

# ARRIVA PASSENGER SERVICES PENSION PLAN

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## TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

### Implementation Statement - DB Section

#### Background and Implementation Statement

##### Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and Plans need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that Plans detail their policies in their statement of investment principles (SIP) and demonstrate adherence to these policies in an implementation report.

##### Statement of Investment Principles (SIP)

The Plan updated its SIP in to in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments

The SIP can be found online at the web address <https://www.arrivapensions.com/~media/Files/A/Arriva-Pensions/documents/arriva-passenger-services-pension-Plan-statement-of-investment-principles.pdf>.

##### Implementation Report

This implementation report is to provide evidence that the Plan continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Plan has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Plan has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 05 April 2022 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf

##### Summary of key actions undertaken over the Plan reporting year

- The Plan fully redeemed its holdings in the LGIM Developed Balanced Factor Equity Index Funds (GBP Hedged and Unhedged) Funds.
- The Plan invested into the Ares Secured Income Fund on 01 October 2021. ESG factors were considered when implementing a new mandate with Ares. Ares have a clear firmwide Responsible Investment policy which focuses on environmental risk, diversity and inclusion, and corporate governance. This policy is applied to the Ares Secured Income Fund. Isio has identified potential areas of improvement for the fund and are currently working with Ares to ensure that the proposed actions are being addressed.

##### Implementation Statement

This report demonstrates that the Trustee of the Arriva Passenger Services Pension Plan has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

## ARRIVA PASSENGER SERVICES PENSION PLAN

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### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DB Section (continued)

#### Managing risks and policy actions DB

<b>Risk / Policy</b>	<b>Policy</b>
<b>Liquidity Objective</b>	To acquire and maintain suitable assets of appropriate liquidity which will generate income and capital growth.
<b>Funding Objective</b>	To limit the risk of the Plan's assets failing to meet the liabilities over the long term, and to ensure that the Plan has sufficient assets available to pay members' benefits as and when they arise using assumptions underlying the calculation of the Plan's technical provisions.
<b>Diversification Objective</b>	To ensure that the Plan's portfolio of assets is appropriately diversified, achieved via selecting investments spread across a range of asset classes and markets, so as to mitigate concentration risk, geopolitical risk, and currency risk to an appropriate extent.
<b>Cost Objective</b>	To minimise the long-term costs of the Plan by maximising the return on assets whilst having regard to the Plan's "funding objective".
<b>Stability Objective</b>	To have due regard to the employer's ability in meeting its contribution payments given their size and incidence, and to have due regard to the volatility of measures of funding and security.

#### Changes to the SIP

There were no changes to the SIP in the 12 months to 5 April 2022

### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DB Section (continued)

##### Current ESG policy and approach

##### ESG as a financially material risk

This page details the Plan's ESG policy. The next page details views of the managers, actions for engagement and an evaluation of the engagement activity.

##### Stewardship – Voting and Engagement

The Trustee recognises the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as this ultimately creates long-term financial value for the Plan and its beneficiaries.

As part of their delegated responsibilities, the Trustee expects the Plan's investment managers to:

- where appropriate, engage with investee companies with the aim to enhance the long-term value of assets; and
- exercise the Trustee's voting rights in relation to the Plan's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

The Trustee reviews the stewardship activities of their asset managers on an annual basis, covering both engagement and voting actions. Where the Trustee identifies significant concerns relating to performance, strategy, risks, social and environmental impact, corporate governance, the capital structure or management of conflicts of interest, of an investment manager or other stakeholder; they will consider the methods by which they would monitor and engage with such an investment manager or other stakeholders.

##### Members' Views and Non-Financial Factors

In setting and implementing the Plan's investment strategy the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

## ARRIVA PASSENGER SERVICES PENSION PLAN

### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DB Section (continued)

#### Engagement

As the Plan invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to the end of 05 April 2022.

Fund name	Engagement summary	Commentary
<b>Schroders - LDI</b>	Total Engagements: 45 Environmental: 13 Social: 4 Governance: 28	Schroders' ability to influence ESG topics surrounding LDI-related instruments is limited. However, Schroders have a firmwide ESG policy and have shown evidence of regular engagement with the relevant public bodies over the period. This includes attending working groups on issues surrounding reforming LIBOR, issues with gilt and repo markets, and derivatives.  Examples of a significant engagement: The Investment Association ("IA") – Schroders engaged with the IA to discuss the LIBOR rate transition numerous times through the year during regular working group meetings. The main outcome from these meetings is that Schroders would ensure specific buy-side issues are highlighted to the FSB's (Financial Stability Board) Official Sector Steering Group via industry bodies.
<b>Ares – Secured Income Fund</b>	This data was requested from the manager, however, the manager is currently unable to produce this level of reporting. We will work with the manager to try ensure that this data is available in the future.	The Fund's ESG related engagement is primarily led by the individual investment teams, who monitor ESG credentials over time and lead on engagements given they have the most issuer level knowledge where engagement is deemed necessary. The Fund is working to establish ESG KPI's to measure engagement effectiveness.

## ARRIVA PASSENGER SERVICES PENSION PLAN

### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DB Section (continued)

<b>Basalt Infrastructure Partners II</b> –	This data was requested from the manager, however, the manager is currently unable to produce this level of reporting. We will work with the manager to try ensure that this data is available in the future.	<p>Basalt produce an annual ESG report which includes the ESG policy for the firm, including the manager's key ESG targets. This includes reducing greenhouse gas emissions, protecting the environment, valuing human capital, and ensuring good governance.</p> <p>An example of a significant engagement: Wightlink – under Basalt's ownership of the firm, 120 million oyster larvae were released into the Lymington River, as part of a new environmental project involving Wightlink. This project is being undertaken alongside scientists at the Blue Marine foundation, the University of Portsmouth and the University of Southampton.</p>
<b>Innisfree Infrastructure Fund</b> –	This data was requested from the manager, however, the manager is currently unable to produce this level of reporting. We will work with the manager to try ensure that this data is available in the future.	<p>Innisfree has a firm-wide ESG policy in place, which details Innisfree's commitment to ESG issues both at a project and fund level. Due to the nature of the assets Innisfree invests in, all assets meet the minimum ESG compliance requirements for their governments.</p> <p>Regular audits and surveys are undertaken with regards to health and safety monitoring for the assets. Innisfree also partake in regular engagement with stakeholders and communities, with decisions made with long-term targets in mind as Innisfree aim to hold these assets for the duration of the concessions.</p>

## ARRIVA PASSENGER SERVICES PENSION PLAN

### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DB Section (continued)

<b>CBRE – Global Alpha Fund</b>	Total Engagements: 5 Environmental: 4 Social: 0 Governance: 1	<p>CBRE have an ESG engagement policy which is updated regularly, specifically for managing portfolios where assets are held with external fund managers.</p> <p>CBRE engages with underlying fund managers at least quarterly, however reviews may take place on a more frequent basis when necessary. CBRE will have a direct relationship with the key stakeholders of a fund including the fund manager and investor relations professional.</p> <p>An example of a significant engagement:  MBKA US Medical Office Programmatic Venture – CBRE worked with the building manager, Remedy, to identify energy and cost saving projects across the property portfolio, including engaging with energy consultants, Daika, to provide some assistance. CBRE also drove Remedy to incorporate ESG principles at the tenant level and increase their ESG resource allocation. The engagement led to identifying potential improvements in lighting efficiencies for four properties which could total energy savings worth c\$130k annually.</p>
<b>LaSalle Legacy Portfolio</b> –  <b>(CBRE now managing this portfolio)</b>	Total Engagements: 14 Environmental: 8 Social: 8 Governance: 14 Note: The numbers above do not sum to the total number of engagements due to engagements covering multiple ESG classifications.	<p>CBRE have an ESG engagement policy which is updated annually, specifically for managing portfolios where assets are held with external fund managers.</p> <p>CBRE engages with underlying fund managers at least quarterly, however reviews may take place on a more frequent basis when necessary. CBRE will have a direct relationship with the key stakeholders of a fund as well as the key investor relations professional.</p> <p>An example of a significant engagement:  Nuveen UK Retail Warehouse Fund – CBRE engaged with the fund manager to explain how to use Two Seven tool (part of Moody's ESG Solutions). This allows the manager to see which assets in the portfolio are deemed high risk with respect to the six climate hazards (wildfires, water stress, sea level rises, hurricanes and typhoons, heat stress, and floods). The manager is currently performing their own audit of their high-risk assets to decipher whether they need to sell any assets or create plans to implement defences against the climate risks.</p>

## ARRIVA PASSENGER SERVICES PENSION PLAN

### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DB Section (continued)

<p>PIMCO – Global Investment Grade Credit Fund</p>	<p>Total Engagements: 13 Environmental: 10 Social: 1 Governance: 2</p>	<p>ESG is integrated throughout the investment process, as PIMCO believe ESG factors are increasingly essential factors to consider when evaluating long-term investment opportunities.</p> <p>PIMCO's investment process involves three categories: Exclude, Evaluate and Engage. This involves firstly, not investing in issuers who are fundamentally misaligned with PIMCO's sustainability principles. Then PIMCO evaluates current holdings using their independent proprietary ESG scoring system. Lastly, PIMCO engages with issuers based on opportunities they believe will produce the greatest ESG impacts for the issuers.</p> <p>PIMCO has a collaborative approach to ESG engagement with credit analysts regularly engaging with portfolio companies they cover on ESG issues.</p> <p>An example of a significant engagement: Kraft Heinz Foods Co. ("Kraft") – As part of an industry-wide collaboration called the Access to nutrition Index ("ATNI"), PIMCO had a joint investor call with the sustainability, nutrition and legal team at the firm to discuss about how to link nutrient profiling systems with external standards, creating target for trans-fats and positive nutrients and enhancing accessibility and affordability via a commercial strategy. Following this engagement, Kraft are looking to develop an external commitment and make their policy on this issue publicly available.</p>
<p>Robeco - Buy &amp; Maintain Credit Fund</p>	<p>Total Engagements: 74 Environmental: 42 Social: 16 Governance: 16</p>	<p>Robeco has a firmwide Stewardship policy which encases the firm's engagement policy. Robeco has two types of engagement, enhanced and value engagement.</p> <p>Enhanced engagement involves engaging with a firm, with no differentiation between investment styles or asset classes, and aims to set minimal standards for expected behaviour in relation to the UN Global Compact and OECD Guidelines for Multinational Enterprises.</p> <p>Value engagement involves engaging with the portfolio company to help improve the risk/return profile for the investment. Robeco take the approach of a long-term investor, whether from a shareholder or credit perspective, with these views normally being aligned.</p> <p>An example of a significant engagement: Hyundai Motor – Robeco engaged with an independent director at the firm to discuss governance issues, specifically with regards to raising investor priorities including disclosures at board meetings. Later in the year, Robeco engaged with Hyundai and saw that there had not been a general improvement in how the firm addressed governance-related issues. Robeco are monitoring the asset closely and continues to engage with them.</p>

## **ARRIVA PASSENGER SERVICES PENSION PLAN**

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### **TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022**

#### **Implementation Statement - DB Section (continued)**

#### **Voting (for equity/multiasset funds only)**

As the Plan has no equity holdings at year end, there is no voting data to report.



# ARRIVA PASSENGER SERVICES PENSION PLAN

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## TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

### Implementation Statement - DC Section

#### Background and Implementation Statement

##### Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their Statement of Investment Principles (SIP) and demonstrate adherence to these policies in an implementation report.

##### Statement of Investment Principles (SIP)

The Plan has updated its SIP in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments

The SIP can be found online at the web address here:

<https://www.arrivapensions.com/~media/Files/A/Arriva-Pensions/documents/arriva-passenger-services-pension-scheme-money-purchase-section.pdf>

Changes to the SIP are detailed on the following pages.

##### Implementation Report

This Implementation Report is to provide evidence that the Plan continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Plan has taken to manage financially material risks and implement the key policies in its SIP.
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- the extent to which the Plan has followed policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies they invest.
- voting behaviour covering the reporting year up to 5 April 2022 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf.

##### Summary of key actions undertaken over the Plan reporting year

- No other key actions were undertaken over the Plan's reporting year.

## ARRIVA PASSENGER SERVICES PENSION PLAN

### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DC Section (continued)

#### Implementation Statement

This report demonstrates that the Arriva Passenger Services Pension Plan (Money Purchase Sections) has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

#### Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions
Inflation	The risk that the level of investment return over members' working lives will not keep pace with inflation and will not, therefore secure an adequate retirement benefit.	The Trustee recognises that members take the investment risk. The Trustee takes account of this in the selection and monitoring of investment managers and the choice of funds offered to members.	There have been no changes to the policy over the reporting year.
Volatility	The risk of significant short-term fluctuations in the value of members' invested capital which some members may be concerned about.	Same policy as above.	There have been no changes to the policy over the reporting year.
Capital	The risk of a significant fall in value of members' invested capital as they approach retirement.	Same policy as above.	There have been no changes to the policy over the reporting year.
Conversion	The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in benefits secured.	Same policy as above.	There have been no changes to the policy over the reporting year.
Default investment option	The risk of the default investment option being unsuitable for the requirements of some members.	The Trustee has provided additional lifestyle and individual fund options in addition to the default investment option and has communicated to members the need to review their own requirements and circumstances before making any investment decisions.	There have been no changes to the policy over the reporting year.
Investment manager	The risk that the selected investment managers underperform their objectives.	The Trustee regularly reviews each fund's investment performance and takes ongoing advice from the investment adviser on the ongoing suitability of the funds and investment managers. The Trustee focuses on providing passive options that avoid active management risk.	There have been no changes to the policy over the reporting year.

## ARRIVA PASSENGER SERVICES PENSION PLAN

### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DC Section (continued)

Diversification	No definition included in the SIP.	The Trustee has chosen funds that are constructed from well diversified portfolios of assets to reduce the stock specific risk faced by the Plan.	There have been no changes to the policy over the reporting year.
Liquidity	Being forced to sell investments to pay benefits in unfavourable financial market conditions.	The Trustee has invested in unitised pooled funds which are easily redeemable.	There have been no changes to the policy over the reporting year.
Geared or speculative investments using derivatives	No definition included in the SIP.	The Trustee has not invested in funds that are geared or make largely speculative use of derivatives.	There have been no changes to the policy over the reporting year.
Credit	The risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.	The credit risk the Plan is exposed to arises from holdings in the underlying funds.	There have been no changes to the policy over the reporting year.
Market	The Plan is subject to currency, interest rate and other price risk associated with the underlying investments. These risks can impact the valuations of the funds.	The Trustee has selected a sufficient range of funds to be available to allow members to suitably diversify their investments to manage these risks. This is also considered when setting the lifestyle strategies. Further, the Trustee closely monitors the performance of the funds and receives formal reports from the investment adviser giving views on their continuing appropriateness, and that of the underlying investment managers.	There have been no changes to the policy over the reporting year.
Fraud, poor advice or acts of negligence ('operational risk')	No definition included in the SIP.	The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.	There have been no changes to the policy over the reporting year.

## ARRIVA PASSENGER SERVICES PENSION PLAN

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### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DC Section (continued)

Responsible investment	In setting the Plan's investment strategy, including the default investment option, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly.	The Trustee considers this risk by taking advice from their investment adviser when setting the Plan's investment strategy (including the different options available to members), when selecting managers and when monitoring their performance.	More details on the responsible investment policy and how it is implemented are presented later in this report.
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## TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

### Implementation Statement - DC Section (continued)

#### Implementing the current ESG policy and approach

##### ESG as a financially material risk

The SIP describes the Plan's policy regarding ESG as a financially material risk. This page details how the Plan's ESG policy is implemented, while the following pages outline our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

The below outlines the areas which the Plan's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustee intend to review the Plan's ESG policies and engagements periodically to ensure they remain fit for purpose.

#### Implementing the Current ESG Policy

##### Stewardship – Voting & Engagement

The Trustee invests in pooled funds and as such have delegated responsibility for the selection, retention, and realisation of investments to the Plan's investment managers in whose funds they invest.

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as this ultimately creates long-term financial value for the Plan and its beneficiaries.

As part of their delegated responsibilities, the Trustee expects the Plan's investment managers to:

- where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Plan's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser regarding any changes. Where appropriate, this advice includes stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards that the Trustee has set out in its Responsible Investment policy, the Trustee undertakes to engage with the manager and seek a more sustainable position (where possible) but may look to replace the manager.

The Trustee endeavours to review the stewardship activities of its investment managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of its policies to those of the Plan's investment managers and ensure the managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

On an annual basis, the Trustee expects managers to provide aggregate voting information at a fund level and voting rationale for significant votes (defined as where votes were cast against management or where voting differed from the standard voting policy of the manager).

The Trustee will engage with its investment managers, as necessary, for more information to ensure that robust active ownership behaviours, reflective of its active ownership policies, are being actioned. From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

## ARRIVA PASSENGER SERVICES PENSION PLAN

### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DC Section (continued)

#### Stewardship – Voting & Engagement (continued)

This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

#### Members' Views and Non-Financial Factors

In setting and implementing the Plan's investment strategy, the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

The underlying funds that make up the default investment option, the alternative lifestyle options and other self-select funds should not apply personal ethical or moral judgements as the sole basis for an investment decision.

#### Engagement

As the fund manager for the Plan's default investment strategy, the Catch All Lifestyle, LGIM have provided details on their engagement actions including a summary of the engagements by category for the 12 months to 5 April 2022.

LGIM were only able to provide engagement data covering the 12 months to 31 March 2022, therefore the below data is for the period 31 March 2021 to 31 March 2022.

Fund name	Engagement summary	Commentary
LGIM All World Equity Index Fund	Total engagements: 535  Environmental: 284  Social: 193  Governance: 240  Other: 85	LGIM's investment and stewardship teams work together to incorporate ESG issues in decision process, from research and engagement to product development. LGIM aim to engage directly with individual companies with the LGIM Stewardship team also engaging with other asset owners on a wide range of ESG-related themes.  LGIM provide an annual Active Ownership Report setting out the firm's approach to stewardship and activities during the year. Further to this and on a quarterly basis, LGIM disclose case studies of voting and engagement activities undertaken and/or concluded.
LGIM Multi Asset Fund	Total engagements: 631  Environmental: 312  Social: 204  Governance: 304  Other: 91	See previous commentary
LGIM Cash Fund	We requested this data from LGIM, however, they are currently unable to produce this level of reporting. We are working with them to ensure that this data is available in future.	See previous commentary

## ARRIVA PASSENGER SERVICES PENSION PLAN

### TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

#### Implementation Statement - DC Section (continued)

#### Voting (for equity/multi asset funds only)

As the Plan invests via LGIM, the manager has provided details on their voting actions including a summary of the activity covering the reporting year up to 5 April 2022. LGIM also provided examples of any significant votes.

LGIM were only able to provide voting actions for the 12 months to 31 March 2022, therefore the below data is for the period 31 March 2021 to 31 March 2022.

This section is required for equity and multi asset funds only.

Fund name	Voting summary	Examples of significant votes	Commentary
LGIM Ethical Global Equity Index Fund	<p>Meetings eligible to vote for: 6,519</p> <p>Resolutions eligible to vote for: 64,607</p> <p>Resolutions voted: 99.8%</p> <p>Votes for management: 80.7%</p> <p>Votes against management: 18.1%</p> <p>Abstained from voting: 1.3%</p>	<p>Eli Lilly – LGIM co-filed a shareholder resolution with members of IOPA (Investors for Opioid and Pharmaceutical Accountability) to require Eli Lilly have an independent board chair.</p> <p>LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair as they believe these two roles are substantially different and require distinct skills and experience. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 voted against all combined board chair/CEO roles.</p> <p>Seagate Technology Holdings plc – LGIM voted against the appointment of a director due to their concerns around gender diversity on the board.</p> <p>LGIM expects a company to have at least 25% of women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM are targeting the largest companies that don't comply with this as they believe that these companies should be demonstrating leadership on this critical issue.</p>	<p>LGIM use Institutional Shareholder Services' (ISS) electronic platform to execute vote instructions. Voting decisions are made by the LGIM Investment Stewardship ("IS") team and they do not delegate any voting decisions to external parties. Each member of the IS team allocated a specific sector globally which ensures that any voting decision remains consistent throughout the engagement and voting process.</p> <p>LGIM have also produced a custom voting policy for ISS to follow which incorporates LGIM's view on ESG issues.</p>