XPS Investment

Mitchells & Butlers Pension Plan – DB Section Implementation Statement for the year ended 31 March 2021

Introduction

This Implementation Statement has been prepared by Mitchells & Butlers Pensions Limited ("the Trustee") and relates to the Defined Benefit (DB) Section ("the DB Section") of the Mitchells & Butlers Pension Plan ("the Plan") for the year ended 31 March 2021 and provides information on:

- Any reviews of the Plan's Statement of Investment Principles ("SIP") undertaken by the Trustee and any changes made to the DB Section of the SIP over the Plan year as a result of such reviews.
- The extent to which, in the opinion of the Trustee, the DB Section of the Plan's SIP has been followed during the year.

In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year on behalf of the Trustee by Investment Managers.

A copy of this Implementation Statement will be made available online.

To ensure that decisions on implementing the investment policies set out in the SIP are taken by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates certain responsibilities to the Mitchells & Butlers Common Investment Fund Trustee ("the CIF Trustee"), the Investment Consultant, the Investment Managers, the Custodian (and sub-Custodians where relevant for pooled investment vehicles) and the Performance Measurer. Further detail on the delegation of responsibilities by the Trustee can be found in the SIP which is available online.

Review of, and changes to, the DB Section of the SIP

As at 31 March 2021, the version of the SIP in place was dated August 2020. There are two parts to the SIP, covering the DB Section and the DC Section. This reflects the operational differences between the two sections of the Plan.

The DB Section of the SIP was reviewed once during the Plan year and a revised version was agreed by the Trustee in August 2020. The revisions included:

- The Trustee's arrangements with its Investment Managers, including how the Trustee incentivises the asset managers to align their investment decisions with the Trustee's investment policies and how the Trustee evaluates the performance of the Investment Managers.
- The Trustee's delegation of exercising voting rights to the Investment Managers in accordance with their own corporate governance policies. The Trustee expects managers to take into account current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The CIF Trustee can challenge the Investment Managers on their decisions made, including voting history and engagement activities to seek to encourage the best long term performance.
- The Trustee's policies on ESG, climate change and stewardship within the investment strategy and ongoing monitoring of the processes adopted by the Investment Managers.

How the SIP has been followed during the year

During the reporting year the Trustee is satisfied that they followed the investment policies within the DB Section in the following ways:

- Kinds of investments to be held. The Trustee's policy is to acquire assets of appropriate liquidity which will generate income and capital growth. The funds held by the DB Section incorporate assets of appropriate income and liquidity to meet the Trustee's overall investment objectives and to aim to ensure members' benefits can be paid as they fall due.
- Balance between different investments. The Trustee's policy is to invest in a diversified portfolio of return seeking and liability matching assets in line with the benchmark allocation specified in the SIP. The funds held by the DB Section at year end incorporate assets held with the objective of outperforming the Plan's liabilities (e.g. Real Estate and Infrastructure Debt, Secured Finance, Absolute Return Equities and Bonds, Asset-Backed Securities) and liability matching assets (e.g. LDI and Buy & Maintain Credit). The Trustee reviewed the investment strategy during the year and made decision to de-risk the portfolio by fully disinvesting the Plan's allocation to Equities (noting the Plan maintains some exposure to Equities through the Absolute Return mandates) and increasing the Plan's allocation to contractual income generating assets, namely Asset Backed Securities..
- Risks (measurement and management). The Trustee receives strategic investment advice from the Investment Consultant that includes risk modelling and quantification (e.g. Value at Risk) whenever strategic changes are considered. Such risks are also measured on a quarterly basis through the Quarterly Investment Monitoring Report ("QIMR"). The Trustee considers each Investment Manager's role and approach to managing risk as part of the ongoing monitoring of such managers, and particularly when selecting a new Investment Manager (such as TwentyFour Asset Management who were selected during the period).
- Meeting the expected level of investment return. The Trustee's policy is to invest in a mixture of assets such that future investment returns will at least meet the rate of return underlying the recovery plan. This return, along with Sponsor contributions, is expected to cover the cost of benefits the DB Section provides.
- Realisation of investments. The Trustee recognises that assets may need to be realised to meet the Plan's obligations and will ensure that an appropriate amount of readily realisable assets are held at all times. The Trustee maintains a proportion of its investments in sufficiently liquid investments and investments which distribute income in order to meet short term benefit payments as required. Advice on the realisation of investments to meet benefit payments is provided by the Investment Consultant as and when required. The decision over which specific underlying investments will be realised within a mandate is delegated to the Investment Manager.
- Ongoing governance of the Plan's investment strategy. The CIF Trustee, on behalf of the Trustee, considers investment issues in detail at CIF Trustee meetings. The CIF Trustee receives a QIMR from the Investment Consultant which analyses performance over the last quarter, 1 Year and 3 Year time periods (based on information provided by the Custodian and Performance Measurer). The CIF Trustee, with the assistance of the Investment Consultant, monitored the processes and operational behaviour of the Investment Managers throughout the reporting year, to ensure they remained appropriate and in line with the Trustee's requirements.
- ESG (including climate change). The Trustee's policy is to delegate the ongoing monitoring and management of ESG risks and those related to climate change to the Plan's Investment Managers. The Trustee updated its policy in relation to ESG and voting issues during the year. The Trustee monitors how ESG and climate change considerations are integrated within the investment processes adopted by its Investment Managers and considers these issues as part of the criteria when appointing new Investment Managers. The Trustee has set the Investment Consultant the objective of ensuring that, over time, selected managers reflect the Trustee's views on ESG (including climate change) and stewardship.
- Non-financial matters. The Trustee's policy is to act in the best interests of the beneficiaries of the Plan when selecting, retaining or realising investments. It has neither sought nor taken into account beneficiaries' views on risks including (but not limited to) ethical, social and environmental issues. The Trustee seeks professional advice in relation to the management of the assets of the Plan to ensure that the decisions are made in the best interests of Plan's beneficiaries.
- Voting rights. The Trustee has delegated responsibility for the exercise of rights attached to the Plan's investments to the Investment Managers. The Trustee is satisfied that the Investment Managers' policies on corporate governance and exercising of voting rights reflect the Trustee's policies. The Trustee requires the Investment

Managers to report on significant votes made on behalf of the Trustee at least annually and further detail is contained below on these significant votes.

- Stewardship. The Trustee encourages Investment Managers to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments. The Trustee monitors how stewardship is integrated within the investment processes adopted by the Investment Managers and considers this when appointing new Investment Managers. The Trustee is satisfied that stewardship policies were appropriately considered as part of the appointment of TwentyFour Asset Management during the period.
- Arrangements with Investment Managers. The Trustee, with the assistance of the Investment Consultant, monitors the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in the SIP. The Trustee is a long term investor and is not seeking to change investment arrangements on a frequent basis unless there is a strategic change to the investment strategy that no longer requires exposure to a particular asset class or manager. The length of the Investment Manager appointment also depends on the fund's structure (open or closed-ended). Once this lifetime of a close-ended fund is completed the Trustee will decide an appropriate investment for the realised capital that aligns with the long term goals of the overall Plan strategy at that time.
- Portfolio turnover costs. The Trustee does not currently actively monitor portfolio turnover costs across the whole portfolio, but Investment Manager performance is generally reported on a net of fees and costs basis. The Trustee incentivises managers in this way to keep portfolio turnover costs to minimum required to meet and exceed their objectives. The Trustee will continue to monitor industry improvements concerning the reporting of portfolio turnover costs.

Manager selection exercises

One of the main ways in which the Trustee's policies can be expressed is via Investment Manager selection exercises. In particular, the Trustee seeks advice from the Investment Consultant on the extent to which its views on ESG and climate change risks can be taken into account during these selection exercises.

During the period, the Trustee agreed to introduce the following investments into the Plan's portfolio:

- TwentyFour Monument Bond Fund (pooled investment vehicle)
- TwentyFour Sustainable Enhanced Income Fund (pooled investment vehicle)

Investment into the funds took place after the end of the reporting period.

The Trustee acknowledges that they have greater ability to integrate their own policies into the Plan's investment strategy through segregated investments (in particular depending on the extent to which ESG considerations can be integrated to the management of a specific asset class). The Trustee also acknowledges that they have less ability to do so where pooled investment vehicles are selected but that the Trustee does have the ability to assess the ESG capabilities of each new Investment Manager for pooled investment vehicles or to terminate an investment into an existing pooled investment vehicle if it is deemed to no longer align to the Trustee's own ESG policies.

Each new investment was recommended by the Investment Consultant, using various criteria. One of the criteria - in acknowledgement of the Trustee's updated ESG policy - was that the Investment Manager had been found to have a credible ESG capability, with decisions linked to that capability applied to the management of assets to an acceptable degree. This was the case for both pooled investment vehicles selected during the period.

Adherence to voting and engagement policies

As noted previously, the Trustee has delegated responsibility for the exercising of rights (including voting rights) attached to the Plan's investments to the Investment Managers and encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

The main asset class where the Investment Managers exercise voting rights on behalf of the Trustee is equities. During the period, the Plan had specific allocations to public equities, in UK and overseas markets through its allocation to core equities (disinvested during the period) and the Absolute Return (equity based) investments.

The Trustee understands the importance of carrying out a periodic review of the voting and engagement information of its Investment Managers to ensure they align with its own policies. The Trustee, with the assistance of the Investment Consultant, requested such information from the Investment Managers for the period 1 April 2020 to 31 March 2021.

During the period the Trustee did not use the direct services of a proxy voting manager but accepts that Investment Managers reserve the right to use proxy managers for the purpose of obtaining third party research or proxy-related services (including the provision of recommendations) that may influence their voting activity on behalf of the Trustee.

Manager	Ruffer LLP
Fund name	Absolute Return (equity based)
Structure	Segregated investment
Number of company meetings the manager was eligible to vote at over the year	45
Number of resolutions the manager was eligible to vote on over the year	662
Percentage of resolutions the manager voted on	86%
Percentage of resolutions the manager abstained from	2%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	92%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	8%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	0%
Manager's policy on consulting with clients before voting	
Ruffer, as a dicretionary Investment Manager, does not have a formal policy on consulting with clients before voting. However, Ruffer can accommodate client voting instructions for specific areas of concerns or companies where feasible.	
How has the manager made use of the proxy voting services	
Ruffer's proxy voting advisor is Institutional Shareholder Services ("ISS"). They have developed their own internal voting guidelines, however Ruffer take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer are cognisant of proxy advisers' voting recommendations, they do not delegate or outsource their stewardship activities when deciding how to vote on their clients' shares. Each research analyst, supported by Ruffer's responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.	
What process manager follows for determining "most significant" votes	
Ruffer have defined 'significant votes' as those that they think will be of particular interest to their clients. In most cases, these are when the clients form part of continuing engagement with the company and/or Ruffer have held a discussion between members of the research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and Ruffer's internal voting guidelines.	

Ruffer LLP Significant votes	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company Name	Exxon Mobil			Cigna	Wheaton Precious Metals
Date of Vote	27/05/2020			24/04/2020	14/05/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Ruffer had divested from the company by the time of the vote, but retained the right to vote at the AGM given their stock holding period.			0.99%	0.86%
Summary of the resolution	Re-election of non-executive directors	Further disclosure of the company's lobbying activities	An independent board Chair	Re-election of non-executive directors	Re-election of non-executive directors
How the manager voted	Against	For	For	Against 6 non-executive directors	Against 5 non-executive directors
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes, this was part of an ongoing engagement with the company.			No	
Implications of the outcome	Ruffer voted against the non-executive directors due to the inflexibility the company has shown in relation to shareholder engagement on the topic of climate change. Ruffer have since sold down the equity considerably.	Ruffer support resolutions that aim at increased disclosure and transparency of these payments. Ruffer will further engage with the company on the issue of lobbying and use their voting rights to underline this issue.	Ruffer voted for the separation of CEO and Chair as they believe that the effectiveness of the board could be improved.	Ruffer will continue to vote against the re-election of non-executive directors where they have concerns about their independence.	
Criteria on which the vote is considered "significant"	Votes against the election of directors for material holdings.	Votes against management were in the context of an ongoing engagement with the company and the result of extensive internal discussions.		Votes against the election of directors for material holdings.	

Manager	Marathon Asset Management LLP
Fund name	Pan European Equity – disinvested on 10/03/2021
Structure	Segregated investment

Number of company meetings the manager was eligible to vote at over the year	190
Number of resolutions the manager was eligible to vote on over the year	3,225
Percentage of resolutions the manager voted on	100%
Percentage of resolutions the manager abstained from	1%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	97%
Percentage of resolutions voted *against* management	3%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	3%
Manager's policy on consulting with clients before voting	
Marathon considers the ability to influence management as an integral part of the investment management function. Exercising proxy votes on investee companies on behalf of their clients is an instrumental tool in that effort and whilst Marathon are happy to discuss voting with clients the ultimate decision of how they decide to vote rests with the investment team.	
How has the manager made use of the proxy voting services	
Marathon uses the recommendations prepared by Institutional Shareholder Services ("ISS") as the basis for its proxy voting policy but reserves the right to deviate from the ISS recommendation where it is felt Marathon has a better understanding of the specific circumstances surrounding a particular issue. On a daily basis, the responsible team within Portfolio Accounting logs into the ISS portal to review any changes to voting dates and requirements. Marathon portfolio managers must then approve or reject the proposal of ISS. If they reject the proposed voting strategy, valid reasons must be provided. Voting instructions are uploaded into the ISS portal, which is subject to a review by the team supervisor prior to submission. ISS provide a full reporting facility to Marathon detailing voting recommendations and actual votes transmitted to custodians.	
What process manager follows for determining "most significant" votes	
Marathon's portfolio managers consider votes to be the "most significant" in the following type of scenarios: • Marathon owns > 10% free float • Vote against management recommendation • Vote against ISS recommendation • Vote is a hot topic in financial press • Shareholder proposal • M&A activity To improve this process, Marathon plans to capture additional commentary from portfolio managers at the time of voting (within the firm's existing proxy voting process), that will help specify if they feel a vote is "significant" and why. This will help identify those votes deemed "most significant" in future reporting periods.	

Marathon Asset Management LLP Significant Votes	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company Name	McCarthy & Stone Plc (UK)	Airbus SE (Netherlands)	HelloFresh SE (Germany)	Bankia SA (Spain)	Anheuser-Busch InBev SA/NV (Belgium)
Date of Vote	07/12/2020	16/04/2020	30/06/2020	01/12/2020	03/06/2020
Approximate size of fund's	0.51%	0.75%	1.53%	0.20%	0.58%

holding as at the date of the vote (as % of portfolio)					
Summary of the resolution	Take over (Cash Offer) of McCarthy & Stone plc by Mastiff Bidco Limited.	Discharge of Executive and Non-Executive Members of the Board of Directors (representing formal approval of actions taken during the year in question).	Re-election of the supervisory board and a move to re-election every two years from every year.	Merger by Absorption of Bankia SA by CaixaBank SA	Re-elect the existing board (each individual was a separate sub-motion)
How the manager voted	Against proposal. Against both management and ISS recommendation.	For proposal. In-line with management, but against ISS recommendation.	For proposal. In-line with management, but against ISS recommendation	For Proposal. In- line with both ISS and Management	For proposals. In-line with management, but against ISS recommendation.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	The bid was discussed with management prior to voting.	N/A			
Implications of the outcome	The manager did not provide details of the implications, however noted that Marathon viewed the proposal as opportunistic and not reflective the true value of the business.	The manager did not provide details of the implications, however noted that a vote against was warranted to signal serious concern over past practices. Marathon viewed this as too strong a message to send to what was now a wholly new board and voted against ISS recommendations.	The manager did not provide details of the implications, however noted that Marathon already knew the supervisory board and sought assurance from HelloFresh to the board's composition and independence prior to voting. Also an increase to two years, in Marathon's view, might allow members to think more strategically.	The manager did not provide details of the implications, however they believed Spanish banking market to be likely to consolidate and found the terms of the offer made for the business by CaxiaBank were fair and valued the business appropriately.	The manager did not provide details of the implications, however noted that Marathon saw most of the appointments as re-elections of comparatively long-standing directors which they feel helps to ensure continuity of management. Marathon believe that a more gradual, nuanced approach is better than a sudden change to align with international

					best practice at the risk of destabilising the management of the business.
Criteria on which the vote is considered "significant"	Vote against the recommendation of both Management and ISS.	This was a high-profile vote at a controversial business. Marathon considered rebuking the new board – with what almost amounted to a vote of no confidence - would send too strong a signal to a business attempting to rebuild its reputation in extremely challenging circumstances.	The suggestion to vote against the re-appointment of the entire supervisory board would have been an extreme message of no-confidence in the governance of the business.	The vote was significant in that it caused an alteration to the portfolio. It is also an example which illustrates one side of Marathon's capital cycle approach to investing.	This vote was an example where a strict rules-based approach to voting could have a negative outcome for the company and investors. Marathon prefers to vote weighing each company's circumstances and jurisdictional norms versus the likely costs of benefits of an action.

Manager	Legal and General Investment Management	
Fund name	UK Equity Index Fund – disinvested on 10/03/2021	North America Equity Index Fund - disinvested on 10/03/2021
Structure	Pooled investment vehicle	Pooled investment vehicle
Number of company meetings the manager was eligible to vote at over the year	943	794
Number of resolutions the manager was eligible to vote on over the year	12,574	9,495
Percentage of resolutions the manager voted on	100%	100%
Percentage of resolutions the manager abstained from	0%	0%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	93%	72%
Percentage of resolutions voted *against* management	7%	28%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	1%	0%
Manager's policy on consulting with clients before voting		
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all LGIM's clients. LGIM's voting policies are reviewed annually and take into account feedback from their clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to		

develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.
How has the manager made use of the proxy voting services
LGIM's Investment Stewardship team uses Institutional Shareholder Service's (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receive from ISS for UK companies when making specific voting decisions. To ensure their proxy provider votes in accordance with LGIM's position on ESG, they have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any vote decisions, which are based on 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 have 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.
What process manager follows for determining "most significant" votes
As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of their activity is critical for their clients and interested parties to hold LGIM to account. For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what LGIM deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information. In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. 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 provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

Legal and General Investment Management UK Equity Index Fund Significant Votes	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company Name	International Consolidated Airlines Group	Imperial Brands plc	Pearson	SIG plc	Barclays
Date of Vote	07/09/2020	03/02/2021	18/09/2020	09/07/2020	07/05/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	The manager did not provide this information.				
Summary of the resolution	Resolution 8: Approve Remuneration Report	Resolutions 2 and 3, respectively, Approve Remuneration Report and Remuneration Policy.	Resolution 1: Amend remuneration policy	Resolution 5: Approve one-off payment to Steve Francis	Resolution 29 and 30, respectively, Approve Barclays' Commitment in Tackling Climate Change and ShareAction Requisitioned Resolution
How the manager voted	Against	Against both resolutions.	Against	Against	For both resolutions
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as LGIM's engagement is not limited to shareholder meeting topics.				
Implications of the outcome	LGIM will continue to engage closely with the renewed board.	LGIM continues to engage with companies on remuneration both directly and via IVIS, the corporate governance research arm of The Investment Association. LGIM annually publishes	LGIM believes that it is important that the company has a new CEO, a crucial step in the journey to recover value; but key governance questions remain which will now	LGIM intend to engage with the company over the coming year to find out why this payment was deemed appropriate and whether they made the payment despite	LGIM plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum,

		remuneration guidelines for UK listed companies.	need to be addressed through continuous engagement.	the significant opposition.	and other large investors, to ensure a consistency of messaging and to continue to drive positive change.
Criteria on which the vote is considered "significant"	LGIM considers this vote significant as it illustrates the importance for investors of monitoring their investee companies' responses to the COVID crisis.	LGIM are concerned over the ratcheting up of executive pay; and they believe executive directors must take a long-term view of the company in their decision-making process.	Pearson has had strategy difficulties in recent years and is a large and well-known UK company. Given the unusual approach taken by the company and their outstanding concerns, LGIM deem this vote to be significant.	The vote is high-profile and controversial.	Since the beginning of the year there has been significant client interest in LGIM's voting intentions and engagement activities in relation to the 2020 Barclays AGM.

Legal and General Investment Management North America Equity Index Fund Significant Votes	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company Name	Medtronic plc	Amazon	AmerisourceBergen Corporation	Cardinal Health	ExxonMobil
Date of Vote	11/12/2020	27/05/2020	11/03/2021	04/11/2020	27/05/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	The manager did not provide this information.				
Summary of the resolution	Resolution 3 Advisory Vote to Ratify Named Executive Officers' Compensation.	Shareholder resolutions 5 to 16	Resolution 3: Advisory Vote to Ratify Named Executive Officers' Compensation	Resolution 3, Advisory Vote to Ratify Named Executive Officers' Compensation.	Resolution 1.10 Elect Director Darren W. Woods
How the manager voted	Against	Of 12 shareholder proposals, LGIM voted to support 10.	Against	Against	Against

If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with LGIM's investee companies in the three weeks prior to an AGM as LGIM's engagement is not limited to shareholder meeting topics.			
Implications of the outcome	LGIM will continue to monitor this company.	LGIM's engagement with the company continues to ensure it is adequately managing its broader stakeholders, and most importantly, its human capital.	LGIM continues to engage with US companies on their pay structures and has published specific pay principles for US companies.	LGIM believe this sends an important signal and will continue to engage to push for change at the company.
Criteria on which the vote is considered "significant"	LGIM believe it is contrary to best practice in general and their pay principles in particular to award one-off awards, especially if they are to compensate for a forgone payment.	The market attention was significant leading up to the AGM due to diverse investor coalitions, substantial press coverage, multiple state treasurers speaking out and even holding an online targeted investor forum	LGIM considers it imperative that pay structures are aligned with company performance and that certain expenses over which directors have control and influence should not be allowed to be excluded in the calculation of their pay, in particular if these would be detrimental to the executive director(s) in question.	LGIM voted against the chair of the board as part of LGIM's 'Climate Impact Pledge' escalation sanction.

Manager	JO Hambro Capital Management (JOHCM)
Fund name	Japan Fund – disinvested on 17/02/2021
Structure	Pooled investment vehicle
Number of company meetings the manager was eligible to vote at over the year	148
Number of resolutions the manager was eligible to vote on over the year	590
Percentage of resolutions the manager voted on	100%
Percentage of resolutions the manager abstained from	0%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	98%
Percentage of resolutions voted *against* management	2%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	3%

Manager's policy on consulting with clients before voting
The portfolio managers have discretion to make a voting decision based upon their careful analysis of the proposals, their engagement with the company and/or any available third party research. Where the portfolio managers are in agreement with the proposals, and they are in investors' best interests, then JOHCM will vote in favour of them. JOHCM understands the importance of voting proxies and will cast its proxies in the best interest of its clients. Should a conflict of interest arise between JOHCM's interests and those of a client, JOHCM will arrange a discussion with such client to review the proxy voting materials and the conflict and will obtain the client's consent before voting. If JOHCM is not able to obtain the client's consent, JOHCM will take reasonable steps to ensure, and must be able to demonstrate, that those steps resulted in a decision to vote the proxies in the best interests of the client.
How has the manager made use of the proxy voting services
JOHCM has established procedures to ensure that all proxies that are received are properly distributed and voted on a timely basis. A list of all upcoming annual and extraordinary general meetings, together with details of their agendas and relevant research, is circulated automatically to all relevant portfolio managers for consideration. To support this, JOHCM has appointed the services of a third-party service supplier, Institutional Shareholder Services ("ISS"). They act as JO Hambro's sole proxy voting and research provider, facilitate their voting activities and disseminate research and recommendations. The ISS system generates a customised voting template which puts forward a voting recommendation in line with their voting policy and best practice standards.
What process manager follows for determining "most significant" votes
Where research, including (but not limited to) research from proxy advisers, highlights issues which do not represent best practice, the shareholder meeting agendas are also shared with the Investment Director for consideration. These are the votes which JOHCM considers to be the most significant and therefore meriting the greatest attention. In these cases and others if appropriate, the portfolio managers may choose to discuss these issues directly with company management. If necessary, they will escalate governance and strategy concerns to the senior independent director or company Chairman when shareholder value and shareholders' rights are being infringed, using the UK Corporate Governance Code as their guide for UK holdings, and applying the same principles to non-UK holdings. Portfolio managers may engage in discussions with other investors where appropriate and in compliance with market conduct rules.

JO Hambro Capital Management (JOHCM) Significant Votes	VOTE 1	VOTE 2	VOTE 3	VOTE 4
Company Name	Tokyu Group	Fukui Computer	Mitsubishi Electric	Meidensha
Date of Vote	26/06/2020	30/06/2020	26/06/2020	26/06/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.25%	1.20%	2.50%	1.40%
Summary of the resolution	The election of Keiichi Konaga as independent director	The election of Akinori Nomura as independent director	The election of Mr Sakuyama, the Chairman, Mr Sugiyama, the President and Mr Harada, the head of the General Affairs Department	The takeover defence plan
How the manager voted	Against	Against	Against all	Against

If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No, but JOHCM arranged a meeting with management after the shareholders' meeting and explained why they voted against the appointment.	JOHCM had a conference call with the company at the end of May at which they discussed the ownership structure of Daitec and its relationship with Mr Nomura. At that point JOHCM had not yet decided to vote against his appointment.	JOHCM have regular meetings with Mitsubishi Electric and have discussed these issues with the CEO. JOHCM did not have the opportunity to speak to the company ahead of the AGM.	JOHCM spoke to the company and informed them that their policy is not to support takeover defence plans unless in exceptional circumstances.
Implications of the outcome	JOHCM will endeavour to look independently at each slate of candidates for director and not rely on ISS guidance.	The manager did not provide details on the implication, however noted that they did not believe Mr Nomura was independent.	In JOHCM 's subsequent meetings with the company, they have continued to monitor progress in reforming its workplace culture.	JOHCM did not provide details on the implication, however noted that they believe that takeover defence plans are generally counter to shareholders' interests. The best form of takeover defence is a strong share price due to good corporate earnings.
Criteria on which the vote is considered “significant”	It shows how seriously JOHCM take the composition of the board at Japanese companies. JOHCM want to ensure that companies appoint independent directors who are capable of challenging management.	This shows JOHCM's independent approach to voting. JOHCM do not simply follow ISS recommendations- JOHCM do their own work and come to their own conclusions. This was the result of a significant amount of work to untangle the ownership structure of Fukui-something that ISS was unable to do.	Mitsubishi Electric is a very significant company in Japan- having such low approval rates for its senior management team at the AGM has shown that investors will not tolerate workplace bullying.	JOHCM continue to make the case to companies that they should abandon takeover defence plans. As a result of many shareholders taking the same stance, such plans are gradually being phased out in Japan.

Manager	Cantillon Capital Management
Fund name	Global Equity Fund
Structure	Pooled investment vehicle
Number of company meetings the manager was eligible to vote at over the year	62
Number of resolutions the manager was eligible to vote on over the year	765

Percentage of resolutions the manager voted on	100%
Percentage of resolutions the manager abstained from	3%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	93%
Percentage of resolutions voted *against* management	4%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	3%

Manager's policy on consulting with clients before voting

Cantillon's policy is to vote proxies on a given issue in the same way for all of their clients. Cantillon will accept delegation from their clients to vote proxies on their behalf, and in doing so have a fiduciary responsibility to their clients to maximise the value of their investment. Cantillon take their voting responsibilities seriously and their investment professionals fully review every vote. Cantillon's investment professionals, as opposed to a proxy voting department or other operational group, are also best placed to judge whether proposals are in the best interests of shareholders. Cantillon do not consult with clients prior to voting.

How has the manager made use of the proxy voting services

Cantillon expect their analysts to be aware of the corporate structure and governance of their holdings. For example, excessive compensation schemes or significant changes to board structure or compliance functions, are all topics that need to be monitored carefully. Cantillon believe it is important for their analysts to review every proxy, ensuring that Cantillon are aware of all the issues arising in ballots, and helping them use the influence Cantillon have to impact the direction of the companies held in the portfolios. Analysts are also best placed to judge whether proposals are in the best interests of shareholders.

Cantillon use research and proxy-related services provided by Institutional Shareholder Services ("ISS") to assist them with the mechanics of voting. Cantillon also have access to ISS's research, and they review their recommendations on how to vote. They use a shareholder maximisation philosophy for most of their clients (including Cantillon), which means they recommend the vote most likely to create value for equity holders in the long term. They also analyse the corporate governance implications of each proxy vote.

In cases where ISS recommends a vote against management, Cantillon typically contact the company directly to better understand the issues. Cantillon do not automatically follow ISS's recommendations and may take a different view once Cantillon have considered all the issues.

Cantillon abstain from voting if they are in the process of selling the stock during the period between the record date and the AGM / EGM meeting date.

Other non-voting rights are considered by the analyst for the stock. Decisions are made based on what Cantillon believe to be the maximisation of long-term value. Cantillon also consider the risk parameters for the portfolio, where appropriate.

What process manager follows for determining "most significant" votes

For the purposes of their Annual Statement (2020) on the Implementation of Cantillon's Shareholder Engagement Policy, Cantillon reviewed all votes cast during 2020 to determine if any should be classed as significant, and therefore reported in the Statement. Cantillon used the following criteria to establish significance:

1) votes where the company scores very poorly (10) on ISS's Governance Quality Score and ISS has recommended voting against a management proposal; and

2) which, in the view of Cantillon's investment team, are significant.

Cantillon Capital Management Significant Votes	VOTE 1	VOTE 2	VOTE 3
Company Name	Facebook	Alphabet	Alphabet
Date of Vote	27/05/2020	03/06/2020	03/06/2020

Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.5%	4.7%	4.7%
Summary of the resolution	Approve Non-Employee Director Compensation Policy	Amend Omnibus Stock Plan	Ratify Named Executive Officers' Compensation
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No, although in many cases Cantillon do typically discuss such cases with company management		
Implications of the outcome	Both Facebook and Alphabet have dual-class share structures, giving outsized voting power to founders and making it difficult for votes against management proposals to succeed.		
Criteria on which the vote is considered "significant"	The policy noted in the above "What process manager follows for determining "most significant" votes" section applies.		

Manager	Aberdeen Standard Investments
Fund name	Asia Pacific (ex. Japan) Equity Fund – disinvested on 10/03/2021
Structure	Pooled Investment Vehicle
Number of company meetings the manager was eligible to vote at over the year	18
Number of resolutions the manager was eligible to vote on over the year	131
Percentage of resolutions the manager voted on	100%
Percentage of resolutions the manager abstained from	3%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	93%
Percentage of resolutions voted *against* management	4%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	6%
Manager's policy on consulting with clients before voting	
Aberdeen Standard Investment will consult with clients who have a segregated mandate in place.	
How has the manager made use of the proxy voting services	
Aberdeen Standard Investment utilise the services of ISS for all their voting requirements.	
What process manager follows for determining "most significant" votes	
Aberdeen Standard Investment view all votes as significant and vote all shares globally for which they have voting authority. Instead Aberdeen Standard Investment believe they go beyond guidelines and endeavour to disclose all their voting decisions for all of their active and passive equity holdings. Aberdeen Standard Investment provide full transparency of their voting activity on their publicly available website and fund specific voting reports on request.	

Aberdeen Standard Investments Significant Votes	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company Name	BHP Group Plc	SAIC Motor Corp. Ltd.	Yunnan Energy New Material Co., Ltd.	Rio Tinto Plc	Yum China Holdings, Inc.
Date of Vote	15/10/2020	11/06/2020	11/01/2021	08/03/2020	08/05/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	The manager did not provide this information.				
Summary of the resolution	Approve Suspension of Memberships of Industry Associations where COVID-19 Related Advocacy is Inconsistent with Paris Agreement Goals	Approve Provision of Guarantee to SAIC General Motors Financial Co., Ltd.	Approve Guarantee Provision Plan	Approve Remuneration Report for UK Law Purposes	Elect Director Fred Hu
How the manager voted	Against	Abstain	Against	For	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	N/A	The manager did not provide this information.		N/A	
Implications of the outcome	The resolution highlights several instances of lobbying by industry associations that could be considered to be not aligned with BHP's commitment to the Paris Agreement. The manager	ASI will engage with the company and seek clarification on these items.	ASI did not have sufficient information to approve the Plan.	ASI are aware that the company has a five year vesting period on its long term incentive plan. This is more demanding than many companies so ASI are more comfortable with the higher than usual element of TSR versus their guidelines.	ASI are supportive of Fred Hu's broader efforts as Chairman and feel a vote against might be counter-productive. However, ASI note the concerns on board diversity and will add this to the engagement agenda.

	welcomes the decision to suspend BHP's membership of QRC as a result. ASI look forward to this new approach being systematically implemented and industry association lobbying activities being monitored in real time and if necessary, acted upon in real time.				
Criteria on which the vote is considered "significant"	The manager did not provide this information.				

The proportion of resolutions that were voted and abstained from may not sum to 100%. This can be due to how each Investment Manager or local jurisdictions define abstentions or classify a formal vote or abstentions as opposed to not returning a voting form or choosing to nominate a proxy.

There are no voting rights attached to the other assets held by the DB Section and therefore there is no voting information shown above for these assets.