John Lewis Partnership Pensions Trust ("the Trust") – Defined Contribution ("DC") Section

Annual 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 Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by The Pensions Regulator ("TPR").

The Trust has both a Defined Benefit ("DB") Section and a DC Section. This statement covers only the DC Section; a separate statement has been prepared for the DB Section.

The table later in the document sets out how, and the extent to which, the policies in the DC 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 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 DC Sub-Committee or DB 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, the Investment Consultant, 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 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 its performance 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 Fund

The Trustee believes it is important to consider the policies in place in the context of the investment objectives it has set. The objectives of the Trust included in the latest DC Section SIP are as follows:

The Trustee's aim is to design a default investment strategy that will be suitable for the majority of members with the objective of enabling them to maximise the return of their DC pension savings while carefully managing the costs and investment risks.

The Trustee also aims to provide a range of other self-select investment options for members who wish to have a higher level of control over their savings and/or feel the default strategy does not meet their requirements and/or appetite for risk.

3.2. Review of the SIP

The Trustee reviewed the Trust's SIP in September 2020. The revision related to the 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

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2021
1	**Kind of investments to be held**	Section 17-19	New underlying funds were added to the JLP Global Equity Fund and JLP Diversified Growth Fund on 1 May 2021, following a review of these funds, with the objective of improving the risk and return characteristics.
2	**The balance between different kinds of investments**		An equity ‘factor’ element was added to the JLP Global Equity Fund (producing exposures to value, momentum, quality, low volatility and small capitalisation stocks alongside an exposure to emerging markets) with the new fund managed by Macquarie. The allocation within the JLP Diversified Growth Fund was split, with a new fund managed by BlackRock added as an underlying fund. The Trustee received formal suitability advice at that time and the SIP was also updated to reflect these changes. The default investment option was also subject to its formal triennial review in March/April 2021. The investments (fund type, management style, fund range, at retirement allocation and asset allocations) used in the default investment option were reviewed as part of the exercise. The output of this review is still being discussed with follow-up work currently being undertaken. The SIP will be updated to reflect any further changes made once this review has been finalised.
3	**Risks, including the ways in which risks are to be measured and managed**	Section 29-32	As detailed in the risk section of the SIP, the Trustee considers both quantitative and qualitative measures for 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 monitoring. 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**	Section 17-19	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 funds were specifically monitored against their respective aims and objectives as well as being compared to peer group risk and return metrics.

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 ISC meetings during the year and provided updates on fund performance and, where required, appropriateness of the investments used by the Trust. The DC Committee ("DCC") was established over the course of the Trust year, which replaced the ISC in relation to the DC section, and has responsibility for the ongoing monitoring of fund performance for the DC 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 reflects 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 16	Assets are invested in daily priced and daily traded pooled funds which hold liquid assets. The pooled funds are commingled investment vehicles which are managed by various investment managers. The selection, retention and realisation of assets within the pooled funds are managed by the respective investment managers. The funds are accessed via an Investment Platform and are held through a long-term insurance policy issued by Legal & General Assurance Society ("LGAS").
7	**Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments**	Section 22 and 30	The Trustee considers the key investment risks identified in Paragraph 30 of the SIP to be financially material. The Trustee believes the appropriate time horizon within which to assess these considerations should be viewed by the Trustee at a member level. This will be dependent on the member's age and their selected retirement age. The majority of these risks are monitored on a quarterly basis by the DCC through the quarterly performance reporting - this includes the risk and return characteristics of the investment managers' funds invested in by the Trust. All of the risks identified are also considered as part of the formal strategic review process undertaken by the Trustee at least every 3 years with the latest review being undertaken in March/April 2021. Section 22 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 strategies and decisions with the Trustees' policies**	Section 24	The Trustee's policy on investment manager incentivisation was added during September 2020 to reflect the new requirements outlined earlier. The Trustee has selected appropriate investment mandates to align with its overall investment strategy. 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, via quantitative analysis and interactions with the Trust's investment managers, in the assessment of the continued appointment of the Trust's investment managers. In the year to 31 March 2021, the Trustee made changes to the underlying investments in the JLP Global Equity and JLP Diversified Growth funds as noted earlier in this statement.
9	**Incentivising 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**	Section 25	The Trustee's policy on investment manager incentivisation was added during September 2020 to reflect the new requirements outlined earlier. The work the Trustee has undertaken during the year on assessing how its investment managers consider ESG risks and opportunities is set out under item 7 above.
10	**Evaluation of the investment manager's performance and the remuneration for asset management services**	Section 26	When considering investment performance, the Trustee focuses on long-term performance. Shorter-term performance will however also be taken into consideration. During the year, the Trustee reviewed the performance on a quarterly basis as part of its regular investment performance monitoring. As part of the annual Value for Members ("VfM") assessment, the Trustee reviewed member-borne fees, which include investment manager fees. A VfM assessment was produced in June 2021 (for the year to 31 March 2021) and the Trustee concluded that, overall, the Trust provides good value for members.
11	**Monitoring portfolio turnover costs**	Section 27	Over the year covered by this statement, the Trustee considered the levels of transaction costs as part of its annual VfM assessment and published this information as part of the costs and charges disclosures mandated by regulations governing the Chair's Statement.

			While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Fund invests in, there is not as yet any “industry standard” benchmark or universe to compare these to. The Trustee will continue to monitor both transaction costs on an annual basis and developments in assessing these costs for value.
12	**The duration of the arrangement with the investment manager**	Section 28	There remain no set durations for investment arrangements used by the Trust. Investment managers are aware that their continued appointment is based on their success in delivering the mandate they have been appointed to manage. As noted earlier, the Trustee made changes to the underlying investments in the JLP Global Equity and JLP Diversified Growth funds.

ESG Stewardship and Climate Change

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2020
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 22	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 recognises that where the Trust invests in pooled funds, the Trustee requires investment fund managers to engage with the investee companies on its behalf. 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 its investment consultant on responsible investment, which covers ESG factors, stewardship, climate change and ethical investing. 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, its in-house team or advisers. Over the year, the Trustee asked its 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

Voting Disclosures

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2020
14	**The exercise of the rights (including voting rights) attaching to the investments**	Section 25	The Trustee has delegated its voting rights to the investment fund 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 to 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 Appendix.

Voting and Engagement Activity

Sections 22 and 25 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 DWP's 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 Environmental, Social and Governance (ESG) considerations and explicitly climate change. In addition, in line with the requirements, the SIP also includes the approach to the stewardship of the 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".

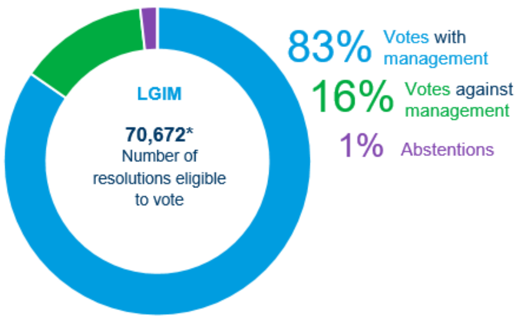
It is the Trustee's view that the policy has been followed during the Trust year.

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 received voting information relating to public equity funds this year. The Voting and Engagement policies and activities are therefore included for the Trust's following managers: Legal & General Investment Management ('LGIM'), Macquarie, BlackRock and HSBC.

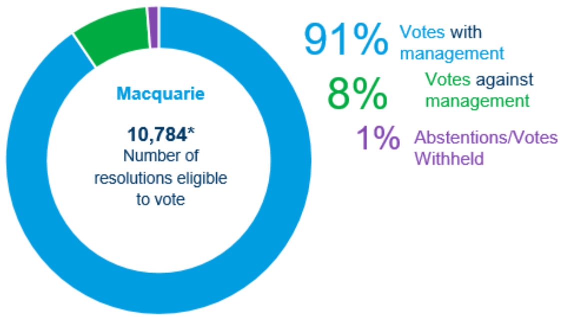
Overview of voting activity, on behalf of the Trustee, for the funds containing equity for the 12 months to 31 March 2021

JLP Global Equity Fund

The JLP Global Equity Fund has underlying exposure to funds managed by LGIM and Macquarie. Below is a summary of the voting information provided by each manager in relation to their underlying fund.



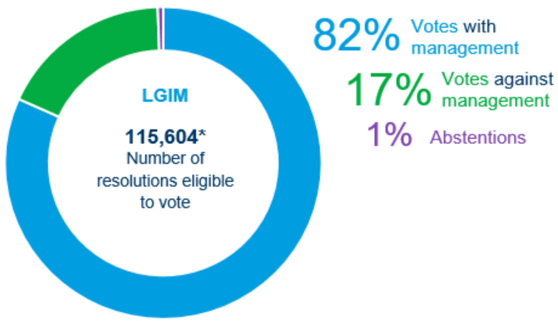
*99.9% of resolutions voted on



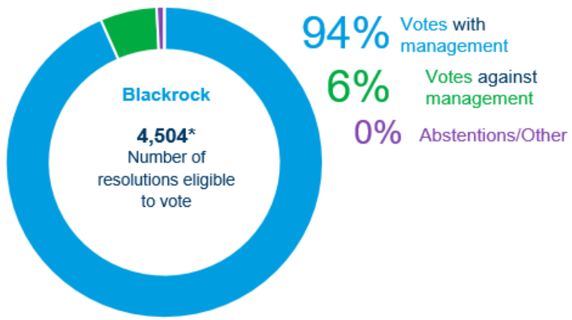
*91.3% of resolutions voted on

JLP Diversified Growth Fund

The JLP Diversified Growth Fund has underlying exposure to funds managed by LGIM and BlackRock. Below is a summary of the voting information provided by each manager in relation to their underlying fund.



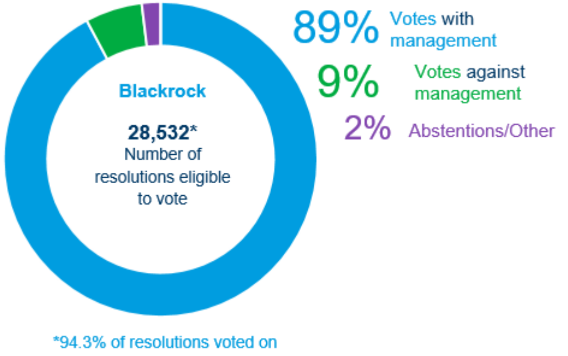
*99.0% of resolutions voted on



*86.0% of resolutions voted on

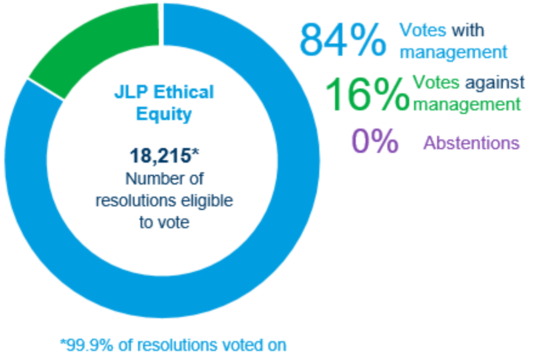
JLP Cautious Diversified Growth Fund

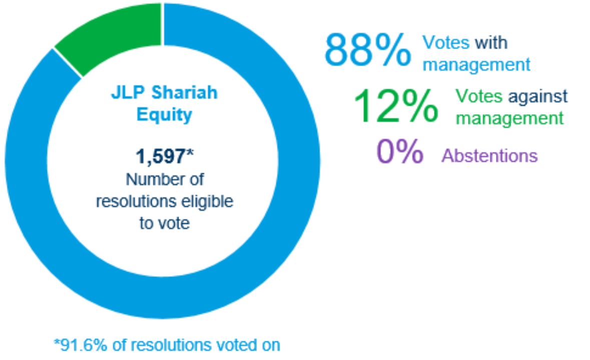
The underlying fund of the JLP Diversified Growth Fund is managed by BlackRock. Below is a summary of the voting information provided by BlackRock for the underlying fund.



Self-select funds

In addition to the fund already presented, two additional self-select funds have exposure to public equity, the JLP Ethical Equity Fund (managed by LGIM) and the JLP Shariah Equity Fund (managed by HSBC). Below is a summary of the voting information provided by each manager in relation to their underlying funds.





Use of Proxy Voting Services by the managers

The table below sets out the use of proxy voting for each of the managers holding public equity.

Manager	Use of proxy voting
BlackRock	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team, which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines. BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, as one among many inputs into the vote analysis process and BlackRock stated it does not blindly follow their recommendations on how to vote. BlackRock primarily uses proxy research firms to synthesize corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial; to manage client accounts in relation to voting and facilitate client reporting on voting. Other sources of information include the company's own reporting, engagement and voting history with the company, and the views of its active investors, public information and ESG research.
LGIM	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports that LGIM receives from ISS for UK companies when making specific voting decisions. To ensure their proxy provider votes in accordance with their 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 which LGIM believes all companies globally should observe, irrespective of local regulation or practice. LGIM retains the ability in all markets to override the automatic application of their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM has strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform and an electronic alert service to inform them of rejected votes which require further action.

Manager	Use of proxy voting
Macquarie	The manager utilises third party researchers ISS and Ownership Matters for recommendations on proxy voting. Key considerations in the appointment and use of Ownership and ISS as proxy service providers are the quality of their service and the alignment of their voting advice with the principles of Macquarie Investment Management's voting policy. Due to the vast number of securities in the portfolio, all votes are lodged via the ISS Proxy Voting platform and Macquarie does not attend Annual General Meetings.
HSBC	HSBC uses the voting research and platform provider ISS to assist with the global application of their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene their guidelines. HSBC reviews voting policy recommendations according to the scale of their overall holdings. The bulk of holdings are voted in line with the recommendation based on their guidelines.

Source: Managers

Sample of signficant votes

The Trustee has been provided with the 'most significant votes' for a number of funds within the Trust. It is not possible to disclose all this information in this statement. Therefore, the Trustee has focused on the funds the Trust has the largest exposure to; that is, the funds used in the default. The funds with significant exposure to equity in the default are managed by LGIM, BlackRock and Macquarie.

There is no official definition of what constitutes a significant vote; managers have adopted a variety of interpretations such as:

- There is a particular interest in a specific vote relating to an issue
- The potential impact on the financial outcome
- Size of the holding in the fund / mandate, and
- Whether the vote was high-profile or controversial

Below we present each manager's interpretation of a 'significant vote' and a selection of examples for each.

LGIM

<u>Processes for determining the most significant votes</u>

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association ("PLSA") consultation. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

LGIM publicly discloses its votes for the major markets on its website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements.

Significant votes undertaken by LGIM for the equity holdings for the 12 months to 31 March 2021.

LGIM has provided information on 9 votes for the year to 31 March 2021 which are considered to be the most significant votes for the LGIM Diversified fund. Below are 4 examples of these votes along with details of how LGIM voted and its rationale for determining how to vote.

Company	**Resolution**	**How LGIM voted, the rationale for the voting decision, outcome and date of the vote**
Qantas Airways Limited	Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.	**AGAINST.** The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as it wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. In collaboration with their Active Equities team, LGIM's Investment Stewardship team engaged with the Head of Investor Relations of the company to express their concerns and understand the company's views. The voting decision ultimately sat with the Investment Stewardship team. LGIM supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, LGIM's concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. LGIM voted against resolution 3 to signal their concerns. **Outcome -** About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration, in its view. Date of vote: 23 October 2020
Medtronic plc	Resolution 3 Advisory Vote to	**AGAINST.** Following the end of the financial year, executive directors were granted a special, one-off award of stock options to compensate for no bonus being paid out during the financial year. LGIM voted against the one-

Company	Resolution	How LGIM voted, the rationale for the voting decision, outcome and date of the vote
	Ratify Named Executive Officers' Compensation.	off payment as it is are not supportive of one-off awards in general and in particular when these are awarded to compensate for a payment for which the performance criterion/criteria were not met. Prior to the AGM, LGIM engaged with the company and clearly communicated their concerns over one-off payments. **Outcome -** The voting outcome was as follows: For: 91.73%; against: 8.23%. Date of vote: 11 December 2020
Barclays	Resolution 29: Approve Barclays' Commitment in Tackling Climate Change Resolution 30: Approve ShareAction Requisitioned Resolution	**FOR resolution 29, proposed by Barclays and FOR resolution 30, proposed by ShareAction.** The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. LGIM noted the role of the Investor Forum in relation to the significant role it played in coordinating this outcome. **Outcome -** Resolution 29 was supported by 99.9% of shareholders and Resolution 30 was supported by 23.9% of shareholders (source: Company website). Date of vote: 7 May 2020
The Procter & Gamble Company (P&G)	Resolution 5: Report on effort to eliminate deforestation.	**FOR a resolution proposed by Green Century.** P&G uses both forest pulp and palm oil as raw materials within its household goods products. The company has only obtained certification from the Roundtable on Sustainable Palm Oil for one-third of its palm oil supply, despite setting a goal for 100% certification by 2020. Two of their Tier 1 suppliers of palm oil were linked to illegal deforestation. Finally, the company uses mainly Programme for the Endorsement of Forest Certification (PEFC) wood pulp rather than Forestry Stewardship Council (FSC) certified wood pulp. Palm oil and Forest Pulp are both considered leading drivers of deforestation and forest degradation, which are responsible for approximately 12.5% of greenhouse gas emissions that contribute to climate change. The fact that Tier 1 suppliers have been found to have links with deforestation calls into question due diligence and supplier audits. Only FSC certification offers guidance on land tenure, workers', communities and indigenous people's rights and the maintenance of high conservation value forests. LGIM engaged with P&G to hear its response to the concerns raised and the requests raised in the resolution. LGIM spoke to representatives from the proponent of the resolution, Green Century. In addition, LGIM engaged with the Natural Resource Defence Counsel to fully understand the issues and concerns. Following a round of extensive engagement on the issue, LGIM decided to support the resolution. Although P&G has introduced a number of objectives and targets to

Company	Resolution	How LGIM voted, the rationale for the voting decision, outcome and date of the vote
		ensure their business does not impact deforestation, LGIM felt it was not doing as much as it could. The company has not responded to CDP Forest disclosure; this was a red flag to LGIM in terms of its level of commitment. Deforestation is one of the key drivers of climate change. Therefore, a key priority issue for LGIM is to ensure that companies are not contributing to deforestation. LGIM has asked P&G to respond to the CDP Forests Disclosure and continue to engage on the topic and push other companies to ensure more of their pulp and wood is from FSC certified sources. **Outcome -** The resolution received the support of 67.68% of voting shareholders (including LGIM). Date of vote: 13 October 2020

LGIM's engagement process

A key pillar of its approach to index strategies is active ownership: encouraging companies to consider sustainability risks, develop resilient strategies and consider their stakeholders. Through co-ordinated engagement efforts with the Investment Stewardship team, LGIM's portfolio managers undertake regular engagement with the companies in which they invest, with some campaigns lasting multiple years. When one-to-one engagement does not yield results, LGIM may seek to escalate engagement through collaborating with other institutional investors directly, or via investor networks, to amass voting power.

Engagement example

In 2020, LGIM expanded its Climate Impact Pledge, a targeted engagement programme launched in 2016 that combines in-depth analysis of companies' climate strategies alongside voting and investment sanctions.

Initially focused on about 80 companies in key sectors, the pledge has contributed to tangible improvements, with a number of companies from which LGIM had previously divested within certain strategies stepping up their action on climate issues following their engagement. LGIM was pleased to announce that they reinstated investments in Japanese automaker Subaru, after the assessment tool evidenced progress on emissions targets and climate disclosures, as well as board independence and diversity.

Source: LGIM

BlackRock

Process for determining the most-significant votes

BlackRock Investment Stewardship ("BIS") team prioritises its work around themes that it believes will encourage sound governance practices and deliver sustainable long-term financial performance at the companies in which BlackRock invests on behalf of their clients. BlackRock's year-round engagements with clients to understand their focus areas and expectations, as well as BlackRock's active participation in market-wide policy debates, help inform these priorities. The themes identified are reflected in the Global Principles, market-specific voting guidelines and engagement priorities, which underpin their stewardship activities and form the benchmark against which the sustainable long-term financial performance of investee companies is looked at.

Significant votes undertaken by BlackRock for the equity holdings for the 12 months to 31 March 2021

BlackRock publishes "vote bulletins" on key votes at shareholder meetings to provide insight into certain vote decisions that are expected to be of particular interest to clients. These bulletins are intended to explain BlackRock's vote decisions relating to a range of business issues including environmental, social, and governance matters that is considered, based on BlackRock's global principles and engagement priorities, material to a company's sustainable long-term financial performance.

BlackRock has provided a sample of 10 "vote bulletins" for the year to 31 March 2021 that is believed to be significant. As detail of all vote bulletins cannot practically be disclosed in this statement we have selected 4 as an example below.

Company	Resolution	How BlackRock voted, the rationale for the voting decision and date of vote
Barclays	**Resolution 29:** Approve Barclay's Commitment to Tackling Climate Change **Resolution 30**: Approve ShareAction Requisitioned Resolution	The company recommends shareholders vote FOR Resolutions 1-29 and AGAINST Resolution 30. BlackRock, through an independent fiduciary, voted **FOR** all management resolutions and **AGAINST** shareholder Resolution 30. The independent fiduciary reported that it took into consideration several factors when voting to support the company's own climate change resolution (Resolution 29) and against the shareholder resolution (Resolution 30). Support for both resolutions would have been problematic as they are both binding. The independent fiduciary determined that, as outlined in Resolution 29, the company sets a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders' concerns for the time being. Date of vote: 7 May 2020
Exxon Mobil	**Item 1.2**: Elect Director Angela	**Against** Director Angela F. Braly for insufficient progress on Task Force on Climate-Related

Company	Resolution	How BlackRock voted, the rationale for the voting decision and date of vote
Corporation	F. Braly **Item 1.4**: Elect Director Kenneth C. Frazier **Item 4**: Require Independent Board Chair	Financial Disclosures ('TCFD') aligned reporting and related action. **Against** Director Kenneth C. Frazier for insufficient progress on TCFD aligned reporting and related action, and for failure to provide investors with confidence that the board is composed of the appropriate mix of skill sets and can exercise sufficient independence from the management team to effectively guide the company in assessing material risks to the business. **For** the Independent Chair proposal on account of BlackRock's belief that the board would benefit from a more robust independent leadership structure given the concerns noted below. Date of vote: 27 May 2020
Mizuho Financial Group	**Item 5:** Shareholder Proposal. Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement	BlackRock, through an independent fiduciary, voted **AGAINST** all shareholder proposals, including Item 5, and FOR all management resolutions. The independent fiduciary reported that it took into consideration the company's policies and the announcements made since the shareholder proposal was filed. The independent fiduciary determined that the company now has policies in place that address the issues raised in the proposal. Date of vote: 25 June 2020
Chevron Corporation	**Item 6:** Report on Climate Lobbying Aligned with Paris Agreement Goals	The company recommended shareholders vote **AGAINST** this shareholder proposal. BlackRock voted FOR this proposal, as greater transparency into the company's approach to political spending and lobbying as aligned with their stated support for the Paris Agreement will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy. Date of vote: 27 May 2020

BlackRock's engagement process

BlackRock engages on financially material, business relevant issues, including governance, sustainability and long-term performance. Engagement is core to their stewardship efforts as it enables them to provide feedback to companies and build mutual understanding about corporate governance and sustainable business practices, including leadership quality, corporate strategy, financial performance and approach to material environmental, social and governance (ESG) risks and opportunities. From 1 July 2019 to 30 June 30 2020, BlackRock engaged with over 2,000 companies and held over 3,000 engagements, covering 61% by value of their clients' equity investments.

Engagement example

BlackRock has had a long history of multiyear, intensive engagements with Exxon on a wide range of nuanced governance issues, including board composition, board shareholder engagement, corporate strategy and oversight of climate risk, among other topics. Over the last several years, BlackRock intensified the focus with the company on the financial risks of a transition to a lower carbon economy and on BlackRock's desire, as a long-term investor, for more fulsome information on the company's approach to overseeing and managing these risks.

Source: BlackRock

Macquarie

Processes for determining the most significant votes

Macquarie views a significant vote as a vote that includes one or more of the following criteria:

- Recently involved in a controversial issue, particularly one relating to governance or broader ESG matters.
- 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.
- A resolution related to a merger/acquisition.

Significant votes undertaken by Macquarie for the 12 months to 31 March 2021

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.

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

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 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 Trustee.