

2. SIP Updates

The SIP (covering both the DB and DC sections) that is most relevant for this reporting period is the document last updated on 22 September 2020. However this does not fully cover the reporting period, which means the previous SIP dated 26 September 2019 should also be considered. This Statement uses the same headings as the Scheme's SIP that was adopted on 22 September 2020.

The Trustee has, in its opinion, followed the measures set out in the Scheme's SIP during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which it did this.

The SIP was reviewed and updated in September 2020 to comply with amendments to investment regulations applying to occupational pension schemes, which came into force on 1 October 2020. These new regulatory requirements incorporated the Shareholder Rights II Directive ("SRD II") into UK law and required pension scheme SIPs to be updated to include further details on:

- the Trustee's 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 each manager's performance, fees and portfolio costs; and
- the Trustee's stewardship and engagement policy, including the exercise of the rights (including voting rights) attached to the investments.

3. Overview of Trustee's Actions – Defined Benefit ("DB Section")

Investment Objectives and Strategy

During the reporting period there was no change to the DB Section's primary funding objective to reach full funding on the Technical Provisions basis, with a long term target of achieving full funding on a Gilts +0.25% liability valuation basis by 2028. The Trustee keeps these objectives in mind when deciding whether to change the investment strategy.

There was one significant change to the strategic asset allocation ("SAA") over the reporting period. On the 2nd of June 2020, the Trustee entered into a buy-in contract which aims to closely match the pension payments for the majority of the DB Section's pensioners and a small number of the deferred members. The responsibility of meeting the pension payments remains with the Trustee, but the contract is a Scheme asset which reduces the level of risk in the overall portfolio.

The buy-in contract made up almost half (c.43%) of the DB Section's assets as at 31 March 2021. A portion of the holdings in BlackRock's Segregated LDI, Threadneedle UK Corporate Bond Fund and the Threadneedle US Corporate Bond Fund were transferred over to Phoenix Life Limited in June 2020 as payment for the buy-in contract. To diversify the sources of return and reduce reliance on the CTI Dynamic Real Return Fund (existing Diversified Growth Fund mandate) around £10m was transferred from BlackRock LDI to the Aberdeen Life Diversified Growth Fund in June 2020.

Overall, the DB Section's agreed SAA reflects the Trustee's view of the most appropriate investments and balance different funds' risk/reward characteristics to support the funding objective. Further changes to the investment strategy were agreed following the completion of the buy-in contract. These were implemented after 31st March 2021 and so will be reported in the next implementation statement.

Trustee's policies for investment managers

The Trustee relies on Investment Managers for the day-to-day management of the Scheme's assets but retains control over the Scheme's investment strategy.

The Investment Managers are responsible for the day-to-day management of the Scheme's assets in accordance with guidelines agreed with the Trustee, as set out in the Investment Management Agreements ("IMAs") or pooled fund prospectuses. The Investment Managers have discretion to buy, sell or retain individual securities in accordance with these guidelines. Each of the Investment Managers' fees are related to the amount of assets managed within their portfolios. Minimum fees may also apply in some cases.

Trustee's policies on Responsible Investment

The Trustee believes that it should act as a responsible steward of the assets in which the Scheme invests as this can improve the longer-term returns of its investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability. For a review of the Responsible Investment policies, please see section 6.

4. Review of DB SIP Policies

4.1. DB Section Objectives

The Trustee considers and monitors multiple metrics to ensure progress towards objectives (outlined below), including its primary responsibility which is to manage the DB Section so that members receive their benefits as and when they fall due. This objective was met during the reporting period. The Trustee engaged with the employer regarding its financial strength and the likelihood of further contributions. The Trustee also obtained guidance and written advice from its Investment Consultant, Redington, as appropriate. The majority of the advice was provided at Funding and Investment Sub-Committee ("FISC") meetings, where papers were submitted in advance and then discussed at the meeting.

4.2. Investment Strategy

The Trustee uses the Pensions Risk Management Framework ("PRMF") to monitor progress towards its objective. The PRMF sets out the return target, risk tolerance, hedging levels and collateral requirements for the investment strategy. It was reviewed monthly in between meetings, and quarterly by the Trustee at FISC meetings, with clear written advice provided by the Investment Consultant when any of the metrics used to measure the objectives fell outside the pre-agreed constraints.

4.3. Strategic Asset Allocation

The Trustee reviewed the SAA to ensure that the portfolio maintained its suitability for the Scheme's objectives. If issues arise outside of the Trustee's annual review, these would be flagged at the quarterly FISC meetings and discussed. The Investment Consultant communicates this to the FISC, with any advice that may be required. No such issues arose during the reporting period.

The most recent review of the SAA was undertaken in September 2020 following the Scheme entering into a buy-in contract on the 2nd of June 2020. However, as mentioned above, the resulting changes were made after 31 March 2021 and so will be reported in the next Implementation Statement.

4.4. Balance between different kinds of investments

The DB Section holds a wide variety of different investments, including a buy-in contract. The assets that do not relate to the buy-in are diversified across major markets to ensure that the overall portfolio is well diversified. The buy-in provides the vast majority of the Scheme's cashflow needs, and other expenses are typically met from the most liquid asset class (cash within the LDI portfolio).

4.5. Kinds of investments to be held

The Trustee maintains a list of investments currently permitted and seeks guidance and written advice from its Investment Consultant as appropriate. Over the year the Scheme was only invested in permitted assets.

4.6. Choosing investments

The Trustee delegates all day-to-day DB Section investment duties to the DB Section's Investment Managers. The Scheme holds investments in both segregated and pooled arrangements. For the segregated arrangements, the long-term relationships between the Trustee and its managers are set out in separate IMAs that document the investment guidelines within which they must operate

For pooled arrangements, the Scheme's investments are managed according to standardised fund terms. These terms are reviewed by the Scheme's legal advisors and Investment Consultant at the point of investment to ensure that they are aligned with the Scheme's long-term investment strategy and market best practice.

4.7. Risks

The SIP lists a number of risk factors that the Trustee believes may result in a failure to meet the agreed objectives. The Trustee monitored and managed these risks through measures specific to each risk on a quarterly basis. It sought guidance and written advice from its Investment Consultant as appropriate. One example of a change that was made following a review of the PRMF was to increase the level of interest rate and inflation hedging to be in line with the improving funding level and to reflect the buy-in.

4.8. Custody

HSBC is the Scheme's appointed custodian. Their primary role is the administration of the Scheme's funds held in the segregated arrangements. The Scheme's pooled fund assets have their own dedicated custodian.

4.9. Monitoring

Investment Manager performance was reviewed quarterly through the use of the Manager Monitoring Report over both a short and long-term investment horizon.

Long-term investment manager suitability is typically reviewed every three years. The Trustee seeks guidance and written advice from its Investment Consultant as appropriate.

The Trustee, with help from Redington, reviews the fees, transaction costs and turnover requirements annually to confirm they remain reasonable. These reviews are done annually and the latest review (completed in May) showed that all manager fees were inline or better than that available in the market. If any of these had become unreasonable, this would be communicated to the Trustee and action would be taken.

4.10. Rights attaching to investments

Evidence of voting rights during the reporting period are outlined on in Section 7 of this statement.

4.11. Additional Assets

As additional voluntary contributions (AVCs) are invested with the main DB Section's assets the comments in sections 4.1-4.11 apply. The Trustee has not made any changes to the manager arrangements during the period covered by this document. It seeks guidance and written advice from its Investment Consultant as appropriate.

5. Review of DC SIP Policies

5.1. Investment Objectives, Investment Policy and Default investment strategy

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, conducted a formal review of the strategy and performance of the default arrangements, alternative lifetime strategies and self-select range in March 2021. The Trustee considered the DC Section's membership demographics and the variety of ways that members may draw their benefits in retirement from the DC Section as part of this review.

Based on the outcome of this analysis, the Trustee concluded that the main default arrangement, the Universal Lifetime Strategy, has been designed to be in the best interests of the majority of the DC Section members and reflects the demographics of those members. As part of the formal strategy review, the Trustee agreed to introduce an allocation to a climate-tilted equity fund in the lifetime strategies. The Trustee is currently considering the implementation of these changes.

There was a small cohort of members who, at the time of the previous strategy review that concluded in March 2018:

- had both DC and DB pension entitlements within the Scheme;
- were invested in the Cash Focused Lifetime Strategy; and,
- were less than 10 years from their target retirement dates.

At the time of the implementation of investment changes (July 2019), these members – together with the rest of the DC Section membership – were given the option to change their investment options. If they did not make an investment choice, they remained invested in Cash Focused Lifetime Strategy. The Trustee reviewed the demographics of this cohort of members as part of the March 2021 formal strategy review and concluded that the Cash Focused Lifetime Strategy continued to be appropriate for these members.

In addition to the main default arrangement, the suspension of the My Property Fund in March 2020 due to the Covid-19 pandemic resulted in the My Cash Fund being classified as a default arrangement for governance purposes. The Trustee reviewed the My Cash Fund, along with the rest of the investment arrangements as part of the strategy review and concluded that it remained appropriate.

The Trustee also provides members with access to a range of investment options which it believes are suitable for members to self-select and enable appropriate diversification based on members' attitude to investment risk. The Trustee has made available alternative lifetime strategies which are focussed towards different retirement outcomes and a self-select fund range to members covering all major assets classes as set out in Appendix A of the SIP.

The Trustee regularly monitors the take up of the alternative lifetime strategies and self-select fund range and recognises that it is limited.

5.2. Risks

Risks are monitored on an ongoing basis with the help of the investment adviser. In the SIP, the Trustee has stated its policy in relation to specific risks together with how these risks are managed by the Trustee.

The Trustee addresses the risk of inadequate returns by making use of equity and equity-based funds that are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default strategy and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

The Trustee addresses valuation risk by appointing investment managers that are expected to manage this risk appropriately. In March 2020, just prior to the Scheme Year covered by this Statement, the underlying fund of the My Property Fund was suspended due to uncertainty in the valuations of the underlying assets due to the Covid-19 pandemic. This suspension was lifted in September 2020 once this valuation risk was no longer a concern.

Section 5.1 covers risks in relation to lack of diversification. Manager risk is covered in Section 5.7. The risk of excessive charges is covered under Section 5.5. Illiquidity risk is covered under Section 5.4. ESG risks are covered in Section 6.1.

As part of the formal strategy review on 4 March 2021, the Trustee considered the investment risks set out in the SIP. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee concluded that the performance has been broadly as expected and was in line with the stated aims and objectives and that the design of the Default Lifetime remains appropriate given the Scheme's risk profiles and membership.

The Trustee maintains a risk register which is discussed at quarterly meetings, over the Scheme year. The Trustee is happy that Scheme risks have been monitored and managed appropriately and changes to these risks have been appropriately captured.

5.3. *Suitability*

The Trustee's policy in the SIP covering Suitability and how this was addressed during the Scheme year is covered in Section 5.1.

5.4. *Liquidity*

It is the Trustee's policy to invest in funds that offer regular dealing to enable members to readily realise and change their investments. All of the DC Section funds which the Trustee offers are open-ended and daily priced.

5.5. *Charges, transaction costs and value for money*

The Trustee undertook a value for members' assessment on 7 July 2021. This covered the same period as this Statement and assessed a range of factors, including the fees payable to managers in respect of the DC Section. These were found to be competitive when compared against schemes of similar sizes. As part of the value for members assessment the Trustee evaluated the long-term transaction costs incurred by members to ensure that they are appropriate and enable it to query any transaction costs considered to be higher than expected with the relevant investment managers.

Value for money is also included on the Scheme's risk register, which was discussed at quarterly meetings and also explicitly presented to the Trustee at the July meeting. Overall, the Trustee concluded that the investment managers provide good value for members.

5.6. *Default investment strategy and other investment options*

Details relating to the review of the default arrangements, alternative lifetime strategies and self-select range are covered in Section 5.1.

5.7. *Monitoring*

The Trustee has entered into a contract with a platform provider, Aviva, who makes available the range of investment options to members. As all the funds are accessed via an agreement with the Scheme's platform provider, there is no direct legal relationship between the Scheme and the underlying investment managers of the DC Section investment funds. Nevertheless, the Trustee is responsible for appointing and providing governance oversight of the managers which the Scheme accesses via the Aviva arrangement. The Trustee delegates the monitoring of Aviva's performance to the Defined Contribution Sub-Committee ("DCSC"). The DCSC reviews Aviva's performance on an annual basis and the service Aviva provides members on an annual basis as part of the Value for Money assessment.

The DC section's investment adviser, LCP, monitors the managers on an ongoing basis, through regular research meetings. LCP also monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of with regard to the DC Section's managers 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 DC Section invests in, or any material change in the level of diversification in the fund. As part of the formal strategy review noted in Section 5.1 LCP included updates to any research views of the DC Section's manager arrangements.

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.
The Trustee was comfortable with all of its investment manager arrangements based on LCPs monitoring of the arrangements in the quarterly performance reports and the findings of the 4 March 2021 strategy review. Therefore, no changes were made to the manager arrangements over the Scheme Year.

The Trustee monitors the performance of the DC Section's investment managers at triannual Trustee meetings, using the quarterly performance monitoring reports. The reports show the performance of each manager over the quarter, one year as well as three and five years where performance data is available. Performance is considered in the context of the manager's benchmark and objectives.

The most recent quarterly performance monitoring report shows that all managers have performed broadly in line with expectations over the long-term with the exception of the My Diversified Growth (Active) Fund. The underlying allocation of this Fund was changed on 9 July 2019 and historic (under)performance over three and five years relates to the Fund's former underlying manager. However, the My Diversified Growth (Active) Fund has achieved its target over shorter time periods under the current manager.

The Trustee's monitoring of manager fees is covered under Section 5.5.

6. Review of Responsible Investment Policies (applies to both DB and DC Sections)

6.1. Environmental, Social and Governance Factors and Stewardship

Environmental, Social and Governance ("ESG") factors would have been considered in any selection and monitoring processes, but no new managers were selected over the reporting period. Over the 12 months, all Investment Managers were signatories of the UN PRI.

For the DB Section, the Trustee has delegated Investment Managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations. The investment advisor considers ESG risks when making recommendations to the Trustee and the Trustee considers ESG risks when making investment decisions. Managers' approaches to ESG are one of several key factors that are assessed by the Trustee's investment advisor when making manager recommendations to the Trustee, and these are monitored by the investment advisors on an ongoing basis after appointment. In addition, the UN PRI ESG ratings are included in the quarterly manager monitoring reports received by the Trustee and discussed at FISC meetings.

For the DC Section, as part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, 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 2021, the Trustee reviewed LCP's responsible investment (RI) scores for the existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. 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 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). This Scheme Year none of the DC Section's managers scored a 2 or lower. Therefore, the Trustee was satisfied with the results of the review and no further action was taken.

As part of the formal strategy review of the DC Section conducted in March 2021, the Trustee agreed to introduce an allocation to a climate-tilted equity fund in the lifetime strategies and a replacement fund underlying the My Ethical Fund. As noted under Section 5.6, the Trustee is currently considering the implementation of these changes.

The Trustee requires its managers to practise good stewardship on its behalf in order to promote the long-term success of the Trustee's investments. The Trustee discloses manager voting records to members annually in this Statement. The manager voting records are included in Section 8.

7. Voting behaviour

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its Investment Managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. A description of the Scheme's managers' use of proxy voting services has been included in sections 8 and 9.

In this Implementation Statement we have included voting data on the Scheme's funds that hold equities as follows:

DB Section

- Threadneedle Dynamic Real Return Fund
- Aberdeen Standard Investments Life Diversified Growth Fund

DC Section

- BlackRock Aquila World Equity Index Fund *(underlying fund of the My Global Shares Fund and My Balanced Growth Fund)*
- LGIM Diversified Equity Factor Fund *(underlying fund of the My Global Shares Fund and My Balanced Growth Fund)*
- LGIM Diversified Fund *(underlying fund of the My Balanced Growth Fund and the My Approaching Retirement Fund)*
- Baillie Gifford Multi Asset Growth Fund *(underlying fund of the My Balanced Growth Fund and the My Approaching Retirement Fund)*
- LGIM Ethical Global Equity Index Fund *(underlying fund of the My Ethical Global Equity Fund)*
- HSBC Islamic Global Equity Index Fund *(underlying fund of the My Islamic Global Equity Fund)*

For the DC Section, the Trustee has included funds which have equity holdings – four of which are used in the default and alternative lifetime strategies, plus two self-select funds.

8. Voting behaviour in DB Section

8.1. Columbia Threadneedle Investments ("CTI")

Voting

Below is the voting activity over the period for the Scheme's asset managers which held listed equities over the period from 1 April 2020 to 31 March 2021. The Trustee confirms that these are within expectations and no further follow up is required.

	Threadneedle Dynamic Real Return Fund
How many meetings were you eligible to vote at over the year to 31/03/2021? (1)	358
How many resolutions were you eligible to vote on over the year to 31/03/2021? (1)	4659
What % of resolutions did you vote on for which you were eligible?	98.8%
Of the resolutions on which you voted, what % did you vote with management?	91.3%
Of the resolutions on which you voted, what % did you vote against management?	6.3%
Of the resolutions on which you voted, what % did you abstain from?	2.4%
In what % of meetings, for which you did vote, did you vote at least once against management?	49%
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?	Columbia Threadneedle Investments utilises the proxy voting platform of Institutional Shareholder Services, Inc. (ISS) to cast votes for client securities and to provide recordkeeping and vote disclosure services. We have retained both Glass, Lewis & Co. and ISS to provide proxy research services to ensure quality and objectivity in connection with voting client securities. Proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles (Principles) document, and our proxy voting practices are implemented through our Proxy Voting Policy.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	N/A

Most significant votes

CTI consider a significant vote to be any dissenting vote i.e. where a vote is cast against (or where we abstain/withhold from voting) a management-tabled proposal, or where they support a shareholder-tabled proposal not endorsed by management. There were no significant votes cast for the CTI Funds the Scheme is invested in. CTI report annually on their reasons for applying dissenting votes via their website. The report on dissenting votes cast across 2020 is available at:

https://www.columbiathreadneedle.co.uk/uploads/2021/03/a3211533327fca86c825bdf2feb17125/en_voting_rationales_2020.pdf

8.2. Aberdeen Standard Investments ("ASI")

	Aberdeen Life Diversified Growth Fund
How many meetings were you eligible to vote at over the year to 31/03/2021? (1)	403
How many resolutions were you eligible to vote on over the year to 31/03/2021? (1)	4959
What % of resolutions did you vote on for which you were eligible?	98.2%
Of the resolutions on which you voted, what % did you vote with management?	87.1%
Of the resolutions on which you voted, what % did you vote against management?	12.9%
Of the resolutions on which you voted, what % did you abstain from?	1.7%
In what % of meetings, for which you did vote, did you vote at least once against management?	51.4%
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?	Aberdeen Standard Investment utilise the services of ISS for all our voting requirements. Proxy voting decisions are made in accordance with the principles established in the Aberdeen Standard Investment Proxy Voting Principles (Principles) document provided on the website https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	2.9%

Most significant vote

ASI cast 15 significant votes over the year to 31 March 2021. Below are the details of the most significant vote:

- **AbbVie Inc., May 2020. Vote:** For *(vote against management)*.

  Summary of resolution: Report on Lobbying Payments and Policy

  Rationale: The company discloses the significant spend on direct federal lobbying, but not the spend at the state-level. Importantly, it does not disclose a complete list of its memberships in trade associations or other advocacy groups and how much of its dues paid go toward lobbying.

9. Voting behaviour in DC Section

9.1. Description of the voting processes

BlackRock
Voting decisions are made by members of the BlackRock Investment Stewardship team with input from the wider investment team.

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. 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.

Whilst BlackRock does subscribe to research from the proxy advisory firms, Institutional Shareholder Services ("ISS") and Glass Lewis, this is just one among many inputs into its voting analysis process. BlackRock primarily uses proxy research firms to synthesise 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 uses includes the company's own reporting (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.

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 via stakeholder round table events and take into account feedback from its clients 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.

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.

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.

Baillie Gifford
All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. It does not regularly engage with clients prior to submitting votes.

Baillie Gifford's Governance and Sustainability team oversees voting analysis and execution in conjunction with its investment managers. Baillie Gifford does not outsource any part of the responsibility for voting to third-party suppliers, but it does utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with its Governance & Sustainability Principles and Guidelines and endeavours to vote every one of its clients' holdings in all markets.

Whilst Baillie Gifford is cognisant of its proxy advisers' voting recommendations (ISS and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon their recommendations when deciding how to vote on its clients' shares. All client voting decisions are made in-house. As such Baillie Gifford votes in line with its in-house policy and not with the proxy voting providers' policies.

HSBC
HSBC exercises its voting rights as an expression of stewardship for client assets. It has global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.

HSBC uses ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene its guidelines. HSBC reviews voting policy recommendations according to the scale of its overall holdings. The bulk of holdings are voted in line with the recommendation based on our guidelines.

9.2. *Summary of voting behaviour over the Scheme year*

A summary of voting behaviour over the period is provided in the table below:

Manager Name	BlackRock	LGIM	LGIM	Baillie Gifford	LGIM	HSBC
Fund Name	Aquila World Equity Index Fund	Diversified Equity Factor Fund	Diversified Fund	Multi Asset Growth Fund	Ethical Global Equity Index Fund	Islamic Global Equity Index Fund
How many meetings were you eligible to vote at over the year to 31/03/2021? (1)	3,298	1,846	11,362	69	1,274	109
How many resolutions were you eligible to vote on over the year to 31/03/2021? (1)	41,138	22,827	115,604	749	18,215	1,597
What % of resolutions did you vote on for which you were eligible?	95.0%	99.9%	99.0%	97.7%	99.9%	91.6%
Of the resolutions on which you voted, what % did you vote with management?	93.8%	83.1%	81.7%	92.6%	83.8%	87.8%
Of the resolutions on which you voted, what % did you vote against management?	6.2%[1]	16.5%	17.7%	7.0%	16.0%	12.2%
Of the resolutions on which you voted, what % did you abstain from?	1.0%[1]	0.4%	0.6%	1.5%	0.3%	0.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	N/A[1]	5.6%	6.4%	20.3%	5.1%	54.9%
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	N/A[2]	0.4%	0.2%	N/A[3]	0.6%	8.4%

Some of the percentages in the table may not sum due to rounding. [1] In some of the regions in which the fund invests, a vote abstention can be classed as a vote against management. Where this applies, votes against management will be included in the % of vote abstentions. [2] BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team. BlackRock does not blindly follow proxy advisory firms voting recommendations.
[3] Whilst Baillie Gifford is cognisant of its proxy advisers' voting recommendations (ISS and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon their recommendations when deciding how to vote on its clients' shares.

The Trustee has 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 or are seen as being controversial; and
- the Scheme or the sponsoring company has a particular interest in.

Due to the number of votes provided by the DC Section's managers the Trustee has chosen a subset of "most significant votes" to report on in this Statement. The votes selected are those which relate to ESG factors. If members wish to obtain more manager voting information, this is available upon request.

Most significant votes

BlackRock Aquila World Equity Index Fund

- **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 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.

LGIM Diversified Equity Factor Fund

- **Pearson, September 2020. Vote:** Against.

  Summary of resolution: Amend remuneration policy was proposed at the company's special shareholder meeting, held on 18 September 2020.

  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. LGIM also discussed the shortcomings of the company's current remuneration policy and spoke with the chair directly before the EGM to relay their concerns that the performance conditions were weak and should be re-visited, to strengthen the financial underpinning of the new CEO's award. LGIM also asked that the post-exit shareholding requirements were reviewed to be brought into line with their expectations for UK companies. In the absence of any changes, LGIM took the decision to vote against the amendment to the remuneration policy.

Criteria for which vote has been assessed as "most significant": 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 LGIM's outstanding concerns, this vote is deemed to be significant.

- **Toshiba Corp., March 2021 Vote:** For

  Summary of resolution: Resolution 1: Appoint Three Individuals to Investigate Status of Operations and Property of the Company. Resolution 2: Amend Articles to Mandate Shareholder Approval for Strategic Investment Policies including Capital Strategies

  Rationale: Toshiba Corp's 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. As a result, the company faced two independent shareholder resolutions at the EGM calling for it to introduce remedies that would restore confidence and trust in the company's governance, management and strategy. 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.

  Criteria for which vote has been assessed as "most significant": The vote was high profile and controversial.

Signed: Huw Evans
Chair of the Chair of the Trustee Board of the LV= Employee Pension Scheme

Dated: 30/09/2021