John Lewis Partnership Pensions Trust ("the Trust") – Defined Benefit ("DB") Section

Annual Engagement Policy Implementation Statement – Year ended 31 March 2021

1. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year to 31 March 2021. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Trusts (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by The Pensions Regulator (TPR).

The Trust has both a DB Section and a Defined Contribution ("DC") Section. This statement covers only the DB Section and provides more detail than is currently required by regulation, for DB schemes, to align our report with the requirements for the DC Section. This approach was considered beneficial, both for the Trustee in assessing how its policies under the SIP have been followed more broadly for the DB Section, and to show consistent levels of information for members who may have an interest in the management of both sections of the Trust. A separate statement has been prepared for the DC section.

The table later in the document sets out how, and the extent to which, the policies in the DB Section of the SIP have been followed.

2. Trust Governance

2.1. The Trustee Board

During the course of the year, the membership of the Trustee Board changed. As part of the changes, Sarah Bates took over as Chair following the retirement of Dame Jane Newell. Hollie Culham, an elected Trustee, and Stephen Hider, a Partnership-appointed Trustee, left the John Lewis Partnership. Another Partnership-appointed Trustee, Anna Tee, joined the Trustee Board.

This SIP was last updated in September 2020, following substantive changes to the investment strategy and governance, and will undergo further changes as required in due course. Subsequent to the last SIP update, the Trustee Board decided to reorganise the various Sub-Committees that were in place. The work of the Investment Sub-Committee ("ISC") has now transferred to the DB Sub-Committee or DC Sub-Committee, as appropriate. New terms of Reference are in place for each Sub-Committee.

The Trustee Board is supported in its activities by the in-house Trustee Services team at John Lewis. The Trustee Services team has added dedicated responsible investment resource during the course of the Trust year.

2.2. Trustee knowledge and understanding

In November 2020, Mercer conducted a training session for the Trustee, which considered the anticipated requirements for the governance and reporting of climate-related risks (with a focus on the Task Force on Climate-Related Disclosures ("TCFD") reporting framework).

In March 2021, Legal & General Investment Management ("LGIM") delivered a training session for the Trustee, which focused on Environmental, Social and Governance ("ESG") voting and engagement, climate risk and the integration of ESG in portfolio construction.

2.3. Holding advisers and managers to account

The Trustee recognises the need to hold investment managers and advisers to account.

In December 2019, the Trustee put in place investment objectives for its Investment Consultant, Mercer, and investment advisers, Aksia and Hamilton Lane. Their performances will be reviewed on a regular basis. The objectives may be revised at any time but will be reviewed at least every three years and after any significant change to the Trust's investment strategy and objectives.

The intention of these objectives is to ensure the Trustee is receiving the support and advice it needs to meet its investment objectives. The objectives set covered both short and long-term objectives across strategy, monitoring, compliance and regulation, client servicing and relationship management and member engagement and communications.

3. Statement of Investment Principles

3.1. Investment Objectives of the Trust

The Trustee aims to invest the assets of the Trust prudently with the objective of ensuring that the benefits promised to members are provided. The funding plan is predicated on an investment return over and above the return on government bonds. Beyond this, the Trustee aims to target full funding on a low dependency basis (also based on a return above government bonds) by 2044. The Trustee will pursue an investment strategy which aims to generate an investment return in excess of government bonds, with a risk level commensurate with the strength of the covenant.

The Trustee has also established a de-risking framework to help determine the appropriate allocation to the Return-Seeking portfolio based on the Trust's funding level at a given point in time. In conjunction with the de-risking framework, the Trustee has implemented increased levels of protection against interest rates and inflation.

3.2. Review of the SIP

The Trustee reviewed the Trust's SIP in September 2020. The revision related to amendments to the Trust's investment strategy and objectives. The SIP was also updated to reflect new requirements for the SIP to include the Trustee's policy in relation to its arrangements with its asset managers, requiring the inclusion of:

- How the arrangement with the asset manager(s) incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies in the SIP.
- How that arrangement incentivises the asset manager 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.
- How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP.
- How the Trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of the arrangement with the asset manager.

The SIP was approved and adopted by the Trustee on 25 September 2020. The Trustee consulted with the sponsoring company in finalising the SIP.

The latest SIP is publicly available and can be accessed via this link:

https://www.johnlewispartnership.co.uk/meta/jlp-trust-for-pensions.html

3.3. Assessment of how the policies in the SIP have been followed for the year to 31 March 2021

The information provided in the following section highlights the work undertaken by the Trustee during the Trust year to 31 March 2021 and sets out how this work followed the Trustee's policies in the SIP.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Trust year to 31 March 2021.

Strategic Asset Allocation

<table>
<tr><th></th><th>Policy</th><th>Location in SIP</th><th>How the policy has been met over the year to 31 March 2021</th></tr>
<tr><td>1</td><td>Kind of investments to be held</td><td rowspan="2">Sections 7 - 12</td><td rowspan="2">There have been no changes during the Trust year to the kinds of investments held by the Trust. The balance between investments (and the investment managers managing the investments) has however changed over the course of the year in line with the de-risking framework put in place by the Trustee and its views on the investment managers. The arrangements in place are consistent with the policies in the SIP.

During the course of the year, the Trustee designed and implemented a de-risking framework. The framework is designed to remove investment-related risk as and when it is deemed appropriate while ensuring that the investment strategy remains appropriate for the Trust's objectives. The framework design looked at the timescales for full funding on the low dependency basis, the pace at which return-seeking assets could be reduced from the Trust and the levels of protection against interest rate and inflation movements that could be put in place. Following the framework design and advice from their Investment Consultant, and consultation with the Partnership, the Trustee implemented the de-risking framework.

As a result of improvements in the Trust's funding position and in line with the de-risking framework funding level triggers, the Trust's allocation to return-seeking assets reduced over the year to 31 March 2021 and the level of protection against falling interest rates and rising inflation increased.</td></tr>
<tr><td>2</td><td>The balance between different kinds of investments</td></tr>
<tr><td>3</td><td>Risks, including the ways in which risks are to be measured and managed</td><td>Sections 26 - 30</td><td>As detailed in the risk section of the SIP, the Trustee considers both quantitative and qualitative measures of risks when deciding investment policies, strategic asset allocation, the choice of investment managers, their funds and respective asset classes.

The Trustee reviewed the measurement of a number of these risks on a quarterly basis during the year as part of its regular investment performance, risk and funding monitoring. As a consequence, several actions were taken to mitigate key risks. For example, measuring interest rate and inflation risk resulted in increasing the inflation and interest rate hedging, to further reduce the volatility of the assets relative to the liabilities. Furthermore, the Trust reduced growth assets to de-risk the portfolio, following strong performance relative to liabilities. This action reduces volatility and potential risk of the deficit increasing.</td></tr>
</table>

			The Trustee also received ad-hoc updates from both its Investment Consultant and the Pensions Investment Manager as and when required over the course of the year.
4	**Expected Return on Investments**	Sections 6, 26 and 30	The investment performance was reviewed by the Trustee on a quarterly basis – this included the risk and return characteristics of the investment manager strategies used by the Trust. Individual managers were specifically monitored against their respective aims and objectives as well as being compared to peer group risk and return metrics. The Trustee also monitored the expected return of the Trust versus those required under the Trust's de-risking framework on a quarterly basis.

Investment Mandates

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2021
5	**Securing compliance with the legal requirements about choosing investments**	Section 3	The Trust's Investment Consultant attended all Investment Sub-Committee ("ISC") meetings during the year and provided updates on fund performance and where required, the appropriateness of the investments used by the Trust. The DB Sub-Committee ("DBC") was established over the course of the Trust year which replaced the ISC in relation to the DB section of the Scheme, and has responsibility for the ongoing monitoring of fund performance for the DB Section. When new investments were implemented during the course of the Trust year, the Trustee obtained and considered written advice from a suitably qualified person. During the year, the Trustee reviewed the Trust's SIP in September 2020. The revision related to amendments to the Trust's investment strategy and objectives. The SIP was also updated to reflect the new requirements for the SIP to include the Trustee's policy in relation to its arrangements with its asset managers.
6	**Realisation of Investments**	Section 11	The Trust holds investments in a number of investment strategies which are deemed to be liquid. In general, the investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments. The Trustee maintains a minimum cash threshold to cover the cash requirements of the Trust. The threshold was monitored and maintained by the Pensions Investment Manager with the

			Trustee receiving quarterly updates on the cash balance during ISC/DBC meetings throughout the Trust year.
7	**Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments**	Sections 19 and 30	The Trustee considers the key investment risks identified in Section 30 of the SIP to be financially material. A number of the key investment risks identified in the SIP were measured and managed, as part of discussions at ISC/DBC meetings. These included, but were not limited to interest rate and inflation risk, currency hedging risk and liquidity risk. In addition, more strategically focused assessments of the investment risks took place during de-risking discussions during the year. As noted in 3 above, the Trustee also reviewed the measurement of a number of these risks on a quarterly basis during the year as part of its regular investment performance monitoring. These reviews were provided by the Trust's Investment Consultant. The Trustee monitors investment manager absolute and relative performance against appropriate benchmarks on a quarterly basis; this assessment evaluates both short-term and long-term performance. Section 19 of the SIP sets out the Trustee's belief that ESG and climate change can affect the long-term performance and sustainability of the Trust's investments and therefore, that the management of ESG risks can assist the Trustee in fulfilling its investment duties. The Trustee, in conjunction with the Pensions Investment Manager, carries out an annual assessment of how its investment managers consider ESG risks and opportunities and whether they are being managed effectively by the manager(s). This is carried out via an assessment of the responses to a questionnaire sent to the investment managers. The Trustee also considers the ESG ratings provided by Mercer for each of the Trust's investment managers when making this assessment along with ratings from the United Nations supported Principles for Responsible Investment ("PRI"). The latest review was carried out at the November 2020 ISC meeting. The Trustee noted positive progress in the Trust's investment managers' adoption and implementation of ESG policies and will continue to engage with the investment managers in this space. The Trustee intends to increase the scope of its ESG assessments of the investment managers and will also conduct a detailed analysis of climate-related risks and agree carbon metrics to monitor in order to comply with the TCFD framework from October 2021. The Trustee believes that active ownership can enhance the value of the Trust's underlying

		portfolio and help manage risks. In September 2018, the Trustee became a signatory to the PRI. The Trustee reviews its stewardship policy to ensure that it continues to hold its investment managers to account on voting and engagement. The latest review was carried out in November 2020, with the Trustee and Pensions Investment Manager assessing the corporate engagement and voting policies of the Trust's managers. The Trustee used the results of the review to engage with the Trust's managers. Non-financial matters were not taken into consideration during the Trust year.

Monitoring the Investment Managers

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2021
8	**Incentivising investment managers to align their investment strategy and decisions with the Trustee's policies**	Section 21	The Trustee's policy on investment manager incentivisation was added in September 2020 to reflect the new requirements outlined earlier. In the year to 31 March 2021, the Trustee discussed the continued appointment of the Trust's investment managers. Please refer to point 13 for further detail on some specific discussion that took place. The Trustee is happy that the contractual arrangements in place with the Trust's other investment managers continue to incentivise the managers to make decisions based on medium- to long-term financial and non-financial performance. When reviewing and monitoring the Trust's investment managers, the Trustee takes into consideration the Investment Consultant's research ratings. The Trustee is also assisted by the Pensions Investment Manager, through quantitative analysis and interactions with the Trust's investment managers, in the assessment of the continued appointment of the Trust's investment managers.

9	**Incentivising the asset manager to make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer, and to engage with issuers in order to improve their performance in the medium- to long-term**	Section 22	The Trustee's policy on investment manager incentivisation was added in September 2020 to reflect the new requirements outlined earlier. The Trustee monitored the performance of the Plan's investments throughout the year. Where a manager is deemed to be underperforming, the Trustee will ask the Pensions Investment Manager to carry out a detailed assessment of the rationale for the investment manager's performance. If following a review it is deemed that the investment manager no longer warrants a place with the Trust's portfolio, the Trustee will look to replace the investment manager. The Trustee carried out an assessment of the Trust's Liquid Alternatives and Emerging Market Equity managers over the Trust year to 31 March 2021. As part of this review, it was determined that one of the Liquid Alternatives managers and three Emerging Market Equity managers would be terminated due to underperformance. Due to the de-risking that took place over the year, the Liquid Alternatives manager was not replaced, while two appropriate replacements for the Emerging Markets Equity managers were identified during the course of the year. The two replacements will replace the combined allocation of the three outgoing managers. The replacement Emerging Market Equity mandates are in the process of being set up and will be implemented post Trust year-end.
10	**Aligning the evaluation of the investment managers' performance and the remuneration for investment management services with the Trustee's policies**	Section 23	When considering investment performance, the Trustee primarily focuses on long-term performance. Shorter-term performance will however also be taken into consideration. The Trustee conducted a review in November 2020, led by the Pensions Investment Manager, of the Trust's investment managers' longer-term performance. The review was completed using net of fees data to ensure alignment with the Trustee's objectives. Overall, the review highlighted that the Trust's investment managers have contributed to the Trust outperforming the liabilities but underperforming the Trust's five-year performance target. The review highlighted some areas for further consideration (which were analysed in greater detail by the Pensions Investment Manager) and one mandate which required additional discussions with the investment manager. The discussions are ongoing at Trust year-end, with the Pensions Investment manager progressing these. The Trustee continues to monitor the performance of the Trust's investment managers. The Trustee is satisfied that investment managers' short-term performance incentives will not impact long-term goals. In particular, none of the funds have short-dated performance fees in place, which could encourage managers to make short-term investment decisions to hit their short - term profit targets at the expense of longer-term performance.
11	**Monitoring portfolio turnover costs incurred by the investment managers**	Section 24	The Trustee's policy on portfolio turnover costs was added in September 2020 to reflect the new requirements outlined earlier.

			Over the year covered by this statement, the Trustee collected data on the portfolio transaction costs resulting from portfolio turnover, but did not monitor or query these in detail for each of the Trust's investment managers. The Trustee instead focussed on net of fees outcomes from the managers, which captures the impact of portfolio turnover costs through the performance generated. The Trustee may choose explicitly to monitor portfolio turnover costs in the future. However, the Pensions Investment Manager will use the portfolio turnover cost data provided by the managers when carrying out regular review meetings with the Trust's investment managers as part of his wider due diligence. The Trustee recognises that the Trust invests in a range of pooled funds, many of which invest across a wide range of asset classes, so the Trustee does not have an overall portfolio turnover target for the Trust.
12	**The duration of the arrangement with the investment manager**	Section 25	The Trustee's policy on the duration of investment manager arrangements was added in September 2020 to reflect the new requirements outlined earlier. In general, the Trustee has a policy of being a long-term investor who will not look to make frequent changes to the investment arrangements. The Trust's investment managers are however aware that their continued appointment is based on their success in delivering the mandate they have been appointed to manage. As noted in 8 and 9 above, the Trust carried out an assessment of a number of the Trust's investment managers which resulted in five appointments being terminated (with three replacements being identified). There remain no set durations for the investment manager funds used by the Trust. The de-risking framework in place for the Trust will be expected to remove the strategic need for some of the Trust's investment managers over time. The Trustee, in conjunction with the Pensions Investment Manager, ensures that the reduction in exposure to the Trust's investment managers is managed appropriately.

ESG, Stewardship and Climate Change

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2021
13	**Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)**	Section 19	In September 2019, the Trustee incorporated into the SIP details on responsible investment, which covered ESG factors, stewardship, climate change and ethical investing. The Trustee keeps the policies under regular review with the SIP subject to review at least annually. In order to establish these beliefs and produce a formal policy, the Trustee undertook investment training from Legal & General Investment Management (LGIM) on ESG and Climate Risk and also plans to undertake an investment beliefs session provided by their Investment Consultant on responsible investment, which will cover ESG factors, stewardship, climate change and ethical investing. The Trustee increasingly considers how ESG, climate change and stewardship are integrated within investment processes in monitoring existing managers. During the year to 31 March 2021, the Trust's investment performance report, produced by the Trust's investment consultant, was reviewed by the Trustee on a quarterly basis – this included ratings (both general and ESG-specific) from the Investment Consultant, as well as detail on how investment managers were delivering against their specific mandate. The Trustee's policy is that a change in ESG rating (or lack of ESG rating) does not mean that the investment manager will be removed automatically. During the Trust year, there were changes to some managers' ESG ratings but no changes to the investment strategy were made as a result of this. Where managers may not be rated or highly rated from an ESG perspective, the Trustee has discussed the reasons with the investment consultant. In addition, when considering implementing new managers during the year under review, the Trustee considered the ESG rating of the managers. On one occasion, the Trustee engaged with a manager, via the Pensions Investment Manager and obtained a detailed plan from the manager addressing how they will improve their ESG practice within a set period of time. In the year to 31 March 2021, the Trustee determined that a change made by a manager to one of the Trust's passively managed equity funds did not align with the Trustee's policies. Following discussions with the investment manager, a decision was made to terminate their appointment and as such a process was started to replace the manager within the Trust's equity portfolio. The implementation of the new passive equity mandate will be completed post Trust year-end and will be captured in the Trust's 2021/22 implementation statement. Managers are expected to provide a summary of their ESG and stewardship policies and to comment on these issues as part of any meeting with the Trustee or its in-house team or advisers. Over the year, the Trustee asked their investment managers the following, which was

reviewed by the Trustee in November 2020:

- Whether the managers are PRI signatories and if they publicly demonstrate their commitment to responsible investment
- How they incorporate ESG into their investment processes and whether there is any evidence of implementation for the Trust's mandates
- Whether they have corporate engagement and voting policies
- How climate-related risks are managed within our investment portfolios
- If they produce carbon analytics reports for the Trust's mandates

The Trustee requires investment fund managers to engage with the investee companies on its behalf.

Voting Disclosures

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2021
14	**The exercise of the rights (including voting rights) attaching to the investments**	Section 22	As set out in the SIP, the Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, exercising voting rights and meeting the stewardship obligations attached to the Trust's investments in accordance with their own corporate governance policies, and current best practice, including the UK Stewardship Code. The Trustee asked its investment managers, where applicable, to confirm compliance with the principles of the UK Stewardship Code and their plans to submit the required reporting to the Financial Reporting Council by 31 March 2021 in order to be on the first list of signatories for the UK Stewardship Code 2020 that took effect on 1 January 2020. The Trust's listed equity managers, Fisher, State Street ("SSGA"), TOBAM and Vontobel have confirmed that they were signatories of the current UK Stewardship Code and had submitted the required reporting to be one of the first signatories to the UK Stewardship Code 2020. Macquarie however, does not consider it appropriate at this time to conform with the Code. The Trustee continues to engage with Macquarie on this issue. The Trustee believes that responsible share ownership and seeking the best long-term value for investment in shares requires active exercise of voting rights.

The Trustee has delegated its voting rights to the investment managers. Where applicable, the Trustee expects the Trust's investment managers, unless impracticable, to exercise all voting rights attaching to shares or securities and take account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The managers are authorised to exercise discretion to vote as they think fit, but in doing so reflect the best interests of the Trust. The Trustee does not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustee.

Voting activity information from each fund and manager (where provided) is summarised in the sections below.

Voting and Engagement Activity

Sections 19 and 22 of the SIP set out the Trustee's policies on ESG factors, stewardship and climate change. These policies set out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.

Following the Department for Work and Pensions ("DWP") requirements, which came into force on 1 October 2019, the Trustee reviewed the SIP, setting out how it takes account of financially material considerations, including ESG considerations and explicitly climate change. In addition, in line with requirements, the SIP also includes the approach to the stewardship of investments and how the Trustee takes account (if at all) of member views on 'non-financial matters'.

Voting Activity during the Trust year

The Trustee has delegated its voting rights to the investment managers. The SIP states "The Trustee will consider the investment advisers' assessment of how the investment managers embed ESG into their investment process. In addition, the Trustee will request information about an investment manager's ESG policies and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment manager's policy on voting and engagement".

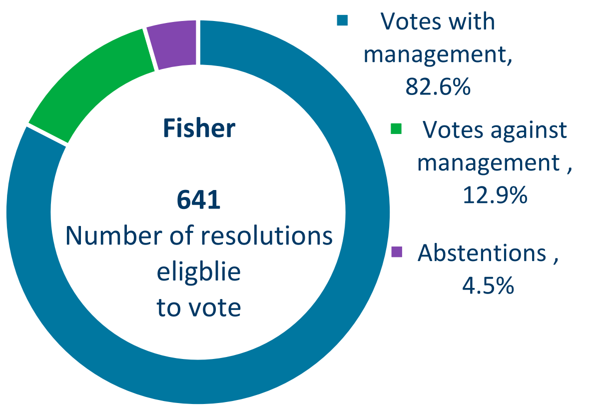
It is the Trustee's view that the policy has been followed during the Trust year.

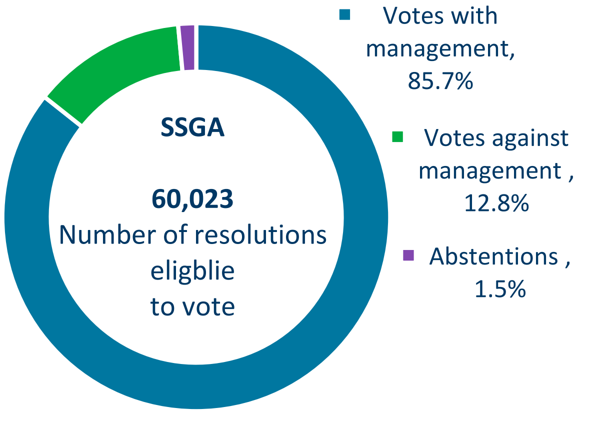
The majority of voting activity will arise in public equity funds. However, voting opportunities may arise in other asset classes such as certain bonds, property, private equity and multi-asset funds. However, the Trustee has only considered voting information relating to listed equity funds this year. The Voting and Engagement policies and activities are therefore included for the Trust's following managers: Fisher, Macquarie, SSGA, TOBAM and Vontobel.

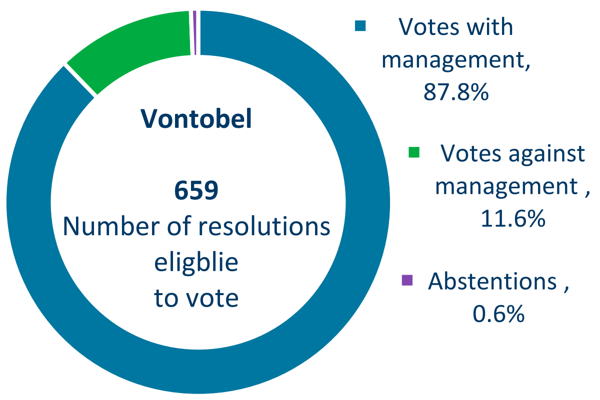
Overview of voting activity, on behalf of the Trustee, for the listed equity funds for the 12 months to 31 March 2021

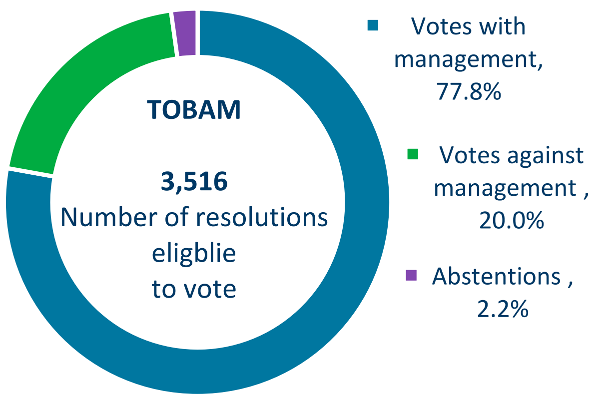
All of the Trust's listed equity managers (Fisher, Macquarie, SSGA, TOBAM and Vontobel) utilize a third-party proxy voting service, Institutional Shareholder Services ("ISS"), to manage the proxy voting process or provide advice on each vote.

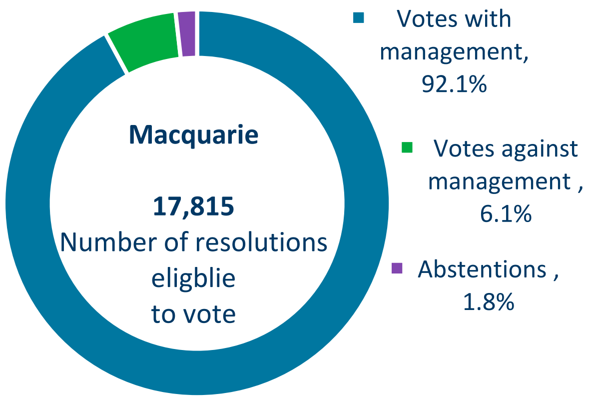
Voting activity information from each of the underlying investment managers (where provided) over the prior 12 months to 31 March 2021 is summarised in the charts below.

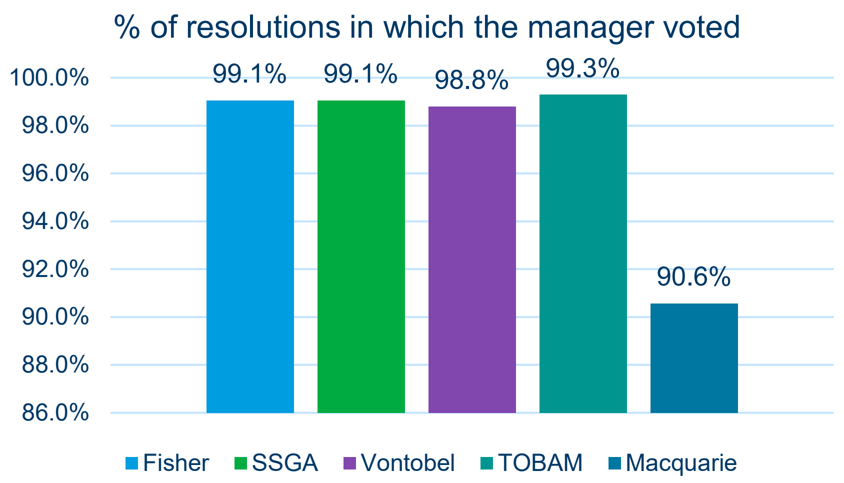












Macquarie's relatively low coverage is being addressed and is expected to improve to be more in line with the other managers.

Overview of Trust's underlying investment managers (Fisher, Macquarie, SSGA, TOBAM and Vontobel) approaches to voting and engagement

Fisher's process for deciding how to vote

Fisher seeks to place the interests of clients first and to avoid conflicts of interest, including those that arise from voting or engagement issues. Fisher's Investment Policy Committee (IPC) maintains full responsibility for all voting activity. However, because many proxy issues fall into well-defined, standardised categories, ISS is utilised as a resource in making informed proxy voting decisions. ISS maintains a comprehensive set of United Kingdom Proxy Voting Guidelines, which incorporate minimum corporate governance standards. ISS then applies these standards to evaluate a wide range of corporate governance issues—including meeting attendance, outside directorships, board member independence, and other factors that can affect director performance.

If the views of the IPC vary from ISS as applied to corporate governance standards, Fisher vote shares in alignment with their view of the best interests of clients—and not necessarily with management. Voting decisions are on the basis of Fisher's internal evaluation in each case and may rely on their own company specific research or other outside research group—in addition to the views of ISS.

Proxy voting services

Fisher utilise a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

Processes for determining the most significant votes

In determining significant votes, Fisher Investments defines "significant" proxy votes as those that were cast against management's recommendation for the twenty companies with the largest assets under management held in the portfolio.

Fisher's engagement process

Fisher engages with companies as part of its fundamental analysis and to clarify or express concerns over potential ESG issues at the firm or industry level. Depending on the issue, the Investment Policy Committee (IPC) may engage in additional meetings with company management, intervene in concert with other institutions on the issue or meet with appropriate members of a company's board.

To encourage a real-time, active engagement dialogue, Fisher prefers either a phone call or in-person meeting with the company. Examples of instances leading to engagements include: When MSCI ESG's rating service downgrades a holding to CCC; when a holding is assigned an MSCI red flag (severe controversy); when Fisher decides against buying a security in an ESG portfolio for ESG-related reasons; when a holding no longer complies with the ESG screens used; when Fisher seeks to learn more about an upcoming proxy vote; when the company has material environment, social and/or governance issues; or at the request of a client.

Engagement example

In January 2021, Fisher engaged with MercadoLibre, Inc. to encourage strong action to reduce greenhouse gas emissions and plastic packaging. Fisher enquired why the company's Scope 1 and Scope 2 greenhouse gas emissions were flat from 2018-2019. The company stated that the reason was due to broadening the scope of what it measures and rapid growth of the company's operations. The company is accelerating electric vehicle purchases in areas where there is sufficient infrastructure, but has not yet reached the tipping point of a net decrease in emissions. On rising plastics use, the company stated that to limit plastics pollution it began using bioplastic bags in 2018, despite challenges finding local suppliers. While company-wide utilisation of bioplastic bags is 7.3%, in Chile the company has managed to meet the country's requirement for 100% bioplastic packaging.

Fisher will review the company's forthcoming sustainability report on specific emissions programme updates and re-engage with the company in six months.

Source: Fisher

SSGA's process for deciding how to vote

All voting decisions are exercised in accordance with SSGA's in-house guidelines or specific client instructions.

In order to facilitate SSGA's proxy voting process, SSGA retains ISS. SSGA utilizes ISS's services in three ways. First, as SSGA's proxy voting agent, ISS provides SSGA with vote execution and administration services. Second, ISS applies SSGA's Proxy Voting Guidelines where appropriate. Lastly, ISS provides the highest level of research and analysis related to general corporate governance issues and specific proxy items.

The SSGA Stewardship team reviews its Proxy Voting Guidelines with ISS on an annual basis or on a case-by-case basis as needed. ISS affects the proxy votes in accordance with SSGA's Proxy Voting Guidelines. Voting matters that are nuanced or that require additional analysis are referred to and reviewed by members of the Stewardship team. Members of the Stewardship team evaluate the proxy solicitation to determine how to vote based on facts and circumstances consistent with SSGA's Proxy Voting Guidelines, which seek to maximize the value of client accounts.

As an extra precaution, the Stewardship team will refer significant issues to the Proxy Review Committee ("PRC") for a determination of the proxy vote. In addition, other measures are put in place in terms of when and whether or not to refer a proxy vote to the PRC. For instance, the Stewardship team takes seriously whether a material conflict of interest exists between their client and those of SSGA or its affiliates. If such a case occurs, there are detailed guidelines for how to address this concern.

SSGA votes in all markets where it is feasible. However, when SSGA deems appropriate, it could refrain from voting meetings in cases as listed below:

1. Where power of attorney documentation is required,
2. Voting will have a material impact on their ability to trade the security,
3. Voting is not permissible due to sanctions affecting a company or individual, or
4. Issuer-specific special documentation is required or various market or issuer certifications are required.
5. SSGA is unable to vote proxies when certain custodians, used by SSGA's clients, do not offer proxy voting in a jurisdiction or when they charge a meeting specific fee in excess of the typical custody service agreement.

SSGA's Vote Prioritization Process:

SSGA votes at over 17,000 meetings on an annual basis and prioritizes companies for review based on factors including the size of their holdings, past engagement, corporate performance and voting items identified as areas of potential concern. Based on this assessment, SSGA will not only allocate appropriate time and resources to shareholder meetings, but will also assign specific ballot items of interest to ensure maximization of value for their clients.

All voting decisions are exercised exclusively in accordance with SSGA's in-house policies and/or specific client instructions. SSGA has established robust controls and auditing procedures to ensure that votes cast are executed in accordance with SSGA instructions. Transparency on these key issues is vital at SSGA. In this regard, SSGA publishes a record of its global voting activity on the Asset Stewardship section of the website.

Proxy voting services

As per above, SSGA utilize a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

Processes for determining the most significant votes

SSGA identifies "significant votes" for the purposes of Shareholder Rights Directive II as follows:

a. All votes on environmental-related shareholder proposals.

b. All votes on compensation proposals where the vote was against the company management's recommendation.

c. All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score). Note R-Factor is an ESG metric devised by SSGA.

d. All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score).

e. All against votes on the re-election of board members due to a lack of gender diversity on board.

SSGA's engagement process

Each year, as part of its strategic review process, the Asset Stewardship team develops an annual engagement strategy, and it identifies a target list of companies that it intends to engage with during the year. Factors considered in developing the target list include:

- Companies identified for engagement based on their in-house governance, compensation and sustainability screens
- Thematic environmental, social, and governance (ESG) issues that the team identifies as potential risks facing investee companies
- In-depth sector specific engagements across their global holdings
- Companies with lagging long-term financial performance within their sector
- Companies at which follow-up engagement is needed based on past discussions

The intensity and type of engagement with a company is determined by SSGA's relative and absolute holdings in that company. In addition, geographic diversity is factored into engagement efforts to reflect the level of economic exposure to various markets. Finally, SSGA considers the engagement culture in a market or geographic region when developing the engagement target list and approach. SSGA meets with companies through in-person meetings and conference calls. Its preferred method for update meetings is via conference calls as this is cost effective for clients and investee companies. This also helps reduce the company's global carbon footprint.

Engagement example

In Q4 2020, SSGA engaged with Danske Bank A/S on its ESG reporting practices in light of a money laundering scandal the company faced in 2019. The conversation revolved around the importance of timely reporting to ESG data providers so the company's remediation efforts and enhanced risk management practices be accurately captured and reflected in its ESG scores and assessments.

Source: SSGA

Vontobel's process for deciding how to vote

Vontobel has retained a third party, ISS, to place and store all of their votes as well as provide proxy vote-related research. Vontobel uses the ISS Sustainability Policy for basic guideline advice, over which sits their customised voting policy.

Vontobel has independence to vote as it believes will best represent the long-term interests of investors. Each holding has an assigned analyst from the research team who is responsible for research on that company. This analyst has the responsibility for the proxy votes. However, when choices are not clear, support is provided by the Head of Thought Leadership & ESG and CIO. All votes that disagree with ISS are checked and approved by compliance.

Proxy voting services

As per above, Vontobel utilize a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

Processes for determining the most significant votes

Vontobel regard significance as a balance between:

a. Weight held within the portfolio

b. Aggregate holding across their portfolios as a proportion of a company's outstanding shares (across portfolios managed by the Vontobel Quality Growth Boutique) and;

c. Potential impact to long-term shareholder value from a proposal

Votes are aimed at aligning shareholder interests with those of the management teams to deliver sustainable long-term growth.

Vontobel's engagement process

Within Vontobel's investment philosophy and process, there is no reliance on the use of public activism to alter management behaviour in order to generate returns. When Vontobel becomes uncomfortable with an issue, the normal approach starts with engaging management to seek clarification to establish if there is a problem. If there is, Vontobel will work with management to try and influence change over a reasonable period of time. Vontobel believes talking with decision makers is an important part of a long-term partnership and often consequential in maintaining conviction as investors. If uncomfortable with an issue, Vontobel will look for management to explain how they plan to remedy the situation. If still uncomfortable, engagement may be escalated to board level or the investment position may be closed.

Engagement example

Zee Entertainment, a leading Indian media company, experienced turbulence at board level, where the stake of the controlling shareholder fell to around 5%. At this point, Vontobel became concerned around the independence of the board and the potential for conflicts of interest and escalated engagement by writing to the board outlining the observations along with suggestions that might reduce the perceived risks. Vontobel also recruited two experienced Indian media executives, believed to provide independence and helpful business insights, to offer as replacement directors for the board. The company responded to Vontobel's suggestions to an extent. The risk management committee representation of independent directors was lifted from 33% to 50% through the addition of an independent director. The company also removed the two independent directors that Vontobel did not regard as independent. These two directors were replaced with candidates that Vontobel regarded as independent directors, although not their candidates. While Vontobel saw these actions as steps in the right direction, concerns remained about overall governance issues facing the company at this stage. Vontobel exited their holding from the Emerging Markets strategy during the year 2020.

Source: Vontobel

TOBAM's process for deciding how to vote

All voting decisions are exercised in accordance with ISS's recommendations to TOBAM and reviewed and validated once a year by TOBAM's audit committee.

TOBAM has outsourced the exercise of its voting rights and voting guidelines to ISS. As noted above this is reviewed and validated once a year by TOBAM's audit committee.

Proxy voting services

As per above, TOBAM utilises a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

Processes for determining the most significant votes

With regards to key voting activity TOBAM has decided to focus on Board diversity in particular. This focus means votes in favour of inclusion and diversity related to the composition of Board of Directors is significant. Thus, votes cast in favour of Board Diversity are generally supported.

TOBAM's engagement process

Recognizing the value of different forms of engagement, TOBAM participates in direct engagement as well as collaborative engagements with other partners or investors.

Engagement example

Chinese IT Company: TOBAM, in partnership and supported by some large institutional clients, started an engagement action in 2019 with a Chinese IT company, allegedly involved in some severe human rights breaches. Allegations were documented by media articles, US universities, Human Rights NGOs.

TOBAM addressed letters to various levels of top management as part of their escalation process but unfortunately they were not addressed by the company. As a result, TOBAM excluded the company from their eligible investment universe due to the lack of consideration for the shareholders and their concerns.

Source: TOBAM

Macquarie's process for deciding how to vote

All voting decisions are exercised in accordance with Macquarie's voting policy.

The Macquarie Systematic Investment team utilises third party researchers ISS and Ownership Matters for recommendations on proxy voting. Key considerations in the appointment and use of Ownership Matters and ISS as proxy service providers is the quality of their service and the alignment of their voting advice with the principles of Macquarie's voting policy. Due to the vast number of securities in the portfolio, all votes are lodged via proxy and Macquarie do not attend Annual General Meetings.

Proxy voting services

As per above, Macquarie utilises a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

Processes for determining the most significant votes

A significant vote to Macquarie would include one or more of the following criteria:

a. Recently involved in a controversial issue, particularly one relating to governance or broader ESG matters.

b. A meeting which includes a Board spill - a situation where an activist takes a position that the existing directors of a company should be replaced by a new set of directors.

c. A resolution related to a merger/acquisition.

Whilst meetings which satisfy the above criteria may warrant further review ahead of a meeting, Macquarie does not prioritise or apply a hierarchy to voting across the portfolio. Macquarie votes at all meetings on all resolutions, wherever possible.

Macquarie's engagement process

Engagement on ESG-related issues for global portfolios is primarily undertaken through a combination of proxy voting and direct engagement with companies. The team does not seek to be an activist investor or to make its positions publicly available, unless it takes the view this is warranted to achieve a better outcome for investors.

It believes that sound corporate governance principles contribute to superior financial performance which translates to long term prosperity. Macquarie is able to potentially influence the corporate governance of companies via discussion with management or the board of directors and through exercising proxy votes.

Engagement example

Domino's Pizza Enterprises (DMP)

Macquarie engaged with DMP on its MSCI score related to raw materials sourcing. DMP acknowledged that while they do the right things, in practice, they haven't shown best practice in reporting. DMP have a project underway to identify a framework to address reporting gaps.

Furthermore, they have a supplier code of conduct document which outlines expectations of business partners, and supply chains, in providing goods and services to DMP. This includes a policy on environmental management which is reasonable as a starting point; however Macquarie expressed that it should be expanded over time to include specific requirements on sustainable sourcing.

Macquarie is currently liaising with DMP to arrange a follow-up meeting as part of their ongoing monitoring of the issue.

Source: Macquarie

Sample of signficant votes

The Trust's managers have provided information on 'significant votes' for their respective funds over the year to 31 March 2021, as determined by the criteria set out earlier in this statement. Below we have set out an example of the 'significant votes' disclosed for each of the funds. The information in this section has been provided directly from managers. As detail of all vote bulletins cannot be disclosed in this statement we have selected some examples below, with a focus of votes that are related to ESG and/or climate related issues (where available). The examples include how they voted and their rationale on determining how to vote.

Fund	Company	Resolution	How you voted and the rationale for the voting decision
Fisher – Emerging Market Equities	Samsung BioLogics Co. Ltd.	Approve Total Remuneration of Inside Directors and Outside Directors	**AGAINST:** Fisher voted against the proposal to approve total remuneration of inside directors and outside directors as the proposed remuneration limit was high relative to that of the market average and the company was proposing an increase without providing any reasonable justification. **Outcome:** Approved. **Date of vote:** 19/03/2021
	Samsung Electronics Co. Ltd.	Elect Byung-gook Park and Jeong Kim as Outside Directors & Elect Sun-uk Kim as Outside Director to Serve as an Audit Member	**AGAINST**: Fisher voted against the incumbent directors of Byung-gook Park, Jeong Kim and Sun-uk Kim as they have collectively failed to remove criminally convicted directors from the board. The inaction is indicative of a material failure of governance and oversight at the company. **Outcome**: Approved **Date of vote**: 17/03/2021
SSGA – Passive Equities	55 instances including Nissan Chemical Corp and Fuji Electric Co. Ltd	Elect Directors	**AGAINST**: In 55 instances SSGA voted against the proposal to elect directors due to the lack of gender diversity on the board.

	15 instances	Climate change action	**FOR:** In 15 instances SSGA voted for proposals to improve a company's disclosures and/or practices related to climate change.
Vontobel – Emerging Market Equities	Alibaba Group Holding Ltd.	Elect Kabir Misra as Director	**FOR:** ISS viewed board director Kabir Misra, a representative of large shareholder Softbank, as non-independent. Softbank does not have any material ongoing related party transaction with the company. Softbank sold Alibaba shares in early 2016 and in 2020 - which Vontobel believe is a sign that Softbank acts independently. They therefore regarded Mr. Misra as independent and voted FOR his election. **Outcome**: Passed **Date of vote**: 30/09/2020
	Toly Bread Co. Ltd	Approve Draft and Summary of Employee Share Purchase Plan	**FOR:** Management proposed a long-term incentive plan aimed at junior/mid-level employees. It had a three-year lock-up period and 99%+ of the plan is to be allocated to junior/mid-level employees. Final compensation is linked to individual performance KPIs. Vontobel discovered an error in the ISS analysis and notified them accordingly, causing them to adjust their comments. Vontobel feel this demonstrates that there are risks in relying on service providers without independent review, particularly on important plans. **Outcome**: Passed **Date of vote**: 19/02/2021
TOBAM – Emerging Market Equities	Over 200 votes	Elect Directors	TOBAM cast 200+ votes to support candidates for Board positions whose appointment would contribute to bringing the level of gender diversity on the board to more than 15%.
Macquarie – Global Small Cap Equities	n/a	n/a	Macquarie was unable to provide an example of a significant vote over the period as it does not prioritise or apply a hierarchy to voting across the portfolio. Macquarie votes at all meetings on all resolutions, wherever possible. Over the year to 31 March 2021, Macquarie did not vote against any climate resolutions. There was one vote during the year specifically relating to climate change, which was a vote to approve Investec Group's (UK) climate change policy. Macquarie supported the resolution. In addition, over the year to 31 March 2021, Macquarie did vote against management in two

	instances related to climate issues (Bloomin' Brands and Enphase Energy Inc). The votes against management occurred when Macquarie (and ISS) believed that shareholders would benefit from additional information on how the company is managing supply chain impacts on greenhouse gas emissions and wider sustainability issues.

Source: Investment managers

Looking forward

The Trustee recognises the importance of issues relating to ESG factors, stewardship and climate change, and will continue to consider these issues alongside the other risks that it monitors as part of its fiduciary duties to the Trust.

This is an evolving area and the Trustee will continue to work with its Investment Consultant, investment advisers and investment managers to monitor developments and consider further ways of integrating ESG factors, stewardship and climate change.

The Trustee also expects all of its investment managers to continue to provide regular reporting on their stewardship activities and their engagement efforts on behalf of the Trust.