

**Alwen Hough Johnson Pension and Assurance Scheme
Implementation Statement
Year Ending 31 March 2021**

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Alwen Hough Johnson Pension and Assurance Scheme
Scheme Year	1 April 2020 to 31 March 2021
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

The Trustees have reviewed the extent to which their policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement summarises the voting record of the Scheme’s investment managers and provides information on the significant votes made in respect of the Trustees’ equity holdings. Information is also provided on the how the Scheme’s investment managers make use of the services of proxy voting advisers.

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- LGIM Diversified Fund
- LGIM World Equity Index – GBP Hedged
- Baillie Gifford Multi Asset Growth Fund

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme Year to comply with new legislation which required additional information to be stated about the nature of the arrangements in place with the investment managers. Part of the new wording provided a more detailed explanation of the Trustees' policy relating to the exercise of rights.

A summary of the Trustees' policy is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.

- The Trustees will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustees switched the Baillie Gifford DGF allocation to the Baillie Gifford MAG Fund during the period, but this fund is highly related and so does not impact on the assessment of rights.
- Whilst the Trustees did not consider the voting records of the investment managers during the Scheme Year, that analysis has now been undertaken. The Trustees, in conjunction with their Investment Adviser, have considered the voting record of the investment managers over the year ending 31 December 2020* as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- Both of the investment managers used by the Scheme are UNPRI signatory.

**Note the voting analysis was over the year ending 31 December 2020 because this was the most recent data available at the time of preparing this statement. The Trustees are satisfied that the analysis provides a fair representation of the investment managers' voting approach over the Scheme Year.*

The Investment Managers’ Voting Records

A summary of the investment managers' voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/abstained
Baillie Gifford	13,603	95%	3%	2%
LGIM	66,242	82%	17%	1%

Notes

These voting statistics are based on each manager’s full voting record over the 12 months to 31 December 2020 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Baillie Gifford	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

The Investment Managers’ Voting Behaviour

The Trustees have reviewed the voting behaviour of the investment managers by considering the following:

- broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. “with management” or “against management”);
- the votes they cast in the year to 31 December 2020 on the most contested proposals in eight categories across the UK, the US and Europe;

- the investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the investment managers with their peers over the same period.

The Trustees' key observations are set out below.

Voting in Significant Votes

Based on information provided by the Trustees' Investment Adviser, the Trustees have identified significant votes in eight separate categories. The Trustees consider votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the eight categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustees considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Description of Voting Behaviour

LGIM

Relative to its peers, LGIM shows a higher tendency to vote against directors' proposals. The manager has also shown strong support for shareholders' proposals aimed at tackling a broad range of environmental and social issues.

The manager's voting policy is detailed and includes clear rationales and rules for when it will vote against directors' recommendations on a proposal.

LGIM opposed directors in 17% of votes during the year and showed a tendency to do this in contentious votes. This suggests that LGIM is taking its stewardship responsibilities seriously.

Baillie Gifford

Baillie Gifford tends to support director proposals, but this is consistent with its active management style – the manager has chosen to invest in companies so it is unsurprising it wishes to support their management.

Although Baillie Gifford tends to support management in director proposals, over the course of 2020 the investment manager has demonstrated a willingness to vote in favour of shareholder proposals (which typically means voting against management).

Conclusions

Based on the analysis undertaken, the Trustees have no concerns regarding the voting records of LGIM or Baillie Gifford.

The Trustees will keep the voting actions of the investment managers under review.

P. W. Williams Date: *4.6.2021*

Signed on behalf of the Trustees of the Alwen Hough Johnson Pension and Assurance Scheme

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustees.

Company	Meeting Date	Proposal	Resolution ID	Significance stat	Votes For (%)	Votes Against (%)	LGIM	Ballie Gifford
Audit & Reporting								
YARA INTERNATIONAL ASA	07/05/2020	Receive the Directors Report	5	5000	50	50	Did Not Vote	Not held
THE MOSAIC COMPANY	21/05/2020	Appoint the Auditors	2	3171	65	32	For	Not held
NORTHROP GRUMMAN CORPORATION	20/05/2020	Appoint the Auditors	3	2540	24	75	Against	Not held
VIVENDI SA	20/04/2020	Approval of the Information set out in the Corporate Governance Report	6	2256	74	23	Against	Not held
ATOS SE	16/06/2020	Appoint the Auditors	0.11	2182	78	22	Against	Not held
Shareholder Capital & Rights								
STMICROELECTRONICS NV	17/06/2020	Grant Board Authority to Issue Shares Up To 10 Percent of Issued Capital and Exclude Pre-emptive Rights	13.A	4564	46	54	Against	Not held
NIELSEN HOLDINGS PLC	12/05/2020	Authorise Share Repurchase	6	4218	58	42	Against	Not held
JUST EAT TAKEAWAY.COM N.V.	14/05/2020	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	9.B	3998	60	40	Against	For
ASSICURAZIONI GENERALI SPA	27/04/2020	Authorize Share Repurchase Program and Reissuance of Repurchased Shares to Service Performance Share	0.5.B	3199	68	32	Against	Not held
VIVENDI SA	20/04/2020	Authorize Specific Buyback Program and Cancellation of Repurchased Share	28	3062	69	31	Against	Not held
Pay & Remuneration								
YARA INTERNATIONAL ASA	07/05/2020	Approve Fees Payable to the Board of Directors	7	5000	50	50	Did Not Vote	Not held
ALTRIA GROUP INC.	14/05/2020	Advisory Vote on Executive Compensation	3	4973	49	50	Against	Not held
STMICROELECTRONICS NV	17/06/2020	Approve Remuneration Policy for Management Board	4.C	4960	50	50	Against	Not held
AROUNDTOWN SA	24/06/2020	Approve Remuneration Policy	9	4945	49	51	Against	Not held
PAYCOM SOFTWARE INC.	27/04/2020	Advisory Vote on Executive Compensation	3	4740	45	53	Against	Not held
Constitution of Company, Board & Advisers								
SOLVAY SA	12/05/2020	Indicate Aude Thibaut de Maisieres as Independent Board Member	A.7.D	4991	50	50	Against	Not held
UBS GROUP AG	29/04/2020	Elect Remuneration Committee Member: Dieter Wemmer	7.3	4793	48	48	For	Not held
GLOBAL PAYMENTS INC	29/04/2020	Elect Director Robert H.B. Baldwin, Jr.	1b	4278	57	43	Against	Not held
THE BOEING COMPANY	27/04/2020	Elect Susan C. Schwab	1l	4256	56	43	For	Not held
WASTE MANAGEMENT INC	12/05/2020	Elect Director Victoria M. Holt	1d	4140	58	41	Against	Not held
Merger, Acquisition, Sales & Finance								
DELIVERY HERO SE	18/06/2020	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive	9	2219	78	22	Against	For
AJ BELL PLC	22/01/2020	Approve Waiver on Tender-Bid Requirement Pursuant to the Grant of Options to AJ Bell Trust	20	2034	79	20	Not held	For
DASSAULT SYSTEMES SE	26/05/2020	Delegate Power to the Board to Acquire Certain Assets of Another Company	E.21	1955	80	20	Against	Not held
OCCIDENTAL PETROLEUM CORPORATION	29/05/2020	Approval of Issuance of Common Stock Underlying the Berkshire Hathaway Warrant	5	1643	83	16	For	Not held
SOCIETE GENERALE SA	19/05/2020	Authorize Issuance of Convertible Bonds for Private Placements without Preemptive Rights, up to	E.22	692	93	7	For	Not held
Other Company Resolutions								
SHAFESBURY PLC	31/01/2020	Meeting Notification-related Proposal	19	3163	68	32	For	Not held
PEUGEOT SA	25/06/2020	Authorize Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer	E.23	3102	69	31	Against	Not held
TE CONNECTIVITY LTD	11/03/2020	Adjourn Meeting	15	3063	69	31	Against	Not held
GRUPE BRUXELLES LAMBERT (GBL)	28/04/2020	Approve Change-of-Control Clause Re: Option Plan	9.1	2900	71	29	Against	Not held
VIVENDI SA	20/04/2020	Approve Additional Pension Scheme Agreement with Herve Philippe, Management Board Member	25	2676	70	27	Against	Not held
Governance & Other Shareholder Resolutions								
NETAPP INC	10/09/2020	Shareholder Resolution: Written Consent	4	4973	50	49	Against	Not held
HP INC	12/05/2020	Shareholder Resolution: Written Consent	5	4972	50	50	Against	Not held
CHIPOTLE MEXICAN GRILL INC	19/05/2020	Shareholder Resolution: Report on Employment-Related Arbitration	6	4948	51	49	For	Not held
CHEVRON CORPORATION	27/05/2020	Shareholder Resolution: Report on Lobbying Payments and Policy	4	4930	49	43	For	Not held
KIMBERLY-CLARK CORPORATION	29/04/2020	Shareholder Resolution: Written Consent	4	4920	49	49	Against	Not held
Environmental & Socially Focussed Shareholder Resolutions								
JPMORGAN CHASE & CO.	19/05/2020	Shareholder Resolution: Climate Change Targets	6	4865	49	49	For	Not held
EXPEDITORS INTERNATIONAL OF WASHINGTON	05/05/2020	Shareholder Resolution: Board Diversity	5	4728	53	47	For	Not held
ORACLE CORPORATION	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	5	4584	46	54	For	Not held
HUNT J B TRANSPORT SERVICES INC	23/04/2020	Shareholder Resolution: Climate Change Initiatives	5	4573	54	45	For	Not held
TRANSDIGM GROUP INCORPORATED	29/06/2020	Shareholder Resolution: Environmental Issues	4	4497	45	55	For	Not held

Note

Where the voting record has not been provided at the fund level, the analysis is based on the shares held within the Scheme's pooled funds as at 31 December 2020. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote.