Just Rollers PLC Pension Scheme (the 'Scheme') - Investment Accounting Disclosures

Trustee Policies

This section sets out the policies in the Statement of Investment Principles ('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 Trustees have considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine the investment strategy over the length of time during which the benefits are provided by the Scheme to the members. The Trustees believe that financially material considerations (including climate change) are allowed for in the asset liability modelling that is carried out when setting the investment strategy.

To invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. The Trustees acknowledges that they cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the fund managers and investment consultant are expected to take account of financially material considerations when carrying out their respective roles.

The Trustees accept that the Scheme's assets are subject to the investment manager's own philosophy and processes to ESG issues. The Trustees will assess that this corresponds with their 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 Trustees will only invest with investment managers that are signatories for the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standard.

The Trustees 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, to assess how the Scheme's investment managers take account of ESG issues; and*
- *Request that all of the Scheme's investment managers share information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.*

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

Non-Financially Material considerations

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

Investment Manager Arrangements

Incentives to align investment managers investment strategy and decisions with the trustees' policies

The Scheme invests in pooled funds. The Trustees acknowledge the Scheme's investment strategy and decisions cannot be tailored to the Trustees' policies. However, the Trustees set their investment strategy and then selects managers that best suits their strategy taking into account the fees being charged, which acts as the fund managers' incentive.

The Trustees use the fund objective/benchmark as a guide on whether the Scheme's investment strategy is being followed and monitors this regularly

Incentives for the investment manager to make decisions based on assessments about medium to long-term financial and nonfinancial 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-ter*m*

The Trustees select managers based on a variety of factors including investment philosophy, and process, which they believe should include assessing the long term financial and non-financial performance of the underlying company.

The Trustees also consider the managers' voting and ESG policies and how it engages with the investee company as they believe that these can factors can improve the medium to long-term performance of the investee companies.

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

The Trustees acknowledge that in the short term, these policies may not improve the returns they achieve, but do expect by investing in those companies with better financial and non-financial performance over the long term that this will lead to better returns for the Scheme.

The Trustees believe the annual fee paid to the fund managers incentivises them to execute their investment policies consistently, as the longer the units are held the larger income to the investment manager.

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

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

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

The Trustees assess the performance periods of the individual funds over at least a 3-5 year period or over a market cycle, if appropriate, 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 a percentage of the assets held in each fund so the amount each manager receives is based upon the value of assets held with them. The remuneration paid out by the Scheme will depend upon the asset allocation. The charges are considered as part of the manager selection process. The charges are monitored regularly with the help of their investment consultant to ensure they are in line with the Trustee's policies for each fund. The Trustees believe that their and each fund manager's goals are aligned.

How the trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees monitor the portfolio turnover costs on an annual basis.

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

The Trustees have delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to their investment consultant.

The duration of the arrangement with the asset manager

The Trustees plan 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 manager can lead to the duration of the arrangement being shorter than expected.

Voting and Engagement

The Trustees are required to disclose the voting and engagement activity over the Scheme year. The Trustees have 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.

<u>Voting and Engagement Policy and Funds</u>

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

The Trustees' 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 Trustees' 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 Trustees believe this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment managers' voting policies, with the help of their investment consultant, and decide if they are appropriate.

The Trustees also expect the fund manager to engage with investee companies on the capital structure and management of conflicts of interest.

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

The Trustees have taken into consideration the Financial Reporting Council's UK Stewardship Code and expect 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	Aquila Life Up To 5 Year Corporate Bond Index Fund	Platform	DB Fund	04/05/2020	-	05/04/2021	
BNY Mellon	Newton Global Dynamic Bond Fund	Platform	DB Fund	06/04/2020	-	05/04/2021	
Columbia Threadneedle	Threadneedle Property Fund	Platform	DB Fund	06/04/2020	-	05/04/2021	
LGIM	Dynamic Diversified Fund	Platform	DB Fund	06/04/2020	-	05/04/2021	ISS
	Investment Grade Corporate Bond All Stocks Index Fund	Platform	DB Fund	06/04/2020	-	05/04/2021	
	LDI Matching Core Fund (4 Funds)	Platform	DB Fund	06/04/2020	-	05/04/2021	
Payden & Rygel	Payden Absolute Return Bond Fund	Platform	DB Fund	06/04/2020	-	11/05/2020	
Vontobel	TwentyFour Strategic Income Fund	Platform	DB Fund	06/04/2020	-	05/04/2021	
L&G	Annuity Product	Direct	Annuity	06/04/2020	-	05/04/2021	
Standard Life	Annuity Product	Direct	Annuity	06/04/2020	-	05/04/2021	
ReAssure	Annuity Product	Direct	Annuity	06/04/2020	-	05/04/2021	

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' as such

ISS is a proxy voting service.

Exercise of voting rights

The voting activity was requested from all of the Scheme's managers, where appropriate. Minerva received a response from Blackrock, Columbia Threadneedle, Payden & Rygel, Vontobel and Standard Life, all of these managers confirmed that there was no voting information to report.

BNY Mellon disclosed they did not exercise their votes for ETF holdings in their Fund as they deemed that the resolutions were not sufficiently contentious and wanted to retain freedom to trade the securities. The Trustees believe this is reasonable to retain the ability to buy and sell the ETFs.

Legal & General Investment Management ('LGIM') confirmed that there is voting activity for the Dynamic Diversified Fund. Minerva were able to conclude that LGIM's voting policies and disclosures broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices. They were also able to confirm the manager's voting activity has followed the Trustee's policy.

Manager Voting Behaviour

The Trustees believe that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, they expect 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%

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.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	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.
		Vote Rationale: 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.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	**International Consolidated Airlines Group**	07-Sep-20	Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.	We voted against the resolution.	28.4% of shareholders opposed the remuneration report.	LGIM considers this vote significant as it illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis.
		Vote Rationale:					
		The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model. At the end of March 2020, LGIM addressed a private letter to the company to state our support during the pandemic. We also encouraged the board to demonstrate restraint and discretion with its executive remuneration. As a result of the crisis, the company took up support under various government schemes. The company also announced a 30% cut to its workforce. On the capital allocation front, the company decided to withdraw its dividend for 2020 and sought shareholder approval for a rights issue of €2.75 billion at its 2020 AGM in order to strengthen its balance sheet. The remuneration report for the financial year to 31 December 2019 was also submitted to a shareholder vote. We were concerned about the level of bonus payments, which are 80% to 90% of their salary for current executives and 100% of their salary for the departing CEO. We noted that the executive directors took a 20% reduction to their basic salary from 1 April 2020. However, whilst the bonuses were determined at the end of February 2020 and paid in respect of the financial year end to December 2019, LGIM would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders). Over the past few years, we have been closely engaging with the company, including on the topic of the succession of the CEO and the board chair, who were long-tenured. This engagement took place privately in meetings with the board chair and the senior independent director. This eventually led to a success, as the appointment of a new CEO to replace the long-standing CEO was announced in January 2020. A new board chair: an independent non-executive director, was also recently appointed by the board. He will be starting his new role in January 2021.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	**The Procter & Gamble Company (P&G)**	13-Oct-20	Resolution 5 Report on effort to eliminate deforestation.	LGIM voted in favour of the resolution.	The resolution received the support of 67.68% of shareholders (including LGIM).	It is linked to LGIM's five-year strategy to tackle climate change and attracted a great deal of client interest.
		Vote Rationale:					
		P&G uses both forest pulp and palm oil as raw materials within its household goods products. The company has only obtained certification from the Roundtable on Sustainable Palm Oil for one third of its palm oil supply, despite setting a goal for 100% certification by 2020. Two of their Tier 1 suppliers of palm oil were linked to illegal deforestation. Finally, the company uses mainly Programme for the Endorsement of Forest Certification (PEFC) wood pulp rather than Forestry Stewardship Council (FSC) certified wood pulp. Palm oil and Forest Pulp are both considered leading drivers of deforestation and forest degradation, which is responsible for approximately 12.5% of greenhouse gas emissions that contribute to climate change. The fact that Tier 1 suppliers have been found to have links with deforestation calls into question due diligence and supplier audits. Only FSC certification offers guidance on land tenure, workers', communities and indigenous people's rights and the maintenance of high conservation value forests. LGIM engaged with P&G to hear its response to the concerns raised and the requests raised in the resolution. We spoke to representatives from the proponent of the resolution, Green Century. In addition, we engaged with the Natural Resource Defence Counsel to fully understand the issues and concerns. Following a round of extensive engagement on the issue, LGIM decided to support the resolution. Although P&G has introduced a number of objectives and targets to ensure their business does not impact deforestation, we felt it was not doing as much as it could. The company has not responded to CDP Forest disclosure; this was a red flag to LGIM in terms of its level of commitment. Deforestation is one of the key drivers of climate change. Therefore, a key priority issue for LGIM is to ensure that companies we invest our clients' assets in are not contributing to deforestation. LGIM has asked P&G to respond to the CDP Forests Disclosure and continue to engage on the topic and push other companies to ensure more of their pulp and wood is from FSC certified sources.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	**Hollywood Bowl Group**	27-Jan-21	Resolution 2: approve remuneration report Resolution 3: re-elect Nick Backhouse as director Resolution 7: re-elect Ivan Schofield as director Resolution 8: re-elect Claire Tiney as director	We voted against the remuneration report and escalated our concerns by a vote against all the members of the remuneration committee.	47.7% of shareholders opposed the remuneration report (resolution 2) and 15.8% the re-election of the chair of the remuneration committee (resolution 8). The other members of the remuneration committee (resolution 3 and 7) were only opposed by 4.2% and 4.0% of shareholders respectively.	We took the rare step of escalating our vote against all members of the remuneration committee given the seriousness of our concerns. This highlights the importance of ensuring that executive remuneration remains in line with stakeholder experience.
		Vote Rationale:					
		The bowling alley operator has been financially impacted by the COVID-19 pandemic. This resulted in staff being furloughed and the company not paying dividends to shareholders. Despite this, the remuneration committee decided to exercise its discretion to allow for the performance period of the 2017 Long-Term Incentive Plan (LTIP) award to be reduced from September 2020 to February 2020, to avoid having to factor-in the financial consequences of the pandemic into the incentive plan. This resulted in the pro-rated LTIP vesting at 81% of salary. The remuneration committee did not consult with LGIM before taking the decision to retrospectively reduce the performance period of the LTIP. We applied our policy and sanctioned this practice by a vote against the remuneration report. Given the seriousness of our concerns and the precedent this could set, we decided to escalate our vote sanction by a rare vote against all members of the remuneration committee.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	**Cardinal Health**	**04-Nov-20**	Resolution 3, Advisory Vote to Ratify Named Executive Officers' Compensation.	LGIM voted against the resolution.	The resolution encountered a significant amount of oppose votes from shareholders, with 38.6% voting against the resolution and 61.4% supporting the proposal.	We believe it is 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.
		Vote Rationale:					
		The company paid out an above target bonus to the CEO, the same year it recorded a total pre-tax charge of $5.63 billion ($5.14 billion after tax) for expected opioid settlement costs during the fiscal year ended 30 June, 2020. The Compensation Committee excluded the settlement costs from the earnings calculations which resulted in executive pay being boosted. Further, the current CEO was head of pharma globally during the worst years of the opioid crisis. Accountability would therefore have been expected. LGIM has in previous years voted against executives' pay packages due to concerns over the remuneration structure not comprising a sufficient proportion of awards assessed against the company's performance. We voted against the resolution to signal our concern over the bonus payment to the CEO in the same year the company recorded the charge for expected opioid settlement.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	**Rank Group**	**11-Nov-20**	Resolution 2 Approve the remuneration report; and resolution 3 Approve remuneration policy.	LGIM supported both resolutions.	90.79% of shareholders supported resolution 2 and 96.4% supported resolution 3. However, it should be noted that a majority shareholder owned 56.15% of the voting rights shortly before the time of the vote. This remains an interesting outcome given the recommendation of a vote against both resolutions by influential proxy voting agency ISS.	It illustrates the complexity of remuneration practices and the importance of engagement. The media also expected this shareholder meeting would trigger a substantial amount of votes against.
		Vote Rationale:					
		The company and its stakeholders have been impacted by the COVID crisis. As an active owner and responsible investor, LGIM wants to ensure this is reflected in the executive remuneration package paid for this year. In addition, in 2018 the company granted 'block awards' long-term incentives (LTI) to the executives and committed not to grant any LTI awards until financial year 2022. After review of the remuneration policy, the remuneration committee asked shareholders to adopt a new LTI structure with the first award under this plan to be made in the 2021 financial year. We decided to support the remuneration report, which looks back at the remuneration earned during the financial year. We noted the remuneration committee's decision to apply a 20% deduction and cancel the planned increase of salaries of the executives and fees of the board members. No annual bonus was granted, given the performance of the company. LGIM was comfortable that the impact of COVID-19 had been appropriately reflected in the remuneration of the executives and therefore decided to support the remuneration report. Regarding the remuneration policy, our direct engagement with the company allowed us to better understand the rationale for the proposed changes to the LTIP. We took into account their concerns around retention, and the fact that there would be a substantial gap in the vesting of any long-term incentives if this plan was not approved. Notably, that the structure of the proposed LTIP was in line with LGIM's remuneration principles.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	**Fast Retailing Co. Limited.**	**26-Nov-20**	Resolution 2.1: Elect Director Yanai Tadashi.	LGIM voted against the resolution.	Shareholders supported the election of the director.	LGIM considers it imperative that the boards of Japanese companies increase their diversity.
		Vote Rationale:					
		Japanese companies in general have trailed behind European and US companies, as well as companies in other countries in ensuring more women are appointed to their boards. A lack of women employed is also a concern below board level. LGIM has for many years promoted and supported an increase of appointing more women on boards, at the executive level and below. On a global level we consider that every board should have at least one female director. We deem this a de minimis standard. Globally, we aspire to all boards comprising 30% women. In the beginning of 2020, we announced that we would vote against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for companies included in the TOPIX100 where these standards were not upheld. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to act on this issue.					
LGIM	Dynamic Diversified Fund	**Medtronic plc**	**11-Dec-20**	Resolution 3 - Advisory Vote to Ratify Named Executive Officers' Compensation.	LGIM voted against the resolution.	The voting outcome was as follows: For: 91.73%; against: 8.23%.	We believe it is contrary to best practice in general and our pay principles in particular to award one-off awards, especially if they are to compensate for a forgone payment.
		Vote Rationale:					
		Following the end of the financial year, executive directors were granted a special, one-off award of stock options to compensate for no bonus being paid out during the financial year. LGIM voted against the one-off payment as we are not supportive of one-off awards in general and in particular when these are awarded to compensate for a payment for which the performance criterion/criteria were not met. Prior to the AGM we engaged with the company and clearly communicated our concerns over one-off payments.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	**Tyson Foods**	**11-Feb-21**	Resolution 4: Report on Human Rights Due Diligence	LGIM voted against the resolution.	The resolution failed to get a majority support as only 17% of shareholders supported it.	Our clients were particularly interested in the outcome of this vote.
		Vote Rationale:					
		A shareholder-led resolution requested that the company produce a report on Tyson's human rights due diligence process. The pandemic highlighted potential deficiencies in the application of its human rights policies. The following issues have been highlighted as giving grounds to this assessment: strict attendance policies, insufficient access to testing, insufficient social distancing, high line speeds and non-comprehensive COVID-19 reporting. Furthermore, it is believed that there have been over 10,000 positive cases and 35 worker deaths. As such, the company is opening itself up to undue human rights and labour rights violation risks. Tyson is already subject to litigation for wrongful death of an employee filed by the family of the deceased. Additionally, there is a United States Department of Agriculture complaint for failure to protect employees of colour who are disproportionately affected by Covid-19, and two Federal Trade Commission (FTC) complaints for misleading representations about worker treatment, the nature of relationships with farmers, and conditions at poultry farms in its supply chain. LGIM believes that companies in which we invest our clients' capital should uphold their duty to ensure the health and safety of employees over profits. While the company has health and safety, and code of conduct, policies in place and may have introduced additional policies to protect employees during the pandemic, there was clearly more it could have done. This is indicated by the reported complaints and rates of infection among its employee population. We believe that producing this report is a good opportunity for the board to re-examine the steps they have taken and assess any potential shortfalls in safety measures so that they can improve controls and be better prepared for any future pandemic or similar threat.					

Manager	Fund(s)	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	**AmerisourceBergen Corporation**	**11-Mar-21**	Resolution 3: Advisory Vote to Ratify Named Executive Officers' Compensation	LGIM voted against the resolution.	The resolution encountered a significant amount of oppose votes from shareholders, with 48.36% voting against the resolution and 51.63% supporting the proposal.	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.
		Vote Rationale:					
		During the same year the Company recorded a $6.6 billion charge related to opioid lawsuits, its CEO's total compensation was approximately 25% higher than the previous year. By excluding the settlement costs, the Compensation Committee ensured executive pay was not impacted by an operating loss of $5.1bn (on unadjusted basis). LGIM has in previous years voted against executives' pay packages due to concerns over the remuneration structure not comprising a sufficient proportion of awards assessed against the company's performance. We voted against the resolution to signal our concern over the overall increased compensation package during a year that the company recorded a $6.6bn charge related to opioid lawsuits and a total operating loss of $5.1 billion.					

<u>Manager Engagement Information</u>

The Trustees believe 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 Topics Covered									Outcomes	
			Corporate Governance							Sustainability			
Manager	Fund	No. Meetings	Strategy	Audit & Report.	Board	Capital	Corp. Action	Remun	Shrhdr Rights	Envir.	Social	Resolved	Open
BYN Mellon	Newton Global Dynamic Bond Fund	11	17%	-	8%	-	-	5%	-	44%	26%	18%	82%
LGIM	Firm-level data only	891	41.3%							33.8%	24.7%		
Vontobel	TwentyFour Strategic Income Fund	9	22%	-	11%	-	-	11%	11%	44%	22%		

Not identified by Manager

BNY Mellon and Vontobel provided further engagement information, which is set out below.

BNY Mellon

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.

Vontobel

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.

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	Aquila Life Up To 5 Year Corporate Bond Index Fund				
BNY Mellon	Newton Global Dynamic Bond Fund				
Columbia Threadneedle	Threadneedle Property Fund				
LGIM	Dynamic Diversified Fund				
	Investment Grade Corporate Bond All Stocks Index Fund				
	LDI Matching Core Fund (4 Funds)				
Payden & Rygel	Payden Absolute Return Bond Fund				
Vontobel	TwentyFour Strategic Income Fund				
L&G	Annuity Product				
Standard 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 had provided the required voting and/or engagement – or had indicated that there was none to report

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

Minerva confirmed that LGIM had followed Trustees voting policies but were only able to source partial information on engagements so could not confirm if the engagement policies had been followed. They also confirmed that BNY Mellon have followed the Trustees' voting and engagement policies, however, the engagement information did not cover the entire period. Minerva also confirmed Vontobel followed the Trustees engagement policy but had no voting activity to report.

It was determined that the Scheme's holdings in Blackrock, Columbia Threadneedle, Payden & Rygel, and Standard Life had no voting or engagement information to report due to nature of the underlying holdings.

L&G (Annuity Product) and ReAssure did not provide any information; therefore, the Trustees are 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 Trustees once this information is available.