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

Annual Implementation Statement for Plan year ending 5 April 2022

Executive summary

Money Purchase section

In April 2021, the Trustee used membership analysis, along with inputs from the ESG member survey, to consider 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 50% GBP Hedged Fund. 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.

In May 2022 (outside the Plan year), the Trustee undertook a review of LGIM's sustainability practices. The review included a manager assessment and a sustainable investment review covering indexed equity funds, the Diversified Fund and the HSBC Islamic Global Equity Index Fund. As most of the MP assets are managed by LGIM, the Trustee focused most of its attention on this manager and concluded:

- LGIM was overall 'strong', largely adhering to or exceeding good practice standards.
- There were some areas which were 'neutral' at the current time, mainly due to the departure of a key figure in the Stewardship management, the Trustee will monitor this development during the 2022/23 Plan year.

Final Salary Section

In February 2022, the Trustee met with Towers Watson Investment Management (who manage around 55% of the Plan's assets) to discuss current topics relevant to the Plan and to refresh their understanding of the fund's approach and processes. The Trustee also discussed the manager's approach to ESG considerations and their stewardship policies.

From the next Plan year onwards, the Trustee will receive an annual ESG monitoring report from its investment consultant, which will detail and review the stewardship and engagement activities of the current managers. However, based on the information provided by the Plan's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's investment managers.
- The Trustee, with input from their investment consultant, annually receive and review (through their Implementation Statement) voting information and engagement policies from the investment managers to ensure alignment with their own policies. The Trustee believes that the voting and engagement activities undertaken by the investment managers on their behalf have been in the members' best interests.
- Having reviewed the above and the data presented on page 13 onwards, the Trustee is comfortable that the actions of their investment managers are in alignment with the Plan's stewardship policies.

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 2022. 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 the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed during the year; and
- describe the voting activity undertaken by the Plan's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

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 during the Plan year

The SIP was reviewed and subsequently updated during the Plan year to reflect investment strategy changes implemented towards the end of 2021. The revised SIP was dated February 2022 and formally adopted by the Trustee on 21 February 2022 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 2021/2022 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 and AVCs

Overall investment objective as set out in the SIP

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

The Trustee meets these objectives by regularly reviewing the investment strategy, the most recent of which was completed in July 2021. The review 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 MP section investment strategy and performance. A more detailed assessment of the Investment Managers is carried out an annual basis. WTW, as the appointed investment advisor for the MP section, will update the Trustee in between these meetings if a particular issue arises with one of the funds made available within the MP section.

Setting investment strategy

A strategy review is undertaken at least every three years. The last triennial review of the investment strategy was completed in July 2021. The review comprised of three steps:

- Step 1 (January 2021) – 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 (April 2021) – 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 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 50% GBP Hedged Fund. 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 (July 2021) – Final recommendation: The final step considered the recommendation of the Trustee's MP investment consultant in terms of changes to the investment range and implementation considerations. The Trustee agreed to a design which would form the new cash-targeting lifecycle. This would be broadly consistent with the Plan's default lifecycle designs until 10 years before retirement, with the final 70% Cash and 30% Diversified Growth split representing a good split between capital protection and ongoing real growth at the selected retirement age. The implementation considerations included mitigating potential risks arising from a no-deal Brexit and the lifting of COVID-19 restrictions. It was agreed that the trade would take place in one tranche to reduce impact of transaction costs.

Following the review, in November 2021 the Administrator, Capita, and LGIM, implemented the changes to replace the global equity fund and add the new cash lifecycle strategy. The trade was effective 5 November 2021. The LGIM 30:70 Global Equity Fund was removed from the fund range.

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 three additional funds classified as default arrangements: the LGIM Pre-Retirement Fund, the LGIM Global Equity Market Weights (30:70) Index Fund (until November 2021) and the LGIM Future World Global Equity Index 50% Currency Hedged (from November 2021). Following the implementation of the 2015 and 2021 investment reviews, 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. During the Plan year, the LGIM Future World Global Equity Index 50% Currency Hedged was incorporated into the self-select range, which integrates

ESG considerations, following the latest investment strategy review and with inputs from the ESG member survey.

Alternative lifecycle strategies

Two alternative lifecycle strategies are also available for members who may wish to either target an annuity purchase, the Lifecycle: Annuity Focused strategy, or cash, the Lifecycle: Cash Focused strategy. The Cash Focused strategy was introduced to the fund range in November 2021 following the latest investment strategy review.

Risks within the MP 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.

Risk	Risk management/ mitigation
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 three lifecycle strategies that cover drawdown, annuity and cash lump sum 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".
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 diversified growth funds is considered appropriate.

Expected return on investments

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 year the Trustee found that the LGIM Diversified Fund has exceeded its target of achieving a rate of the Bank of England Base Rate + 3.5% p.a. over the long term. Additionally, the fund has achieved this return at a volatility of around half of that of a pure global equity fund. 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.

Policy on arrangements with asset managers

The Trustee reviews the Investment Manager fees on an annual basis as part of the MP section's 'Value for Members' process. The 2021 assessment found that the charges within the MP section remain competitive relative to comparable Plans. The Trustee was able to obtain a lower rate for the new global equity fund (in comparison to the charge for the previous fund) which is beneficial to members as this fund holds the majority of the MP section's assets.

ESG considerations

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.

The Trustee's policy is to not explicitly take account of non-financial matters and to not ordinarily take account of member views when setting the investment strategy. 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 MP section's predominately passive approach. The Trustee also undertook an ESG member survey as part of the investment strategy review.

The 2021 investment strategy review, along with the member survey results, helped the Trustee to further consider the approach to take in relation to ESG, ultimately resulting in the changes to the global equity fund in November to a fund that has ESG integrated within its design.

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

- The Trustee attended external training sessions on
  - 'The purpose of Investments: ESG essentials' and 'Stewardship: a force for change' (Federated Hermes - 10 September 2021)
  - Decision-making in a changing environment (Barnett Waddingham – 21 September 2021
- The Trustee's investment advisors provided training to the Trustee on the new regulation and drivers behind the pension industry's increased focus on:
  - Fiduciary investment management (WTW - February 2022)
  - ESG (DC Focus) (WTW – April 2021)

- As part of the investment strategy review (Step 2 under the 'Setting investment strategy' section above), in April 2021 the Trustee's advisors provided further detail on the ESG approaches for the shortlisted global equity funds.

The SIP underwent an in-depth review by the final salary investment advisers in February 2022, which included a greater focus on the monitoring of ESG considerations, stewardship and engagement in relation to the assets held by the Plan's investment managers. Following this, the MP section advisers provided a report in May 2022 to assist the Trustee in addressing new key areas of focus, which provided an assessment of the Investment managers approach to ESG. This report confirmed that the managers displayed strengths across a number of different areas, including Climate integration, Firm commitment, engagement and voting.

Additional Voluntary Contributions (AVCs)

Assets in respect of members' AVCs are invested utilising the same fund options available to MP section members. These AVC funds benefit from the same oversight and governance as the main MP section.

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 30% 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 70% of the Plan's assets.

During the year to 5 April 2022, a key focus of the FISC was agreeing the investment strategy changes for the non-insured assets of the Final Salary section, as discussed further in the next section, and implementing the agreed changes.

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 where needed.

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 investment strategy review was finalised and the agreed changes implemented. The review focused on improving the balance of risks within the investment strategy, primarily by using Liability Driven Investment ("LDI") funds to reduce interest rate and inflation risks, along with a small reduction in the strategic allocation to the LGIM Equity Portfolio.

In October 2021, a full redemption was made from the LGIM Over 15 Year Index-Linked Gilt Fund, with the proceeds transferred to the LGIM LDI funds. The strategic benchmark to the LGIM Equity Portfolio was reduced to 20%, with the proceeds invested in the LGIM LDI funds and the LGIM Absolute Return Bond ("ARB") Plus Fund (GBP Hedged). As a result, the LDI Portfolio hedges around 70% of the interest rate exposure and 85% of the inflation exposure of the Plan's total liabilities (as measured on the 2018 Technical Provisions basis). The LGIM ARB Plus Fund (GBP Hedged) acts as a collateral source for any potential capital calls from the LDI funds.

Since the year end, further de-risking has been discussed following a material improvement in the Plan's funding position. In addition, some strategic rebalancing has also taken place over 2022 following significant market movements over the year to date, which resulted in the strategy deviating from its strategic allocation.

The actual asset allocation of the portfolio as at 31 March 2022 (being the closest quarter to the year-end date) and the strategic benchmark is shown below. The strategy was broadly in line with its strategic allocation as at 31 March 2022, however as mentioned, rebalancing action has taken place since the Plan year-end.

Asset class	Actual allocation as at 31 March 2022 (%)	Current benchmark (%)
Diversified Growth	56.9	56.0
UK equities	2.1	2.0
Overseas equities	9.6	9.0
Overseas equities (hedged)	9.5	9.0
LDI	16.9	19.0
Absolute Return Bonds	4.9	5.0
Total	**100.0**	**100.0**

Totals may not sum due to rounding

Investment manager arrangements

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

The Plan's portfolio is comprised of a portfolio of equities (UK and overseas developed markets), a diversified growth allocation, an LDI portfolio and an absolute return bond fund. The equities and LDI portfolios are managed passively by Legal and General Investment Management (LGIM), whereas the ARB allocation is actively managed by LGIM. The diversified growth allocation is invested in the Towers Watson Partners Fund, which is managed by Towers Watson Investment Management ("TWIM").

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. The Final Salary section specific risks described in the SIP and how the Trustee endeavours to mitigate these risks are set out below.

Risk	**Risk management/ mitigation**
Risk vs. the liabilities	Managed through quarterly funding updates provided by the Scheme Actuary and the Trustee has discussed implementing de-risking triggers. The recent investment strategy review considered the appropriate level of risk and return required to support the existing funding assumptions. Recent de-risking discussions have also considered possible investment strategy changes in light of the improved funding position (a proposal is currently being reviewed by the Employer).
Covenant risk	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. External advice on the sponsor covenant was provided by Grant Thornton as at 5 April 2021 (in conjunction with the Triennial Actuarial valuation), which found the covenant afforded currently to the Plan to be 'Strong'.
Solvency and mismatching risk	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.

Asset allocation risk	Monitored by the Trustee through the quarterly monitoring reports and rebalancing action is taken where needed.
Investment manager risk/ concentration risk	Managed by appointing a passive manager to manage the equity and LDI 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. The LGIM ARB Plus Fund is actively managed, however as at 31 March 2022, around 60% of the fund was held in investment grade credit, which carries less risk than sub-investment grade bonds. The Fund is well-diversified across different issuers. The Trustee monitors the performance of each of the Plan's investment managers on a regular basis through the quarterly monitoring reports. In addition, the Trustee will meet with the managers from time to time – TWIM attended the February 2022 Trustee meeting.
Governance risk	Monitored through the Plan's annual Implementation Statement, where the managers' stewardship and engagement policies are reviewed.
ESG/ climate risk	Not explicitly reviewed during the Plan year, however the Trustee is undertaking annual ESG monitoring through their investment consultant going forward.
Liquidity risk	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 LGIM equities and LGIM ARB Plus Fund, which are both weekly dealt).
Currency risk	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 and the global exposure within the ARB Plus Fund is also hedged back to sterling. Within the Partners Fund, the level of hedging of non-Sterling currencies is determined by TWIM.

ESG considerations

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

The Trustee considers that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) will be financially material for the Plan over the length of time during which the benefits provided by the Plan for members require to be funded to a level which would allow the benefits to be bought out with an insurer. The Trustee has elected to invest the Plan's assets through pooled funds and expects the underlying managers to take into account ESG factors (including climate change risks) in their decisions for selection, retention and realisation of investments (where appropriate).

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).

Voting and engagement

Money Purchase ('MP') section and AVCs

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 links:

https://www.lgim.com/uk/en/capabilities/corporate-governance/

https://www.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/responsible-investment-review-2022.pdf).

As most of the MP assets are managed by LGIM, the Trustee focused most of its attention on this manager.

In May 2022 (outside the Plan year), the Trustee undertook a review of LGIM's sustainability practices, (following the updates to the SIP by the final salary section investment adviser in February 2022). The review included a manager assessment and a sustainable investment review covering indexed equity funds, the Diversified Fund and the HSBC Islamic Global Equity Index Fund. In the findings of the assessment, LGIM was overall 'strong', largely adhering to or exceeding good practice standards. There were some areas which were 'neutral' at the current time, mainly due to the departure of a key figure in the Stewardship management, the Trustee will monitor this development during the 2022/23 Plan year.

Voting

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

- During the reporting period, LGIM voted on over 180,200 proposals at over 15,400 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 the reporting period, HSBC voted on over 84,000 proposals at over 8,400 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 2022.

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:** 4,087 **Percentage of resolutions that were voted on:** 99.8% **Percentage of votes cast which were for a Board's proposal:** 81.11% **Percentage of votes cast which were against a Board's proposal:** 16.71%	**Company:** China Construction Bank Corporation **Resolution:** Approve report of the Board of Directors **How provider voted:** Against proposal **Rationale:** The company is deemed not to meet minimum standards with regards to climate risk management and disclosure.
Future World Global Equity Index Fund / Future World Global Equity Index Fund GBP Hedged	**Number of eligible meetings where the provider was able to vote:** 4,465 **Percentage of resolutions that were voted on:** 99.86% **Percentage of votes cast which were for a Board's proposal:** 81.74% **Percentage of votes cast which were against a Board's proposal:** 17.42%	**Company:** Apple Inc. **Resolution:** Report on Civil Rights Audit **How provider voted:** For proposal **Rationale:** A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.
Global Equity Market Weights (30:70) Index Fund – GBP 75% Currency Hedged	**Number of eligible meetings where the provider was able to vote:** 7,142 **Percentage of resolutions that were voted on:** 99.85% **Percentage of votes cast which were for a Board's proposal:** 81.96% **Percentage of votes cast which were against a Board's proposal:** 16.90%	**Company:** Wells Fargo & Company **Resolution:** Report on Racial Equity Audit **How provider voted:** **Rationale:** A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.
Diversified Fund	**Number of eligible meetings where the provider was able to vote:** 9,011 **Percentage of resolutions that were voted on:** 98.76% **Percentage of votes cast which were for a Board's proposal:** 78.74 **Percentage of votes cast which were against a Board's proposal:** 20.47%	**Company:** NextEra Energy, Inc. **Resolution:** 1h Elect Director James L. Robo **How provider voted:** Against proposal **Rationale:** LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they are voting against all combined board chair/CEO roles.

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:** 94.5% **Percentage of votes cast which were for a Board's proposal:** 88.5% **Percentage of votes cast which were against a Board's proposal:** 11.5%	**Company:** ExxonMobil Corporation **Resolution:** Proxy contest – Management proxy vs shareholder proxy **How provider voted:** Against proposal **Rationale:** Concern by the lack of substantial improvement in Exxon's commitment and strategy with regards to climate change.
World (ex UK) Equity Index Fund – fund remained open in error	**Number of eligible meetings where the provider was able to vote:** 2,931 **Percentage of resolutions that were voted on:** 99.79% **Percentage of votes cast which were for a Board's proposal:** 78.98% **Percentage of votes cast which were against a Board's proposal:** 20.10%	**Company:** Intel Corporation **Resolution:** 5 Report on Global Median Gender/Racial Pay Gap **How provider voted:** For proposal **Rationale:** A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

Engagement

LGIM's Investment Stewardship team held 312 meetings/calls and 461 written engagements in respect of 571 companies during 2021. As in the previous year, climate change was the most frequently discussed engagement topic (246 times), and the UK was the biggest engagement market (240). The most frequently engaged companies were BP (8 engagements), along with Mizuho Financial Group, Mitsubishi UFJ Financial, Tesco and ExxonMobil (jointly 6).

In mid-2021, LGIM announced the results of its fourth Climate Impact Pledge engagement programme, with positive results across most regions and sectors, with Europe leading in the analysis. The fifth cycle of company meetings aimed to target influential companies that are not yet meeting best practice in terms of emission reduction targets, governance and climate change policies. In 2021, following engagements with BP, LGIM were pleased to learn about the recent strengthening of BP's climate targets (announced in February 2022), along with the commitment to become a net-zero company by 2050. LGIM also opposed the election of 370 directors globally due to concerns about board 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 22 fund constituents in Q2 2021, 53 in Q3 2021, 7 in Q4 2021 and 23 in Q1 2022. ESG issues were raised by portfolio managers and analysts with other companies in the fund.

During both Q2 and Q3 2021, HSBC met with ExxonMobil one-to-one to discuss its concerns about their approach to climate change. HSBC decided to support the shareholders with the outcome that 3 of 4 Board Directors were replaced by dissident candidates. HSBC also continued its engagement with BHP Billiton as co-lead investor under Climate Action 100+ initiative.

Final Salary Section

How voting and engagement policies have been followed

Based on the information provided by the Plan's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's investment managers.
- When required, the Trustee obtains training on ESG considerations in order to understand fully how ESG factors (including climate change) could impact the Plan and its investments.
- The Trustee, with input from their investment consultant, annually receive and review (through their Implementation Statement) voting information and engagement policies from the investment managers to ensure alignment with their own policies. The Trustee believes that the voting and engagement activities undertaken by the investment managers on their behalf have been in the members' best interests.
- Having reviewed the above and the data presented below, the Trustee is comfortable that the actions of their investment managers are in alignment with the Plan's stewardship policies.

Stewardship policy

The Trustee's SIP describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in February 2022 and has been made available online here: https://iqvia.pensions-directory.co.uk/.

There have been no changes to the Trustee's stewardship policy over the year to 31 March 2022. The Trustee has delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Plan's investment managers.

Voting data

This section provides a summary of the voting activity undertaken by the investment managers within the Plan's Growth Portfolio on behalf of the Trustee over the year to 31 March 2022. The voting behaviour is shown over the year to 31 March 2022, rather than the Plan year end to 5 April 2022, because investment managers only report on this data quarterly.

The LDI and ARB holdings with LGIM have no voting rights given the nature of the investments.

Manager	LGIM	LGIM	Towers Watson
Fund name	UK Equity Index Fund	World (ex UK) Equity Index Fund World (ex UK) Equity Index Fund (GBP Hgd)	Partners Fund
Structure	Pooled		
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.		
No. of eligible meetings	772	2,931	592
No. of eligible votes	10,813	34,024	7,410
% of resolutions voted	100.0%	99.8%	99.1%
% of resolutions abstained	0.0%	0.9%	1.0%
% of resolutions voted with management[1]	93.1%	79.0%	90.5%
% of resolutions voted against management[1]	6.9%	20.1%	8.5%
Proxy voting advisor employed[1]	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions.		EOS at Federated Hermes
% of resolutions voted against proxy voter recommendation	5.4%	14.1%	6.8%

Towers Watson Partners Fund: As the Partners Fund is a multi-asset fund, voting rights are reflected differently in each segment of the portfolio. In equities, voting rights are virtually all exercised via the underlying managers. Within private markets, the underlying fund managers typically own a majority share in the assets they hold with few formal votes taken. Where there are formal votes, typically these are via Investor Advisory Committees (IACs) which are generally made up of larger investors and represent the interests of all investors in the fund. In the credit space, there are no voting rights, but the underlying managers may engage with issuers about bond covenants. Finally, in the diversifying strategies layer, voting rights will vary depending on the strategy (e.g. a long-short equity manager would be expected to exercise voting rights, but a reinsurance strategy wouldn't have any voting rights). The underlying funds utilise the services of a proxy voting provider. EOS at Federated Hermes are employed to provide corporate engagement and voting recommendation services with respect to the Global Equity Focus Fund holdings within the Fund.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote, so for this Implementation Statement the Trustee, through their investment consultant, has asked the investment managers to determine what they believe to be a "significant vote". LGIM and TWIM have provided a selection of votes which they believe to

[1] As a percentage of the total number of resolutions voted on

be significant, however in the interest of concise reporting the tables below show 3 of these votes for each fund.

A summary of the significant votes provided over the year to 31 March 2022 is set out below.

LGIM, UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Informa Plc	The Sage Group Plc	JD Sports Fashion Plc
Date of vote	3 June 2021	3 February 2022	1 July 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3%	0.3%	0.2%
Summary of the resolution	Approve Remuneration Report	Re-elect Drummond Hall as Director	Re-elect Peter Cowgill as Director
How the manager voted	Against	Against	Against
Rationale for the voting decision	The company's prior three Remuneration Policy votes – in 2018, June 2020, and at a General Meeting that was called in December 2020 – each received high levels of dissent, with 35% or more of votes cast against. At the December 2020 meeting, the Remuneration Policy and the Equity Revitalisation Plan (EVP) received over 40% of votes against. LGIM has noted their concerns with the company's remuneration practices for many years. Due to continued dissatisfaction, LGIM again voted against the proposed Policy at the December 2020 meeting.	A vote against was applied because of a lack of progress on gender diversity on the board. LGIM expects boards to have at least one-third female representation on the board.	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015, LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM have voted against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO, and have reinforced their position on leadership through engagement.
Outcome of the vote	61.7% of shareholders were against the resolution	94.4% of shareholders supported the resolution	84.8% of shareholders supported the resolution
Implications of the outcome	LGIM will continue to seek to engage with the company and monitor progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Criteria on which the vote is considered "significant"	LGIM consider this vote to be significant as they took the rare step of publicly pre-declaring it before the shareholder meeting.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

LGIM, World (ex UK) Equity Index Fund and World (ex UK) Equity Index Fund (GBP Hgd)

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Microsoft Corporation	AT & T
Date of vote	4 March 2022	30 November 2021	30 April 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.3%	4.0%	0.4%
Summary of the resolution	Report on Civil Rights Audit	Elect Director Satya Nadella	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	For	Against	Against
Rationale for the voting decision	LGIM voted in favour as they support proposals related to diversity and inclusion policies (LGIM believe these issues are a material risk to companies).	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.	LGIM identified serious issues with the structure and quantum of AT&T's executive remuneration. In particular, the $48 million sign-on equity award to the incoming CEO of its Warner Media division and a $9 million retention grant to the General Counsel. This does not meet LGIM's expectations of fair and balanced remuneration both in magnitude and the lack of performance criteria.
Outcome of the vote	53.6% of shareholders supported the resolution	94.7% of shareholders supported the resolution	51.7% of shareholders were against the resolution
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress	LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.	LGIM will continue to seek to engage with the company and monitor progress.
Criteria on which the vote is considered "significant"	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	LGIM considers this vote to be significant as it is linked to their engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes.	LGIM considers this vote to be significant as a majority of investors (51.7%) voted against the advisory resolution, sending a strong signal to management that its remuneration policy needs revision.

Towers Watson, Partners Fund

	Vote 1	Vote 2	Vote 3
Company name	Amazon	Facebook, Inc.	Midea Group Co. Ltd
Date of vote	20 May 2021	26 May 2021	21 May 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.6%	0.8%	0.2%
Summary of the resolution	Report on the impacts of plastic packaging	Approve Recapitalization Plan for all stock to have one-vote per Share	Provision of Guarantee for Controlled Subsidiaries
How the manager voted	For	For	Against
Rationale for the voting decision	Promotes transparency around environmental issues	TWIM believe that there should be alignment between economic and voting ownership. While management argues that it continues to have long-term shareholders' interests in mind, TWIM would rather see the board amend the capital structure to reflect such alignment.	Excessive guarantees
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	TWIM will continue to consider proposals, whether from management or shareholders, which enhance transparency around environmental issues.	TWIM continue to push for better alignment between economic and voting ownership. TWIM believe that continuing engagement and proxy votes are needed to convey to the board this important issue.	TWIM tend to be more stringent in their recommendations vs outcome of the votes when it comes to governance matters. TWIM feel there is always scope for Chinese portfolio companies to become even better over time. In addition, TWIM hope to communicate with them in future meetings on areas for improvement.
Criteria on which the vote is considered "significant"	TWIM consider ESG factors to be a major factor influencing the long-term predictability and sustainability of a company's revenue and earnings growth.	TWIM consider this significant because alignment between economic and voting ownership is important for the long-term shareholder interests (they have had extensive engagement on this issue).	TWIM consider this significant because they voted against management.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year to 31 March 2022 for the relevant funds.

Engagement activities are limited for the Plan's LDI funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM	LGIM	LGIM	Towers Watson
Fund name	UK Equity Index Fund	World (ex UK) Equity Index Fund World (ex UK) Equity Index Fund (GBP Hgd)	Absolute Return Bond Plus Fund (GBP Hgd)	Partners Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	244	386	80	No data provided, this is conducted by EOS and the underlying managers
Number of entities engaged on behalf of the holdings in this fund in the year	147	275	39	
Number of engagements undertaken at a firm level in the year	696	696	696	150
Examples of engagement undertaken	Top five engagement topics: Remuneration, Climate Change, Board Composition, Gender Diversity and Ethnic Diversity	Top five engagement topics: Remuneration, Climate Change, Board Composition, Climate Impact Pledge and Public Health	Top five engagement topics: Remuneration, Climate Change, Board Composition, Company Disclosure & Transparency, and Energy	

Examples of engagement activity undertaken over the year to 31 March 2022

LGIM: Cardinal Health

In May 2021, LGIM America co-filed a shareholder resolution, together with their investor colleagues within the Investors for Opioid Accountability (IOPA), asking Cardinal Health ("Cardinal") to publish annually an in-depth report disclosing its direct and indirect lobbying activities and expenditures, as well as its policies and procedures governing such activities (a 'Political Contributions and Activities Report').

Following engagements with Cardinal, the board agreed to expand its Political Contributions and Activities Report to include all disclosures relating to state lobbying expenses exceeding US$25,000; payments to trade associations and other organisations (including to those that draft and support model legislation); and the approach Cardinal will take when a trade association of which it is a member takes a position which differs from Cardinal's corporate position.

Following the engagement, LGIM, together with the other co-filing investors, withdrew the shareholder proposal. LGIM believe this is a concrete example of using a shareholder proposal as an engagement tool and demonstrates the positive impact of engagement.

Towers Watson: Global Sovereign Bond Manager

Throughout out 2020 and 2021, TWIM engaged with a global sovereign bond manager on its culture. The team's diversity was broadly similar to industry averages, but less so at senior levels. However, the leadership's attitude towards culture and diversity, whilst not necessarily weak, was less formalised than many peers and at risk of falling further behind best practice.

TWIM highlighted areas of weakness in a detailed feedback session and shared best practice policies and actions. Areas discussed included: lack of reporting on diversity metrics (current and target), limited practices to attract and retain a diverse workforce, and weaker diversity within investment team leadership.

The senior leadership group is small and stable, so meaningful change in metrics at that level will take time, however the firm has taken tangible steps to improve at intermediate/ junior levels and in non-investment functions:

- Greater transparency – the manager now tracks employee diversity across a range of metrics (voluntary 90% opt-in rate) and publicly publishes aggregates results on a quarterly basis.
- Better internal policies and practices – staff have undergone unconscious bias and inclusive performance management trainings; cultural factors are now formally embedded in staff KPIs; and HR policies have been updated to be more gender-neutral and more flexible working arrangements have been adopted.
- Broader recruiting and external engagement – the manager has committed to more diverse recruitment practices, initially focusing on current areas of underrepresentation within the team. The firm has also redesigned its intern program, replacing a largely referral-based model with broader and deliberately diverse sourcing channels. It has also published its first 'Corporate Social Responsibility' Report and has publicly committed to change and reporting its progress going forward.