SPENCE

Scottish Woodlands Limited Retirement Benefits Scheme (the 'Scheme') - Investment Accounting Disclosures – Implementation Statement for the year ending 31 March 2021

Introduction and background

The Trustee of the Scottish Woodlands Limited Retirement Benefits Scheme (the "**Scheme**") has prepared this annual implementation statement covering the 'Scheme Year' from 1 April 2020 to 31 March 2021 in relation to the Scheme's Statement of Investment Principles (the "**SIP**").

The SIP was reviewed and updated during the Scheme Year, with two relevant versions over the year being:

1. September 2019 – this version was in place at the start of the Scheme Year; and
2. August 2020 – this version was in place at the end of the Scheme Year.

A copy of the current SIP as at July 2021 and this statement can be found here - Policies (scottishwoodlands.co.uk).

The purpose of this statement is to:

- set out how, and the extent to which, in the opinion of the Trustee, the Scheme's policies on stewardship have been followed during the Scheme Year; and

- describe the voting behaviour carried out by the investment managers on the Trustee's behalf during the Scheme Year (including the most significant votes cast on its behalf) and describe any use of the services of a proxy voter during the Scheme Year.

Trustee Policies

This section sets out the policies in the SIP in force at the Scheme Year end, relating to the following:

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

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

Financially Material considerations

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

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. The Trustee acknowledges that it cannot directly influence the *environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect its fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.*

The Trustee accepts that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

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

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

- ✓ *Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;*
- ✓ *Use ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and*
- ✓ *Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.*

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

<u>Non-Financially Material considerations</u>

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

<u>Investment Manager Arrangements</u>

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

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

The Trustee uses the fund objective/benchmark as a guide on whether its investment strategy is being followed and monitors this regularly.

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

The Trustee selects managers based on a variety of factors including investment philosophy and process, which it believes should include assessing the long term financial and non-financial performance of the underlying company.

The Trustee also considers the managers' voting and ESG policies and how they engage with a company as it believes that these factors can improve the medium to long-term performance of the investee companies.

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

The Trustee acknowledges that in the short term these policies may not improve the returns it achieves but does expect that by investing in those companies with better financial and non-financial performance over the long term this will lead to better returns for the Scheme.

The Trustee believes that the annual fee paid to the fund managers incentivises them to do this.

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

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

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

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

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

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

The Trustee monitors the portfolio turnover costs on an annual basis.

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

The annual review of portfolio turnover costs and turnover will be carried out by the investment consultant, the results of which will be disclosed annually in a report to the Trustee.

The Trustee has delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to its investment consultant.

The duration of the arrangement with the fund managers

The Trustee plans to hold each of its investments for the long term but will keep this under review.

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

Voting and Engagement

The Trustee is required to disclose the voting and engagement activity over the Scheme Year. The Trustee has appointed Minerva Analytics ('Minerva') to obtain voting and investment engagement information ('VEI') on the Scheme's behalf.

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

Voting and Engagement Policy and Funds

The Trustee policy on stewardship is as set out below in the SIP dated August 2020:

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

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

The Trustee also expects the fund manager to engage with investee companies on the capital structure and management of conflicts of interest. The Trustee, through its investment consultant, will monitor this. The investment consultant will request annual reports from the manager identifying how they have engaged with the investee companies and managed conflicts of interest issues and report back to the Trustee.

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

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expects investment managers to adhere to this where appropriate for the investments they manage.

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

Fund / Product Manager	Investment Fund/Product	Investment Made Via	Scheme / Inv Type	Period Start Date	-	Period End Date	'Proxy Voter' Used?
BlackRock	Corporate Bond Up to 5 Years Index Fund	Platform	DB Fund	09/04/2020	-	17/12/2020	
BNY Mellon	Newton Global Dynamic Bond Fund	Platform	DB Fund	09/12/2020	-	31/03/2021	
Columbia Threadneedle	Threadneedle Pensions Property Fund	Platform	DB Fund	01/04/2020	-	31/03/2021	
LGIM	Active Corporate Bond - All Stocks Fund	Platform	DB Fund	01/04/2020	-	16/12/2020	
	Dynamic Diversified Fund	Platform	DB Fund	01/04/2020	-	31/03/2021	ISS
	LDI Matching Core Fund (4 Funds)	Platform	DB Fund	01/04/2020	-	31/03/2021	
	World Emerging Markets Equity Index	Platform	DB Fund	08/12/2020	-	31/03/2021	ISS
	World Equity Index Fund (including GBP hedged variant)	Platform	DB Fund	01/04/2020	-	31/03/2021	ISS
Partners Group	Generations Fund	Platform	DB Fund	09/12/2020	-	31/03/2021	Glass Lewis
Payden & Rygel	Payden Absolute Return Bond Fund	Platform	DB Fund	01/04/2020	-	04/05/2020	
Vontobel	TwentyFour Strategic Income Fund	Platform	DB Fund	01/04/2020	-	31/03/2021	
Canada Life	Annuity Product	Direct	Annuity	01/04/2020	-	31/03/2021	
Reassure	Annuity Product	Direct	Annuity	01/04/2020	-	31/03/2021	

Confirmed by Manager	Not Yet Confirmed by Manager	*Not Applicable

*Indicates that the specific fund or product does not have voting information to report, and as a result there is no 'Proxy Voter' to confirm

ISS and Glass Lewis are proxy voting services.

Exercise of voting rights

The voting activity was requested from all of the Scheme's managers, where appropriate. No information was forthcoming from Reassure. Minerva received a response from BlackRock, Columbia Threadneedle, Payden & Rygel and Canada Life, all of these managers confirmed that there was no voting or engagement information to report. Vontobel confirmed there was no voting information to report but provided some engagement information.

BNY Mellon provided details on 2 votes associated with the Global Dynamic Bond Fund during the Scheme's reporting period, but Newton actively decided not to participate. As the investments held in the Newton Global Dynamic Bond Fund are fixed interest in nature, they do not come with traditional voting rights. Instead, they occasionally have opportunities where owners can vote on corporate actions associated with their investments, which are treated on a case-by-case basis. Accordingly, there is no policy that can predict these outcomes, and so no assessment can be carried out in these circumstances.

Legal & General Investment Management ('LGIM') confirmed that there was voting activity for the Dynamic Diversified, World Emerging Markets Equity Index and World Equity Index Funds (including the GBP hedged variant). Minerva has concluded that the LGIM's voting activity appears to have followed the Trustee's policy. Minerva was able to conclude that LGIM's voting policies and disclosures broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices. There was no voting information for the Active Corporate Bond – All Stocks Fund or LDI Matching Core Fund due to the nature of the underlying holdings having no voting rights.

Partners Group provided detailed information on its voting activity for the Generations Fund in addition to providing summary voting information highlighting the quality and depth of their stewardship activities. However, Minerva was not able to get the Partners Group voting policy but received the firm's corporate governance principles, therefore they could not determine if the Trustee's policies have been followed.

Manager Voting Behaviour

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

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

		No. of Meetings	No. of Resolutions				
Manager	Fund	Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
BNY Mellon	Newton Global Dynamic Bond Fund	2	2	0.0%	0.0%	0.0%	0.0%
LGIM	Dynamic Diversified Fund	7,887	83,262	99.9%	84.1%	15.2%	0.7%
	World Emerging Markets Equity Index	3,998	36,036	99.9%	85.2%	13.4%	1.4%
	World Equity Index Fund (including GBP hedged variant)	3,421	40,987	99.8%	81.4%	18.1%	0.6%
Partners Group	Generations Fund	68	928	97.4%	86.3%	4.6%	4.3%

Significant Votes

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

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

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

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
BNY Mellon	Newton Global Dynamic Bond Fund	The manager did not identify any 'Significant Votes' for this fund.					
LGIM	Dynamic Diversified Fund World Equity Index Fund (including GBP hedged variant)	Lagardère	05-May-20	Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardere, as well as to remove all the incumbent directors (apart from two 2019 appointments).	LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardere SB directors (resolutions B,C,E,F,G).	Even though shareholders did not give majority support to Amber's candidates, its proposed resolutions received approx. between 30-40% support, a clear indication that many shareholders have concerns with the board. (Source: ISS data)	LGIM noted significant media and public interest on this vote given the proposed revocation of the company's board.
		Vote Rationale: Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. The company continues to have a commandite structure; a limited partnership, which means that the managing partner has a tight grip on the company, despite only having 7 % share capital and 11% voting rights. LGIM engages with companies on their strategies, any lack of challenge to these, and with governance concerns. The company strategy had not been value-enhancing and the governance structure of the company was not allowing the SB to challenge management on this. Where there is a proxy contest, LGIM engages with both the activist and the company to understand both perspectives. LGIM engaged with both Amber Capital, where we were able to speak to the proposed new SB Chair, and also Lagardere, where we spoke to the incumbent SB Chair. This allowed us to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management.					

LGIM	Dynamic Diversified Fund World Equity Index Fund (including GBP hedged variant)	Barclays	07-May-20	Resolution 29 - Approve Barclays' Commitment in Tackling Climate Change Resolution 30 - Approve ShareAction Requisitioned Resolution	LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction.	Resolution 29 - supported by 99.9% of shareholders Resolution30 - supported by 23.9% of shareholders (source: Company website)	Since the beginning of the year there has been significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM. We thank our clients for their patience and understanding while we undertook sensitive discussions and negotiations in private. We consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as our clients.
		<u>Vote Rationale:</u>					
		The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome.					
LGIM	Dynamic Diversified Fund World Equity Index Fund (including GBP hedged variant)	ExxonMobil	27-May-20	Resolution 1.10 - Elect Director Darren W. Woods	Against	93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods. Approximately 30% of shareholders supported the proposals for independence and lobbying. (Source: ISS data)	We voted against the chair of the board as part of LGIM's 'Climate Impact Pledge' escalation sanction.
		Vote Rationale:					
		In June 2019, under our annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, we announced that we will be removing ExxonMobil from our Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, we also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, our voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.					
LGIM	Dynamic Diversified Fund World Equity Index Fund (including GBP hedged variant)	ExxonMobil	27-May-20	Resolution 1.10 - Elect Director Darren W. Woods	Against	93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods. Approximately 30% of shareholders supported the proposals for independence and lobbying. (Source: ISS data)	We voted against the chair of the board as part of LGIM's 'Climate Impact Pledge' escalation sanction.
		Vote Rationale:					
		In June 2019, under our annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, we announced that we will be removing ExxonMobil from our Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, we also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, our voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.					

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

LGIM	Dynamic Diversified Fund	SIG plc.	09-Jul-20	Resolution 5: Approve one-off payment to Steve Francis proposed at the company's special shareholder meeting held on 9 July 2020.	We voted against the resolution.	The resolution passed. However, 44% of shareholders did not support it. We believe that with this level of dissent the company should not go ahead with the payment.	The vote is high-profile and controversial.
		Vote Rationale:					
		The company wanted to grant their interim CEO a one-off award of £375,000 for work carried out over a two-month period (February - April). The CEO agreed to invest £150,000 of this payment in acquiring shares in the business, and the remaining £225,000 would be a cash payment. The additional payment was subject to successfully completing a capital-raising exercise to improve the liquidity of the business. The one-off payment was outside the scope of their remuneration policy and on top of his existing remuneration, and therefore needed shareholder support for its payment. LGIM does not generally support one-off payments. We believe that the remuneration committee should ensure that executive directors have a remuneration policy in place that is appropriate for their role and level of responsibility. This should negate the need for additional one-off payments. In this instance, there were other factors that were taken into consideration. The size of the additional payment was a concern because it was for work carried over a two-month period, yet was equivalent to 65% of his full-time annual salary. £225,000 was to be paid in cash at a time when the company's liquidity position was so poor that it risked breaching covenants of a revolving credit facility and therefore needed to raise additional funding through a highly dilutive share issue.					
Partners Group	Generations Fund	The manager did not identify any 'Significant Votes' for this fund					

Manager Engagement Information

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

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

			Summary of Company Engagement Activity									Outcomes	
			Corporate Governance							Sustainability			
Manager	Fund	No.	Strategy	Audit & Report.	Board	Capital	Corp. Action	Remun	Shrhdr Rights	Envir.	Social	Resolve	Open
BNY Mellon	Newton Global Dynamic Bond Fund	11	17%	-	8%	-	-	5%	-	44%	26%	18%	82%
LGIM	Firm-level info only	891	40%	4%	17%	3%	2%	42%	9%	47%	41%		
Partners Group	Generations Fund												
Vontobel	TwentyFour Strategic Income Fund	9	22%	-	11%	-	-	-	11%	11%	44%		

Not identified

BNY Mellon provided some high-level of examples of their engagement activities in the table below.

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

LGIM has not provided any engagement information, either summarised or detailed, for the funds in which the Scheme is invested. However, Minerva was able to source some high-level engagement information from a publication on LGIM's website.

Vontobel have provided a few high-level examples of their engagement activities in the table below.

Companies	Details of the Engagements
Virgin Money	"Virgin Money brought a Tender of their outstanding £475m 5.000% 26NC21 Tier 2 Capital Notes at a tender price of 100 plus accrued. This was at a yield of 5%. Both the Multi-Sector team and Outcome Driven team held bonds and we owned considerable portion of the issue. We discussed the terms and whilst it was above the current market price of the bonds we felt it was still a close decision whether or not to tender the bonds as both teams would have been happy to hold at 5% to the 2021 call. Virgin Money then announced issuance of a 10.25NC5.25 Benchmark Tier 2 to replace their outstanding £475m 5.000% 26NC21 Tier 2 Capital Notes and made it clear during the roadshow that they would be making an economical call if any of the tender bonds were left outstanding. The team felt the language was coercive and the tender level was not attractive compared with where we have seen other banks tender similar positions closer to a respectable yield, however if the new issue was brought at an attractive level would not be bond holder unfriendly. The deal then opened the next day and we felt aggressively tightened despite our guidance throughout the morning and were told by the leads that the Virgin Money were very price sensitive, and we believed our views were not taken into account. We decided and informed the lead that we would be tendering all our previous bonds as we did not want to be left with a small issue size and a chance of a non-call. The new issue was tightened the lowest end of based on general market consensus leading to Multi-sector team pulling their part of the order for the new deal and then reconsidering their position in the AT1 positions. At TwentyFour, we like to see tenders done which are bond holder friendly (an easy decision) and not be told in no uncertain terms any bonds left outstanding at current levels will not be called at their expected call date. This, followed by the continual tightening of the new issue after minimal consultation with us from the start and very minimal if any throughout the morning of the transaction (given we owned significant portions of the tender bond) leaving very little left on the table based on general market consensus and our own valuation. The final pricing lead to the team pulling out of the new deal and reconsidering their position in Virgin and the AT1s. Historically, Virgin had been bond holder friendly, as evidenced in past transactions, and where necessary have issued to keep support in the business and have valued the relationship with the fixed income investor base. We wrote to the CFO to explain why we thought this was a coercive process, that may have damaged the relationship with existing investors, who have been long term supporters, such as ourselves. This recent transaction has made us re-asses our belief and whilst the bonds we hold do represent value to our portfolios, the lack of acceptable governance in this transaction has consequently led us to review our position."
U.S. Concrete	"The team had two separate meetings with the company's investor relations team, one that was predominantly credit focused and one that was dedicated to ESG related questions. While both are integrated into are due diligence, the raw ESG scoring from our Asset 4 database seemed incredibly low for a company that's main products are ready, mixed, and aggregate concrete materials. They do not produce their own cement and hence emissions are mostly from delivery and movement from delivery trucks of ready-made cement. Similarly they also incorporate products (slag cement, fly ash) that use less energy in place of concrete, their plants and delivery trucks in California and Washington DC are powered by B20 biofuels, and they have one R&D lab that invests and researches more environmentally friendly products. Given that fly ash not as plentiful as once was, adding to urgency of alternative concrete mixes, the fact that U.S. concrete were proactively promoting alternatives such as recycled post-consumer glass, limestone cement, and liquid carbon dioxide meant that the team felt their emissions score should be upgrade from 4th quartile to 1st quartile for the construction sector."
Simmons Food	"The ESG profile was relatively sound from an overall ESG score point of view, however socially there was a few gaps in what was available publicly and by the investor relations team. Here the team were specifically looking to build a firmer view of employment practices and data pertaining to health and safety in their distribution network."

Whilst Partners Group did not provide any information on engagements undertaken in the Generations Fund, they did state that they engaged with all portfolio companies over the reporting period, included the listed/unquoted portion of the portfolio. Given the nature of the engagements on the direct private markets investments all engagements are not formally tracked. Engagements take the form of board meetings, ad-hoc senior executive engagements, as well as others.

Outstanding Information

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

Fund / Product Manager	Investment Fund/Product	Information Request Acknowledged	Voting Info Available?	Engagement Info Available?	Info Rec'd by Minerva Deadline
BlackRock	Corporate Bond Up to 5 Years Index Fund				
BNY Mellon	Newton Global Dynamic Bond Fund				
Columbia Threadneedle	Threadneedle Pensions Property Fund				
LGIM	Active Corporate Bond - All Stocks Fund				
	Dynamic Diversified Fund				
	LDI Matching Core Fund (4 Funds)				
	World Emerging Markets Equity Index				
	World Equity Index Fund (including GBP hedged variant)				
Partners Group	Generations Fund				
Payden & Rygel	Payden Absolute Return Bond Fund				
Vontobel	TwentyFour Strategic Income Fund				
Canada Life	Annuity Product				
Reassure	Annuity Product				

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

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

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

Conclusion

It was determined that the Scheme's holdings in BlackRock, Columbia Threadneedle, Payden & Rygel, Canada Life, LGIM's LDI Matching Core Funds and Active Corporate Bond - All Stocks Fund had no voting or engagement information to report due to nature of the underlying holdings.

Minerva concluded that the LGIM's voting activity followed the Trustee's policy. LGIM only provided firm wide engagement activity and not fund specific data and Minerva could not determine if LGIM had followed the Trustee's engagement policy. However, LGIM did conduct 891 engagements over the Scheme Year demonstrating their commitment to good stewardship on behalf of clients.

Partners Group did not make its voting policy available to Minerva and provided no engagement information and therefore, Minerva was unable to assess the extent to which the manager has followed the Trustee's voting and engagement policies. However, based on the voting information provided by Partners Group they have demonstrated that they consider stewardship on behalf of clients an important factor.

It was determined that the Scheme's holdings in BNY Mellon and Vontobel had no voting information to report due to nature of the underlying holdings, however the managers did provide engagement information. The information provided suggests the managers have followed the Trustee's engagement policies.

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