IMS (UK) Pension Plan ('the Plan')

Annual Implementation Statement

Plan year ending 5 April 2021

1. Introduction and purpose of this Statement

This document is the Annual Implementation Statement ("the Statement") prepared by the Trustee covering the Plan year to 5 April 2021. The purpose of this Statement is to:

- detail any reviews of the Statement of Investment Principles ('SIP'), required under section 35 of the Pensions Act 1995, that the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review

- set out the extent to which, in the Trustee's opinion, the Plan's SIP and engagement policy has been followed during the year

- describe the voting behaviour by, or on behalf of, the Trustee over the year

A copy of this Statement will be made available on the following website: https://iqvia.pensions-directory.co.uk/

2. Review of and changes to the SIP

Review of the SIP and changes made during the Plan year

The SIP was reviewed and subsequently updated during the Plan year to reflect regulatory requirements which came in to force on 1 October 2020. These changes relate to updated requirements to have a policy on the Trustee's arrangements with investment managers, including alignment of interests with the Trustee's policies, investment manager remuneration, portfolio turnover and associated costs, and the duration of the arrangements with investment managers.

The revised SIP was dated 21 July 2020 and formally adopted by the Trustee on 25 September 2020 after consultation with the Company.

3. Adherence to the SIP

The Trustee believes the policies set out in the SIP have been followed during the 2020/2021 Plan year and the justification for this is set out in the remainder of this section. For ease of reference, compliance with the SIP has been sub-divided into separate Final Salary and Money Purchase sections to reflect the different considerations and policies applying to each section. Where actions taken apply to both Final Salary and Money Purchase sections, they are generally discussed within the Money Purchase section below.

Money Purchase ('MP') section

Overall investment objective as set out in the SIP

The Trustee's objectives for the Money Purchase section are described in the SIP.

The Trustee meets these objectives by regularly reviewing the investment strategy, which is currently being undertaken and is expected to conclude in 2021. The previous review was completed on 26 October 2017. The current review has considered such matters as the demographic profile of the membership, the likely income choices members will make at retirement, the ongoing suitability of the default investment strategy's objective, and the range of investment options. The next review will start in the 2023 Plan Year.

How does the Trustee meet its investment obligations?

The Trustee meets quarterly to conduct its business – including monitoring the Money Purchase section investment strategy and performance. A more detailed assessment of the Investment Managers is carried on an annual basis.

WTW, as the appointed investment advisor, will update the Trustee in between these meetings if a particular issue arises with one of the funds made available within the Money Purchase section.

Setting investment strategy

The current strategy was set on 30 July 2015 and implemented in April 2016 following the introduction of the 'Pension flexibility' from 6 April 2015.

A strategy review is undertaken at least every three years. The last triennial review of investment strategy was presented and discussed during the meeting held on 26 October 2017. Reviews can be undertaken more frequently if required (for example, in the event of a significant change in membership).

As noted above, the Trustee is currently reviewing its triennial MP investment strategy, which is composed of three steps:

- Step 1 – Membership analysis: as part of this step, a range of demographic factors were considered to understand the membership's ability to take investment risk and how members may choose to access their MP savings. Overall, the Trustee believes that some members of the Plan could take a higher level of investment risk, and that most members would look to take their benefits via income drawdown at retirement (which is consistent with the objective of the current default Lifecycle) with a minority taking their MP section funds as a cash lump sum (particularly those that also had DB benefits within the Plan).
- Step 2 – Investment design and ESG considerations: Building on the results of the first stage of the investment review, and with inputs from the ESG member survey (noted in the 'ESG considerations section'), the Trustee's considered several investment design options, including potential ESG options and the fund range of the component funds within the Lifecycles. After discussing the recommendations, the Trustee has agreed to the following changes:
    - replace the LGIM 30:70 Global Equity Fund with the LGIM Future World Global Equity Index. This change will apply to the lifecycle strategies and the self-select range.
    - add an additional cash targeting lifecycle to the available investment options in order to provide members an alternative approach to managing investment risk as they approach retirement.
- Step 3 – Final recommendation: The final step considers the recommendation of the Trustee's investment consultant in terms of changes to the investment range and implementation considerations. Any changes stemming from the investment review are expected to be implemented towards the end of 2021, and if effected will be reported on the Plan SIP as appropriate.

Investment Manager arrangements

The Trustee reviews the Investment Manager fees an annual basis as part of the MP section Value for Members process. The 2020 assessment found that the charges within the Money

Purchase section remain competitive relative to comparable Plans. The Trustee is engaging with L&G as part of the Investment Strategy review to understand whether the charges can be reduced further to reflect the growing assets within the Money Purchase section. The Trustee also reviewed and benchmarked the transaction costs that were payable within the Money Purchase section and found that these were in line with market averages.

Consideration of risks within the Money Purchase section

The MP specific risks described in the SIP (and how the Trustee endeavours to mitigate these risks) are set out below. The investment strategy reviews take account of the overall balance of these risks.

Inflation risk – The use of equity and diversified growth funds is expected to deliver above inflation investment returns over the medium to long term. Over the shorter term (less than 3 years), the Trustee acknowledges that the investment return in some funds (such as the L&G Cash Fund) may not cover the inflation risk, but shorter-term considerations focus on mitigation of other risks (see below).

Decumulation mis-match risk – The Trustee is mindful of the risk of market movements that impact members' expected retirement outcomes at the point they decumulate their MP assets. The current strategy makes available two lifecycle strategies that cover drawdown and annuity outcomes and are designed to minimise mis-match risks so far as possible.

Opportunity cost - As part of the investment strategy review, the Trustee considered likely member outcomes (including factors such as risk tolerance at retirement and projected fund size). The strategies were set after considering the correct balance between managing risk as members approach retirement whilst providing members with the opportunity for investment returns in the "growth phase".

Manager risk – The Money Purchase section fund range is predominately passively managed by Legal & General Investment Management (LGIM). LGIM's ability as a manager of index tracking funds was specifically considered as part of the regular monitoring of the investment performance. It was found that LGIM has a good track record of delivering returns in line with the respective index. The Trustee reviews LGIM's performance on a quarterly basis and will raise any tracking deviations if they occur. Where an element of active management is used, for example, the L&G Diversified Fund, the Trustee monitors the performance of the fund manager to ensure that the fund performs in line with its performance target. The Trustee and WTW will question any underperformance with the fund manager.

Capital Risk – This is considered over the medium-term (three years plus) to enable short-term volatility to be smoothed. In this context, the use of equity and diversified growth funds is considered appropriate.

Liquidity risk – Within the Money Purchase section, the investments are daily dealt, and this aims to provide benefits on retirement or transfer to another pension arrangement without delay.

Professional advice

The Trustee is aware of the requirement to take professional advice when setting and reviewing investment strategy.

The Trustee has appointed WTW to provide such advice. In accordance with this engagement, WTW provides a triennial strategy review, which includes recommendations in relation to the default, additional lifecycles, and wider fund range.

WTW also discuss the quarterly investment performance of the Money Purchase range and highlights any particular cases where the funds have not performed in line with their agreed objectives. The Trustee has established investment advisor objectives. The Trustee is currently considering how best to monitor the Plan's advisors against these objectives.

Default strategy

The current default investment strategy, Drawdown focused, was implemented in April 2016 following the introduction of the 'Pension flexibility'. Based on the analysis carried out at that time, the construction of the default targets a drawdown outcome on retirement in view of the membership profile, the likely risk tolerance profile, and the expected retirement outcomes.

During the Plan year, the Plan had two additional funds classified as default arrangements: the LGIM Pre-Retirement Fund and the LGIM Global Equity Market Weights (30:70) Index Fund. Following the implementation of the 2015 investment review, members' assets were automatically moved into these funds.

Self-select fund range

In line with the Trustee's objective to enable members to set their own investment strategy, the Trustee makes available a range of self-select funds.

Members who prefer to make their own investment choices can therefore choose from a range of individual funds which were selected after taking professional investment advice.

Alternative lifecycle strategies

An alternative lifecycle strategy is also available for members who may wish to target an annuity purchase, the lifecycle: Annuity focused strategy. The Trustee will also provide members an additional lifecycle strategy targeting Cash at retirement, following on the results of stages 1 and 2 of the MP section investment review as noted in the 'Setting investment strategy' section.

Investment performance monitoring

Performance of all funds is monitored on a quarterly basis, with reports presented and discussed at each quarterly Trustee meeting.

Performance is measured against the relevant benchmarks set out in the SIP. As the majority of funds are passive, their benchmarks are the relevant indices for the asset classes/ geographical areas represented. For active funds, the benchmarks have been agreed after receiving advice from the Trustee's professional advisers. The appropriateness of these benchmarks is considered annually as part of the annual investment review.

During the Plan year, the majority of funds performed in line with their benchmarks. The Trustee accepts that there may be deviations from benchmarks from time to time and provided these are over short periods of time, will not normally take any action. Sustained or longer-term underperformance would be subject to further investigation.

ESG considerations

Considering that the Money Purchase Section investment funds are predominantly passively managed, the Trustee takes a pragmatic approach to ESG considerations. This is reflected in the SIP.

The Trustee's policy is to not explicitly take account of non-financial matters. However, the Trustee recognises some members may wish to invest in accordance with Shariah principles, and hence, this fund was made available in the self-select range. The HSBC Islamic Index fund is consistent with Islamic Investment principles as interpreted and laid down by the Shariah Committee. This fund was also selected, as it is consistent with the Money Purchase section's predominately passive approach.

The Trustee has delegated responsibility for the selection, retention, and realisation of investments to the underlying investment managers. The Trustee recognises that long-term sustainability issues, including climate change, may have an impact on investment risk and outcomes.

As part of the review of the MP section investment strategy in January 2021, the Trustee conducted a survey to assess members' views on responsible investing (particularly whether the MP section funds should explicitly take account of ESG considerations). It was noted a strong interest in responsible investing as more than 20% of active members participated in the survey with a significant proportion responding to open comments questions.

The survey results show that members have a strong view to support ESG from an investment perspective, as most respondents believe that investments supporting ESG considerations will perform better in the long run and that their retirement plan investments should focus on supporting ESG consideration rather than on maximising returns only. Moreover, many respondents believe that ESG driven investment should be part of the Plan's default.

The survey results have helped the Trustee to further consider the approach to take in relation to ESG and have incorporated the results of the survey into the triennial MP section investment review.

During the Plan year, the Trustee undertook the following activities to develop its approach to ESG integration.

- The Trustee attended a few training seminars to inform their decision making:
    - Association of Member Nominated Trustees (AMNT)/DWS: Pension scheme stewardship – pooled fund split voting (22 May 2021)
    - AMNT/Russell Investment: ESG – a spotlight on 9 Feb 2021)
    - Baker McKenzie: Annual Conference – DC trends: Consolidation, compliance, ESG (18 Jan 2021)
    - AMNT/BNY Mellon: ESG investing: Reaching the Next Level (1 Oct 2020)
    - Barnett Waddingham: 3 sessions of ESG webinar series (July/Aug 2020)

- The Trustee's investment advisor provided training to the Trustee on the new regulation and drivers behind the pension industry's increased focus on sustainable investment (April 2020), on sustainable investment/ESG considerations (July 2020). As part of the July 2020 session, the Trustee discussed:
    - The potential benefits of ESG investing (including empirical evidence and case studies)
    - Its investment beliefs regarding ESG

- The Trustee's investment advisor also provided in July 2020 their research of ESG focused investment options for the Plan's fund range in the following areas:
    - A summary of the various implementation routes when considering sustainable investment (e.g., climate exclusions only, climate integrated and sustainability integrated) and ESG integration (i.e., how well ESG considerations are built into their decision-making processes).
    - An overview of the LGIM funds available and a sample of the alternative funds available covering their investment approach and level of stock diversification.

Post Plan year-end, the Trustee undertook the additional ESG related activities.

- The Trustee's advisors have provided in April 2021 an overview of the global equity options for inclusion within the Plan's fund range, including:
    - The key principles for equity design within a MP arrangement.
    - Specific details on the short listed ESG funds.

Additional Voluntary Contributions (AVCs)

Assets in respect of members' AVCs are invested utilising the same fund options available to Money Purchase section members. These AVC funds benefit from the same oversight and governance as the main Money Purchase section. The Plan no longer has any legacy AVCs arrangements following the move of members' assets from Equitable Life into the Money Purchase section.

Utmost acquired the assets previously managed by Equitable Life in its with-profits fund. Following the transition to Utmost these assets were invested in a Secure Cash Fund, which were subsequently transferred to the Money Purchase section in June 2020.

The Trustee received advice in relation to Equitable Life/Utmost confirming the MP section fund range provides funds which offer suitable returns for members of all ages, consistent with reasonable expectations. The MP section also offers lower charges than those payable within Utmost.

Final Salary section

Governance

The Trustee has established a Funding and Investment Sub-Committee (the 'FISC') to provide an additional focus on funding and investment matters related primarily to the Final Salary section of the Plan. Two FISC meetings were held during the year, in addition to meetings of the full Trust Board.

Around 32% of the Plan's total assets are invested in an insurance policy which insures a proportion of the Plan's pensioner liabilities. While this is an asset of the Plan, given its nature and purpose, the Trustee's focus is on the management of the remaining 68% of the Plan's assets.

During the year to 5 April 2021, a key focus of the FISC was reviewing the investment strategy for the non-insured assets of the Final Salary section, as discussed further in the next section.

Ensuring the Trustee Board has the appropriate skills and knowledge to take effective investment decisions is an important aspect of the Plan's governance. In addition to Trustee Directors being responsible for independently maintaining and developing their own skills and knowledge (for example using The Pensions Regulator's Toolkit), training sessions on a range of relevant topics take place at Trustee meetings. Over the year, a number of training sessions were held covering Liability Driven Investments (LDI), as this was of particular relevance to the review of investment strategy that was being undertaken.

Current investment strategy

The Trustee's investment objectives are set out in the SIP.

The Trustee recognises that the Plan's investment strategy is of primary importance in seeking to achieve these objectives. During the year, the Trustee undertook a review of the Plan's investment strategy, supported by Barnett Waddingham. The review focused on improving the balance of risks within the investment strategy, primarily by using an LDI strategy to reduce interest rate and inflation risks. A reduction in the exposure to the equity allocation was also considered, in favour of lower risk, bond-based investments. A revised investment strategy has been agreed and is expected to be implemented during the current Scheme year

Over the year, a number of training sessions were held covering Liability Driven Investments (LDI), as this was of particular relevance to the review of investment strategy that was being undertaken. Further consideration may then be given to developing a dynamic de-risking framework.

Investment strategy

The Trustee's investment objectives are set out in the SIP.

Proposed investment strategy changes

The Trustee recognises that the Plan's investment strategy is of primary importance in seeking to achieve these objectives. During the Plan year, the Trustee undertook a review of the Plan's investment strategy, supported by Barnett Waddingham and the FISC. The review focused on improving the balance of risks within the investment strategy, primarily by using an LDI strategy to reduce interest rate and inflation risks. A reduction in the exposure to the equity allocation was also considered, in favour of lower risk, bond-based investments. A revised investment strategy has been agreed and is expected to be implemented during the current Scheme year.

The Plan's current investment strategy (excluding the buy-in) is invested largely in return-seeking assets and the Plan's hedging levels are relatively low at c25% of the interest rate exposure and c35% of the inflation exposure of the Plan's total liabilities. In addition, the total annual investment risk (as measured by the Value-at-Risk) projected there was a 5% chance that over the next year the Plan's funding position could deteriorate by more than £29 million (based on the Plan position as at 30 April 2021).

To increase the hedging exposure and reduce the VaR95, Barnett Waddingham proposed a revised strategy involving a full redemption of the LGIM Index-Linked Gilt Fund and a reduction in the direct equity allocation with LGIM to 20%. The majority of the proceeds are to be invested in an LDI portfolio, with a small allocation to an absolute return bond ("ARB") fund to act as a collateral source for any potential capital calls from the LDI funds.

Whilst this strategy materially increases the Plan's hedging levels to c70% of the interest rate exposure and c90% of the inflation exposure of the Plan's total liabilities (on the 2018 TP basis as at 30 April 2021), the level of risk reduction under this proposal is modest (i.e., from £29 million to £25 million as measured by the VaR) and the level of equity risk remains high. The proposed changes to the investment strategy had not been implemented as 31st March 2021 (Plan year-end) but were expected to be completed by 2021 year-end.

The actual asset allocation of the portfolio as at 31 March 2021 (being the closest quarter to the year-end date) is also shown. The Diversified Growth Fund is marginally outside the current control range due to the strong performance of equities of the period. No action was taken to bring the DGF allocation back within the specified ranges, given the intention to adopt a new investment strategy.

Asset class	Current benchmark (%)	Actual allocation (31 March 2021)	Control ranges (%)
UK equities	2.4	2.6	0.0 – 4.0
Overseas equities	10.8	11.7	8.0 – 14.0
Overseas equities (hedged)	10.8	12.3	8.0 – 14.0
Diversified Growth	61.0	57.2	58.0 – 64.0
Index-linked gilts	15.0	16.2	10.0 – 20.0

Investment manager arrangements

There were no changes to the investment managers employed to manage the Plan's asset during the year.

The Plan's portfolio is comprised of a portfolio of equities (UK and overseas developed markets), a diversified growth allocation, and a portfolio of index-linked gilts.

The equities and index-linked gilts are managed passively by Legal and General Investment Management (LGIM). The diversified growth allocation is invested in the Towers Watson Partners Fund, which is managed by Towers Watson Investment Management.

The asset allocation and the investment vehicles through which it is implemented ensures the portfolio has a suitable mix of return-seeking and matching assets, consistent with the Trustee's policy. In addition, through the Diversified Growth allocation, the Plan accesses a very wide range of return-seeking assets, providing exposure to a range of different sources of risk and return.

Realisation of investment

The Trustee has agreed that cashflows should maintain the asset allocation within the agreed ranges. Generally, cashflows are directed to LGIM, who determine whether they should apply to the equity or bond portfolios they manage, as appropriate, to move the actual allocation closer to the central benchmark which they have been given. Where the DGF allocation exceeds the specified control ranges, cashflow can alternatively be directed to/from the TW Partners Fund as appropriate. That action was not deemed appropriate during the Plan year, given the review of the investment strategy that was taking place

Responsibility for managing day-to-day cashflow requirements remains with the Plan's administrators. The investments with LGIM are liquid and can be disinvested on a weekly basis.

Towards the end of Plan's 2019/2020 financial year, the Covid-19 global pandemic had created significant volatility in markets. As a result, the Trustee agreed it would be appropriate to increase the level of cash held by the administrator, in particular to mitigate operational risk, for example challenges in disinvesting from the portfolio due to a lack of availability of signatories for signing disinvestment instructions or issues caused by remote working. As a result, an emergency cash buffer of £1m was established, to be used as an additional source of liquidity by the administrator should such problems emerge. The Plan's emergency cash float was released during the 2020/2021 financial year once concerns about the perceived cashflow risk as a result of Covid-19 had been alleviated.

Risk management

The Trustee has identified several risks involved in the management of the Plan's assets which are considered when reviewing the investment arrangements.

Solvency and mismatching risk were considered through the analysis undertaken as part of the investment strategy review. This illustrated the expected progression of the growth in the assets relative to the liabilities as well as quantifying the downside risks under different strategies.

Manager risk is managed by appointing a passive manager to manage the equity and index-linked gilt investments, where the expectation is that the manager will deliver returns which are very close to those of an underlying market index. In addition, the diversified growth allocation invested via the Towers Watson Partners Fund provides exposure to a very well-diversified portfolio of third-party investment managers, which limits the risk of any one manager performing poorly.

Liquidity risk is managed by the Plan's administrators assessing the Plan's cashflow requirements as well as holding a proportion of the Plan's assets in relatively liquid investments (i.e., the equities and bonds managed by Legal and General).

Counterparty risk was not explicitly considered as part of the review of the investment strategy.

Currency risk is managed by hedging a proportion of the Plan's exposure to non-Sterling currencies. The current strategy uses a sterling-hedged global equities share class to reduce the FX exposure. Within the Partners Fund, the level of hedging of non-Sterling currencies is determined by TWIM

Political risk is managed by having a well-diversified investment portfolio.

Sponsor risk is managed by assessing the interaction between the Plan and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the financial strength of the sponsor. While the Trustee did not obtain external advice on the sponsor covenant during the year, such an assessment is conducted in conjunction with the Triennial Actuarial valuations.

Inappropriate investments are managed through the guidelines applying to the pooled funds in which the Plan invests. There were no changes to the pooled funds in which the Plan invests and no material changes to the investment guidelines of these pooled funds.

Professional advice

The Trustee is aware of the requirement to take professional advice when setting and reviewing investment strategy.

The Trustee has appointed WTW to provide such advice over the Plan year for both the Final Salary Section and Money Purchase arrangements. This was supplemented by work carried out by Barnett Waddingham in relation to the Final Salary Section at the instruction from the Trustee. WTW's responsibilities included quarterly investment monitoring and ongoing governance items to support the Fund. Whilst Barnett Waddingham reviewed the Plan's current Investment Strategy proposing an alternative strategy as outlined in the '*Proposed investment strategy changes' section.*

Investment performance monitoring

The Trustee receives an annual monitoring report to 31 March each year from WTW as well as receiving quarterly reports from the investment managers.

The LGIM investments performed in line with expectations, delivering returns within an acceptable deviation of the underlying benchmark index. The Towers Watson Partners Fund has exceeded its CPI+5% based benchmark across a 1-year, 3-year and 5-year period.

ESG considerations

During the Plan year, the Trustee attended several training seminars on ESG to help inform their decision making. As described in the Money Purchase section above, the majority of these sessions were also relevant to the Final Salary section of the Plan.

The Towers Watson Partners Fund also embeds sustainable investment factors into their management process. Within the equity allocation of the Partners Fund, Hermes EOS is employed to provide voting advice to the equity managers as well as to engage directly with companies that represent key holdings within the portfolio (further information is provided in the Voting and Engagement section below).

In addition to effective stewardship, several of the investments within the Partners Fund are specifically aligned with longer term, sustainable investment themes. One example is a private equity investment in US healthcare solutions with the ambition of improving affordability, accessibility, and quality of healthcare in New York City. The strategy provides positive Social tailwinds by addressing the lack of insurance coverage for individuals and the complexity of the US healthcare system by investing in physician practices with lower administrative costs to mainstream hospitals. The strategy also looks to aggregate these physician groups providing greater negotiating power to acquire sufficient treatment coverage from the insurer.

Voting and engagement

MP section

During the Plan year, the SIP was also updated to take account of new requirements coming into force from 1 October 2019 and 1 October 2020 in relation to the Trustee's policies on voting rights and engagement.

As all investments are held within pooled funds, the key area of activity during the Plan year was to consider how to monitor (and measure) the investment managers' (LGIM and HSBC) performance in these areas.

The Trustee has delegated all voting and engagement activities to the underlying managers, but nevertheless expects effective activities in these areas to form part of their processes. The Trustee has reviewed the underlying investment managers' stewardship policies (made available at the following link https://www.lgim.com/uk/en/capabilities/corporate-governance/ and https://www.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/responsible-investment-review-2021.pdf).

As most of the Money Purchase assets are managed by LGIM, the Trustee focused most of its attention on this manager. During the Plan year, it undertook the following activities:

- Reviewed LGIM's stewardship approach and considered their key votes.
- The Trustee's advisors confirmed their view that there is strong leadership of stewardship at LGIM, which supports a thoughtfully targeted programme with clear, proactive, and robust stances taken on key issues. Independent assurance is sought for the firm's voting policy.

Voting

When reviewing the LGIM's and HSBCs stewardship approach, the Trustee found that:

- During 2020, LGIM voted on over 138,600 proposals at over 14,000 company meetings. LGIM has implemented their own custom policies, and rely on the service of ISS, their proxy advisor. LGIM does not automatically follow recommendations of proxy advisers and has put in place a custom voting policy, which requires companies, amongst other things, to have a higher level of independence and diversity on the board, or to provide more in-depth disclosure regarding executive compensation.
- During 2020, HSBC voted on over 86,000 proposals at over 8,200 company meetings. HSBC have global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills. HSBC use the voting research and platform provider ISS to assist with the global application of our voting guidelines. HSBC reviews voting policy recommendations according to the scale of its overall holdings. The voting recommendations for active holdings are reviewed by the relevant fund managers, whilst HSBC corporate governance specialists oversee voting for all holdings.

The below table sets out the relevant voting activities, including any votes cast on the Trustee's behalf and examples of votes cast that the underlying managers seem to be significant. The voting statistics cover the Plan's equity funds for the year ending 31 March 2021.

Fund name	Voting activity	Example of one of the most significant votes cast during the period.
World Emerging Markets Equity Index Fund	**Number of eligible meetings where the provider was able to vote:** 3,998 **Percentage of resolutions that were voted on:** 99.89% **Percentage of votes cast which were with a Board's proposal:** 85.23% **Percentage of votes cast which were against a Board's proposal:** 13.40%	LGIM has confirmed that there were no significant votes made in relation to the securities held by this fund during the reporting period
Global Equity Market Weights (30:70) Index Fund – GBP 75% Currency Hedged	**Number of eligible meetings where the provider was able to vote:** 7,515 **Percentage of resolutions that were voted on:** 99.87% **Percentage of votes cast which were with a Board's proposal:** 84.31% **Percentage of votes cast which were against a Board's proposal:** 14.99%	**Company:** International Consolidated Airlines Group **Resolution:** 8. Approve Remuneration Report **How provider voted:** Against proposal **Rationale:** The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model. 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. LGIM disagreed with the bonus remuneration (up to 90% of salary) offered to executives in light of these events. Engagement on this point eventually led to a success, as the appointment of a new CEO to replace the long-standing CEO was announced in January 2020.
Diversified Fund	**Number of eligible meetings where the provider was able to vote:** 11,362 **Percentage of resolutions that were voted on:** 98.98% **Percentage of votes cast which were with a Board's proposal:** 81.72% **Percentage of votes cast which were against a Board's proposal:** 17.71%	**Company:** Barclays PLC **Resolution:** 29. Approve Barclays' commitment to tackling Climate Change. **How provider voted:** For proposal **Rationale:** Barclays announced on 30th March 2020 updated ambitions with respect to tackling climate change. Barclays proposed a resolution (Resolution 29) at its annual general meeting (AGM) to commit the company to a strategy, with targets, for alignment of its entire financing portfolio to the goals of the Paris Agreement. LGIM will now focus on helping Barclays on the detail of their plans and targets.
HSBC Islamic Global Equity Index Fund	**Number of eligible meetings where the provider was able to vote:** 109 **Percentage of resolutions that were voted on:** 91.6% **Percentage of votes cast which were with a Board's proposal:** 87.8% **Percentage of votes cast which were against a Board's proposal:** 12.2%	**Company:** Abbott Laboratories **Resolution:** Reduce Supermajority Vote Requirement **How provider voted:** For proposal **Rationale:** HSBC favour one share, one vote and support measures to reduce or remove supermajority requirements. HSBC consider this vote to be relevant on the basis they cast it against the management recommendation and covered a relevant shareholder right.

Engagement

LGIM's Investment Stewardship team engaged 891 times in respect of 665 companies during 2020, often collaborating with industry peers. Climate change was the single most frequent engagement topic (407 times), and the UK was the second biggest engagement market (275) after North America (283). The most frequently engaged companies were BP (9 engagements), Tesco (7) and Rio Tinto (5).

In 2020 LGIM, has been particularly active in engaging on the importance of gender diversity in Japan, which began in January 2019. In early 2020, LGIM announced it would vote against TOPIX (a stock market index for the Tokyo Stock Exchange) 100 companies that had no women on their boards. In the first year of implementing this policy, LGIM voted against the most senior member of the board or chair of the nomination committee (depending on the board structure) at 10 Japanese companies, including Olympus, Central Japan Railway and Kubota. In 2021, LGIM will expand the scope of their policy to vote against TOPIX Mid 400 companies lacking gender diversity.

HSBC engage with companies on a range of ESG issues and have a clear set of engagement objectives, including improving understanding of company strategy and promote good practice. Specifically, to the HSBC Islamic Global Equity Index Fund, the ESG team engaged with 15 fund constituents in Q2 2020, 11 in Q3 2020, 12 in Q4 2020 and 8 in Q1 2021. ESG issues were raised by portfolio managers and analysts with other companies in the fund.

During Q2 2020, HSBC met with PepsiCo to discuss shareholder resolutions that they were facing on proxy access and on sugar and public health. HSBC reviewed their record on reducing sugar content in soft drinks and not advertising to under 12s, and PepsiCo committed to consider the risk to finances and reputation from public health in future disclosures. HSBC also raised issues of climate advocacy and the impact of Covid-19.

Final Salary Section

Voting

The general voting information set out in the Money Purchase section above in relation to LGIM applies to the equity investments of the Final Salary section also.

The below table lays out the voting statistics for the Plan's LGIM equity funds and Towers Watson Partners Fund in which the Final Salary section is invested for the year ending 31 March 2021.

Fund name	Voting activity	Example of one of the most significant votes cast during the period.
LGIM World (ex UK) Equity Index Fund **LGIM World (ex UK) Equity Index (GBP Hedged)**	**Number of eligible meetings where the provider was able to vote:** 3,243 **Percentage of resolutions that were voted on:** 99.83% **Percentage of votes cast which were with a Board's proposal:** 80.25% **Percentage of votes cast which were against a Board's proposal:** 19.16%	**Company:** Qantas Airways Limited **Resolution:** 3. Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4. Approve Remuneration Report. **How provider voted:** Against resolution 3 and supported resolution 4 **Rationale:** The COVID crisis has impacted the Australian airline company's financials. In light of this, the company raised significant capital to execute its recovery plan. It also cancelled dividends, terminated employees, and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as we wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately

		reflected in the executive pay package. LGIM supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), considering the pandemic. About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration.
LGIM UK Equity Index Fund	**Number of eligible meetings where the provider was able to vote:** 943 **Percentage of resolutions that were voted on:** 100% **Percentage of votes cast which were with a Board's proposal:** 92.94% **Percentage of votes cast which were against a Board's proposal:** 7.05%	**Company:** SIG plc **Resolution:** 5. Approve one-off payment to Steve Francis proposed at the company's special shareholder meeting held on 9 July 2020. **How provider voted:** Against proposal **Rationale:** The company wanted to grant their interim CEO a one-off award of £375,000 for work carried out over a two-month. 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, believing the remuneration committee should ensure that executive directors have a remuneration policy in place that is appropriate for their role and level of responsibility. 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. 44% of shareholders did not support it and with this level of dissent, the company may not go ahead with the payment.
TWIM Partners Fund	**Number of eligible meetings where the provider was able to vote:** 463 **Percentage of resolutions that were voted on:** 98.6% **Percentage of votes cast which were with a Board's proposal:** 87.6% **Percentage of votes cast which were against a Board's proposal:** 6.4%	**Company:** Alphabet Inc **Resolution:** Establish Human Rights Risk Oversight Committee **How provider voted:** For **Rationale:** A vote FOR this proposal was warranted because continued controversies call into question the extent to which the existing board structure provides adequate oversight on risks the company's technologies present to human rights, which, in turn, creates risks for the company in terms of retaining high-level employees and retaining a good reputation in the eyes of users and advertisers. Also, given the pervasive role of Google in society this should be undertaken. The proposal was rejected with an 83.74% majority.

Engagement

The engagement information set out in the Money Purchase Section above in relation to Legal and General Investment manager applies to the equity investments of the Final Salary section as well.

As a policy, Towers Watson Investment Management monitors the sustainable investment credentials of managers and reviews their policies and actions. Underlying investment managers are expected to undertake ESG integration and stewardship activities to the extent that it is practical. TWIM engages in a two-way dialogue with managers that can make improvements. As part of the ongoing research, areas of concern are highlighted to the manager alongside the rationale for concern. TWIM encourages the manager to resolve these issues within 12 months. Should there be little or no change, TWIM will attempt further engagement to understand the lack of progress and may take steps to review their rating for the strategy.

In addition, EOS at Federated Hermes is utilised to measure and monitor progress on all engagement activity setting clear objectives and specific milestones for the most intensive engagements. In selecting companies for engagement, EOS accounts for ESG risks, long-term shareholder value and engagements projects. It escalates the intensity of engagement with companies over time, depending on the challenges and the attitude of the board. EOS is part on Climate Action 100+ which aims to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change with investors totalling $54tn under management. In total, TWIM have done over 200 engagement with over 70 managers on sustainability issues in 2020.

An example of the important engagement work EOS undertakes is their work with the pharmaceutical industry on fair access to medicine, which is especially topical in light of the coronavirus pandemic and concerns about fair access to vaccines. One of TWIM's preferred asset managers set up a subsidiary venture capital fund called Oxford Sciences Innovation (OSI). OSI invested in Vaccitech who, in collaboration with AstraZeneca, was able to develop an easily distributed and effective vaccine, offering the global potential to save lives in the fight against COVID-19 and having a clear positive impact on society.

Copies of the WTW Sustainable Investment Policy and the Sustainable Investment report for 2021 are available at the following links.

https://www.willistowerswatson.com/-/media/WTW/Insights/2021/05/sustainable-investment-report-2021-uk.pdf?modified=20210531112022

https://www.willistowerswatson.com/-/media/WTW/Insights/2020/03/sustainable-investment-policy.pdf?modified=20200327091303