

The Crown Estate Pension Scheme – Implementation Statement 2021

1. Introduction

On 6 June 2019, the UK Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (the “Regulations”). The Regulations require that the Trustees of the Crown Estate Pension Scheme (the “Scheme”) outline how they have ensured compliance with the policies, on the exercise of rights (including voting) and undertaking of engagement activities with investment managers, as set out in the Scheme’s Statement of Investment Principles (“SIP”).

This Statement has been prepared by the Trustees, with the assistance of their appointed Investment Consultant (Quantum Advisory), and covers both the Defined Benefit (“DB”) and Defined Contribution (“DC”) sections of the Scheme.

References herein to the actions, review work or determinations of the Trustees refer to activity that has been carried out either by the Trustees or its Investment Adviser on behalf of the Trustees.

2. Executive summary

Over the Scheme year, the Trustees:

- Updated the SIP to: (i) incorporate additional information on the Trustees’ policies in line with the requirements of the Regulations – this applies to both the DB and DC sections of the Scheme; and (ii) allow for the removal of the LGIM Cash Fund and introduction of the LGIM Sterling Liquidity Fund and Sterling Liquidity Plus Fund as part of a collateral waterfall solution – this applies to the DB section of the Scheme only.
- Have reviewed voting and engagement activity of the funds that invest in equities. The Trustees are generally content that the Scheme’s investment managers have appropriately carried out their stewardship duties.
- Are of the opinion that they have complied with the relevant policies and procedures as identified in the SIP.

It should be noted that the funds that do not hold equities have not been reviewed, as these have fewer (if any) voting opportunities. Further detail on each of these matters is presented in the pages that follow.

3. Reviews of the SIP over the Scheme year

During the Scheme year, the SIP was updated to incorporate additional information on the Trustees’ policies in line with the requirements of the Regulations. Additional disclosures have been included to address the following areas in respect of the Scheme’s investment managers:

- How the arrangements incentivise the investment managers to make decisions based on medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

- How the method (and time horizon) of the evaluation of the investment manager’s performance and the remuneration for asset management services are in line with the Trustees’ investment policies.
- How the Trustees monitor portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of the arrangements with the investment managers.
- The Trustees’ stewardship policies concerning conflicts of interest & the capital structure of companies.

In addition, the SIP was updated to incorporate the inclusion of a collateral waterfall structure to sit alongside the DB section’s Liability Driven Investment (“LDI”) solution. This included the complete sale of holdings in the LGIM Cash Fund and the introduction of the LGIM Sterling Liquidity Fund and LGIM Sterling Liquidity Plus Fund.

4. Investment Manager’s voting policies and histories

This section of the statement covers both the DB and DC sections of the Scheme.

Trustees’ voting and stewardship policies

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning voting and engagement decisions.

As part of this exercise, the Trustees reviewed the voting activity of funds where there is an increased ability to influence positive practises (namely those that invest in equities). The following funds have been reviewed:

- Specific to the DB section are:
 - LGIM Global Fixed Weights 50:50 Index Fund
 - LGIM Dynamic Diversified Fund
 - Partners Group Generations Fund
- Specific to the DC section are:
 - LGIM Global Fixed Weights 50:50 Index
 - LGIM World (ex UK) Equity Index
 - LGIM UK Equity Index
 - LGIM Ethical UK Equity Index
 - BlackRock DC Aquila Connect Balanced Fund
 - Schroder Dynamic Multi Asset Fund
 - LGIM Retirement Income Multi Asset Fund
 - LGIM Future World Fund

Voting statistics

The table below sets out the key statistics on voting eligibility and action over the Scheme year.

Statistic	Schroder Dynamic Multi Asset Fund	BlackRock Aquila Connect Balanced Fund	LGIM Global Equity Fixed Weights (50:50) Index Fund	LGIM Dynamic Diversified Fund	Partners Generations Fund ²
Number of equity holdings	729	N/A ¹	2,858	3,951	60
Meetings eligible to vote at	781	3,088	3,641	7,887	66
Resolutions eligible to vote on	10,156	37,955	44,680	83,262	884
Proportion of eligible resolutions voted on	99.1%	100.0%	99.9%	99.9%	95.0%
Votes with management	91.8%	93.8%	83.6%	84.1%	91.0%
Votes against management	7.9%	6.2%	16.3%	15.2%	6.0%
Votes abstained from	0.3%	1.0%	0.2%	0.7%	3.0%
Meetings where at least one vote was against management	52.0%	30.0%	5.5%	5.4%	30.0%
Votes contrary to the recommendation of the proxy adviser	N/A ¹	0.2%	0.4%	0.3%	3.0%

Source: Scheme's underlying investment managers. ¹Please note that, as at the date of this report, this information is unavailable. ²Please note that Partners Group report on their voting activity on a semi-annual basis and as such the firm's voting statistics reported in this table cover the 12 month period ending 31 December 2020.

Statistic	LGIM World (ex UK) Equity Index	LGIM Ethical UK Equity Index	LGIM UK Equity Index	LGIM Retirement Income Multi Asset Fund	LGIM Future World Fund
Number of equity holdings	2,540	218	598	7,832	2,181
Meetings eligible to vote at	3,243	336	943	11,211	3,250
Resolutions eligible to vote on	37,840	5,109	12,574	114,644	39,016
Proportion of eligible resolutions voted on	99.8%	100.0%	100.0%	99.8%	99.8%
Votes with management	80.3%	93.8%	92.9%	81.7%	81.8%
Votes against management	19.2%	6.2%	7.1%	17.7%	17.6%
Votes abstained from	0.6%	0.0%	0.0%	0.6%	0.6%
Meetings where at least one vote was against management	6.4%	2.8%	3.3%	6.3%	5.7%
Votes contrary to the recommendation of the proxy adviser	0.3%	0.9%	0.8%	0.2%	0.3%

Source: Scheme's underlying investment managers.

The Trustees are satisfied with the level of voting activity that has been undertaken. The Trustees have raised a query with LGIM concerning the percentage of meetings, for which they did vote, where at least one vote was against management. At the time of writing, the Trustees were awaiting a response from LGIM.

Significant votes

The Trustees have reviewed the significant votes cast by the investment managers and are generally satisfied with their voting behaviour. A cross section of the most significant votes cast is contained in Appendix 2.

5. Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;

2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

LGIM

LGIM have refrained from directly commenting on which of the conflicts of interest, detailed above, they are impacted by. Instead, LGIM refer investors to their conflicts of interest policy, which includes several examples of conflicts and how these might be managed. The Trustees have received a copy of the conflicts of interest policy.

Partners Group

With regards to Partners Group's listed exposure, to the best of their knowledge, they are not affected by points 1, 3, 4 and 5. With regards to point 2, the Fund is also invested in shares of Partners Group. These holdings are through the Fund's listed private equity investments, whereby the associated benchmark has a notable exposure to Partners Group shares. This is an exceptional case and for this exposure the Fund endeavours to maintain a close to neutral weighting (i.e. no significant active over/underweights to the allocation) to minimise any perceived conflicts of interest. The exposure was around ~0.3% of the overall Fund (as of 31 December 2020), which is deemed to be relatively small.

Schroders

Schroders' corporate governance specialists are responsible for monitoring and identifying situations that could give rise to a conflict of interest when voting in company meetings.

Where Schroders itself has a conflict of interest with the fund, the client, or the company being voted on, they will follow the voting recommendations of a third party (which will be the supplier of their proxy voting processing and research service). If Schroders believes it should override the recommendations of the third party in the interests of the fund/client and vote in a way that may also benefit, or be perceived to benefit, its own interests, then Schroders will obtain the approval of the decision from the Schroders' Global Head of Equities with the rationale of such vote being recorded in writing. If the third-party recommendation is unavailable, they will vote as they see is in the interests of the fund. If, however, this vote is in a way that might benefit, or be perceived to benefit, Schroders' interests, they will obtain approval and record the rationale in the same way as described above.

Schroders confirmed that, over the period and regarding the Fund, they experienced conflicts of interest with respect to holdings in the following funds:

- Schroder International Selection Fund – Global High Yield Fund
- Schroder International Selection Fund – China A Fund
- Schroder International Selection Fund – Sterling Liquidity Plus Fund
- Schroder International Selection Fund – Alternative Risk Premia Fund
- Schroder International Selection Fund – EP Global ESG Fund

- Schroder International Selection Fund – European Sustainable Equity Fund
- Schroder International Selection Fund – Sustainable Euro Credit Fund
- Schroder International Selection Fund – Global High Yield Fund
- Schroder International Selection Fund – Global Sustainable Convertible Bond Fund
- Schroder International Selection Fund – Global Sustainable Growth Fund

Schroders also confirmed there was an instance on a conflict recorded with respect to holdings in the investment bank Credit Suisse Group AG who is also a client of the firm.

BlackRock

BlackRock maintains a compliance program for identifying, escalating, avoiding and/or managing potential or actual conflicts of interest. The program is carried out through their employees' adherence to relevant policies and procedures, a governance and oversight structure and employee training.

Among the various policies and procedures that address conflicts of interest is BlackRock's Global Conflicts of Interest Policy. This policy governs the responsibility of BlackRock and its employees to place their clients' interests first and to identify and manage any conflicts of interest that may arise in the course of their business. In order to mitigate potential and actual conflicts of interest, each BlackRock employee must, among other things:

- Identify potential or actual conflicts of interest both in relation to existing arrangements and when considering changes to, or making new, business arrangements;
- Report any conflicts of interest promptly to his/her supervisor and Legal & Compliance;
- Avoid (where possible) or otherwise take appropriate steps to mitigate a conflict to protect their clients' interests; and
- Where appropriate, disclose conflicts of interest to clients prior to proceeding with a proposed arrangement

BlackRock confirmed there were no conflicts of interest issues recorded over the period.

6. Implementation of policies contained within the Scheme’s SIP – DC sections

This section sets out the various policies within the Scheme’s SIP (that was in place as at 31 March 2021 – i.e. the end of the Scheme year) and the actions that the Trustees have taken in respect of them over the year to this date. We have noted a few actions that were taken following the Scheme year-end that we feel are of relevance.

SIP policy	Comments
1. Investment processes and governance	
<p><u>Investment Strategy</u></p> <p>The Trustees, in consultation with their investment adviser, set the investment strategy for the Scheme’s DC section. The primary objective of the DC section is to provide, on a DC basis, benefits for members on their retirement or benefits for their dependants on death before retirement. The Trustees have sought to provide members with appropriate investment choices.</p> <p>The Trustees select investment managers and funds which are appropriate to implement the investment strategy. The Trustees have also selected a range of funds from which members may self-select. This range is intentionally diverse but not considered by the Trustees to be unduly so.</p> <p>It is the policy of the Trustees, after taking appropriate written advice from their investment advisers, and in consultation with the Sponsoring Employer, to set the investment strategy for the Scheme, following a consideration of their objectives and other related matters. The Trustees review their objectives and investments at regular intervals and amend them accordingly.</p> <p>The Trustees have signed the appropriate policy documents, agreements and application forms with Mobius Life Limited.</p>	<p><u>Investment Strategy</u></p> <p>The Trustees considered each investment manager prior to appointment and have received advice from their investment adviser (Quantum Advisory) on their appropriateness as part of such considerations.</p> <p>The Trustees have undertaken regular reviews of the Scheme’s DC investment strategy (both at a strategic level and at a fund level) and, where necessary, have placed funds offered to members as investment choices under a ‘watching-brief’ where concerns around the continued viability of any investment product have arisen.</p> <p>During the period, the Trustees engaged with the Sponsoring Employer concerning its updated policies regarding responsible investing. The Trustees subsequently commissioned a review of the responsible investing credentials of the existing Scheme holdings. During 2021, the Trustees will be reviewing the appropriateness of more explicitly incorporating responsible investing objectives into the Scheme’s investment strategy. This review was ongoing as at the Scheme year end.</p>

Performance monitoring

The Trustees monitor the performance of the Scheme's DC investments on a frequent basis. They also review the continued appropriateness of the targeted retirement outcome at appropriate frequencies. Written advice is received as required from their investment advisers.

The Trustees have agreed the appropriateness of the asset allocation benchmarks, performance benchmarks and the various controls adopted by the incumbent manager in managing each fund in which members can invest.

Conflict of Interest

The Trustees consider any potential and actual conflicts of interest (subject to reasonable levels of immateriality) at the start of each Trustees' meeting and document these in the minutes.

Charges

The Trustees consider the fees and charges associated with each investment before investing. The Trustees will compare the annual turnover and associated costs for each fund with previous years to ensure each investment manager's process and philosophy remain consistent.

Statement of Investment Principles

The Trustees review the SIP periodically for good governance and to ensure their policies remain appropriate and are being adhered to. The Trustees may also review the SIP following specific events, so as to ensure its ongoing appropriateness.

Reviews of the SIP will occur no less frequently than every three years, and without delay after any significant change in investment policy.

Performance monitoring

The Trustees review the performance of the Scheme's DC investments on a quarterly basis through the investment monitoring reports provided to them by Quantum Advisory. During the period, LGIM were invited to attend a number of Trustees' meetings to present on the funds held by the Scheme (including their stewardship actions). The Trustees may undertake additional reviews as deemed appropriate.

The Trustees keep the appointment of all investment managers under review and will seek to replace any managers, or funds, which no longer remain appropriate to implement the Scheme's investment strategy.

Conflicts of interest

The Trustees continued to document any known material conflicts of interest at each Trustees' meeting.

Charges

The Trustees receive, in conjunction with their Scheme year, an Annual Chairs Statement which contains information of charges and other costs the Scheme has incurred over the year. At the time of writing, the Trustees were waiting to receive information concerning fund turnover, but will review this upon receipt.

Statement of Investment Principles

The Trustees review and update the SIP on a periodic basis. The SIP was last reviewed, and subsequently updated, during September 2020 to reflect new requirements for Trustees with respect to the Shareholder Rights Directive II.

2. Responsible Investment

Financially material considerations

The Trustees acknowledge the potential impact upon the Scheme's investments and members arising from financially material matters. The Trustees define these as including, but not limited to ESG matters.

With specific regard to ESG factors, the Trustees consider how these are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning the evaluation of ESG factors. Representatives of the incumbent investment managers attend Trustees' meetings, at a frequency determined by the Trustees, to present on various matters including their ESG policies. The Trustees also periodically consider publicly available ESG related publications pertaining to the incumbent investment managers.

The Trustees consider ESG factors when determining future strategy decisions.

Stewardship

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) reviewing existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning the stewardship of their investments. Representatives of the incumbent investment managers attend Trustees' meetings, at a frequency determined by the Trustees, in order to present on various matters including their stewardship policies.

Non-financial matters

The Trustees do not consider non-financial factors and do not employ a formal policy in relation to this when selecting, retaining and realising investments. However, where members have been forthcoming with their views, the Trustees may consider these when setting investment strategy.

Financially material considerations

During the period, the Trustees engaged with the Sponsoring Employer concerning its updated policies regarding responsible investing. The Trustees subsequently commissioned a review of the responsible investing credentials of the existing Scheme holdings. During 2021, the Trustees will be reviewing the appropriateness of more explicitly incorporating responsible investing objectives into the Scheme's investment strategy. This review was ongoing as at the Scheme year end.

Stewardship

During the period, LGIM attended a number of Trustees' meetings in order to present on the performance / positioning of a number of the Scheme's holdings and their stewardship actions more generally.

The Trustees have received the stewardship reports for their investment managers. In addition, the investment managers' voting activity has been reviewed in section 4 of this Statement.

Non-financial matters

Over the period, no members expressed any view with respect to non-financial factors.

3. Risk management

The Trustees have identified a range of risks within the SIP and seek to minimise them as far as possible by regularly monitoring the investment funds.

The Trustees reviewed the performance of the Scheme's investments during the course of their meetings and through quarterly investment monitoring reports. LGIM were also asked to attend a number of Trustees' meetings during the Scheme Year. The Trustees were generally content with the performance delivered.

Appendix 1 – investment manager voting policies and procedures

LGIM voting policies and process

LGIM's Investment Stewardship team make all voting decisions, in accordance with LGIM's Corporate Governance & Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

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 strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of IVIS to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any voting decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Partners Group voting policies and process

Where Partners Group's client accounts contain listed equity securities in dedicated programs/allocation buckets ("Liquid Private Markets investments") and Partners Group has discretion to vote on a proxy stemming from such securities (a "Proxy Request"), Partners Group will make a decision on such Proxy Requests to protect and promote the economic value of the securities held in such client accounts.

Proxy Requests related to Liquid Private Markets investments may be administered by third party service providers (currently, Glass Lewis). These service providers will follow Partners Group's Proxy Voting Directive in all instances. Should a voting recommendation by a service provider be against the recommendation by the respective company's management, Partners Group will vote manually on those proposals.

In certain circumstances, Partners Group receives Proxy Requests for publicly traded securities. When such Proxy Requests arise, the recipient, typically the respective investment team or Partners Group Guernsey serving as administrator, will forward it to be reviewed and evaluated by Transactions Services together with the relevant investment team and/or the relevant Investment Committee. Partners Group have a group form which seeks to ensure that all Proxy Requests, included in the broader term 'corporate actions', are reviewed and processed in a timely manner.

Schroders' voting policies and process

The overriding principle governing Schroders' approach to voting is to act in the best interests of their clients. Where proposals are not consistent with the interests of shareholders and their clients, they are not afraid to vote against resolutions.

Schroders vote on a variety of issues; however, the majority of resolutions target specific corporate governance issues which are required under local stock exchange listing requirements, including but not limited to: approval of directors, accepting reports and accounts, approval of incentive plans, capital allocation, reorganisations and mergers.

Schroders evaluate voting issues arising at their investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what they deem to be the interests of their clients. They utilise company engagement, internal research, investor views and governance expertise to confirm their intention.

In applying the policy, Schroders consider a range of factors, including the circumstances of each company, its performance, governance, strategy and personnel. Their specialists may draw on external research, such as the Investment Association's Institutional Voting Information Services and the ISS, and public reporting. Their own research is also integral to their process; this will be conducted by both the financial and ESG analysts. For contentious issues, their Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context. Schroders make use of proxy advisory services as a compliment to their own research and voting engagement processes. However, as at the date of this report, they have yet to confirm if any proxy advisers undertook voting on Schroders behalf during the period in question.

Any UK company which in Schroders' opinion meets the spirit of the UK Corporate Governance Code should, in the absence of other factors, expect to be supported on corporate governance issues covered by the Code. Where a company does not comply with the spirit of the Code, Schroders will consider the company's explanation and circumstances, and then react accordingly in a manner they deem most appropriate. If the company provides a convincing justification and/or the issue is not material to the value of its shares, Schroders would ordinarily expect to support the company. Where Schroders are not satisfied with the explanation and they view the departure from the Code as material, they will engage further with the company and or non-executive directors, and may vote against management.

BlackRock's voting policies and process

BlackRock have developed high-level principles ("BlackRock's Global Corporate Governance and Engagement Principles") which set the framework for their voting. These are publicly accessible on the following website (<https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>).

Their voting guidelines are market specific, and take into account a company's unique circumstances, where relevant. BlackRock inform their voting decision through research and engage as necessary. BlackRock determines which companies to engage directly based on their assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of their engagement being productive.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team ("BIS"), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") – located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and market-specific guidelines.

While BlackRock subscribe to research from the proxy advisory firms ISS and Glass Lewis (also a voting proxy advisory firm), they do not follow any single proxy research firm's voting recommendations. BlackRock use several other inputs, including a company's own disclosures, and their record of past engagements, in their voting and engagement analysis.

Blackrock use ISS's electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform their voting decision.

Appendix 2 – Most significant votes

The tables below set out a cross section of significant votes undertaken by the investment managers of the funds held by the Scheme. Information on further significant votes undertaken by the Scheme’s investment managers has been reviewed by the Trustees.

Please note that, due to the ‘common building block’ structure of LGIM’s passive equity funds (including the LGIM DDF which gains its equity exposure passively) there is a degree of overlap between the most significant votes cast within each fund. We have therefore sought to provide different examples within each fund.

Schroder Dynamic Multi Asset Fund

Schroder does not currently have a process for identifying the 10 most significant votes within the Fund. Instead, Schroder has provided a number of examples of votes that it deems to be significant. This has been challenged by the Trustees and Schroder has confirmed that it is working with various internal stake-holders to develop a process of best-practice and will update the Trustees in due course.

Generally, the most significant votes cast by Schroder tend to involve some form of material controversy in relation to governance, ethics, ESG/Climate Change, or alignment of interest.

Company Name	Alphabet Inc.	Bank of America Corporation
Date of Vote	June 2020	April 2020
Summary of the resolution	Remuneration proposal	Governance proposal
How the firm voted	Against the proposal	For the proposal
On which criteria has the vote been deemed as ‘significant?’	The manager felt the vote was endemic of recurring concerns around misalignment between pay and performance for the company.	The manager felt the vote (which pertained to reporting around the Gender Pay Gap) was significant given the reputational and operational risk associated with the matter.
Outcome of the vote	N/A	N/A

Source: Investment Manager. Please note, information on the outcome of the votes was pending at the time of writing.

BlackRock Aquila Connect Balanced Fund

BlackRock Investment Stewardship prioritises its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. These themes in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies.

BlackRock periodically publish “vote bulletins” setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company’s sustainable long-term financial performance.

Company Name	Fortum Oyj	Deutsche Lufthansa
Date of Vote	April 2020	May 2020
Summary of the resolution	Governance Proposal – approve discharge of the Board and President.	Governance Proposal – approve discharge of Supervisory Board for Fiscal 2019.
How the firm voted	Against the proposal	Against the proposal
On which criteria has the vote been deemed as 'significant'?	BlackRock felt the vote against the company was significant given the proposal (which would significantly increase the companies degree of carbon intensity) was at odds with the direction of travel for the companies industry and goals of the Paris Agreement.	BlackRock felt the vote against the specific company director was merited given the investee companies insufficient progress on climate-related reporting in conjunction with BlackRock feeling there was a misalignment between remuneration and performance.
Outcome of the vote	The vote passed	The vote passed

Source: Investment Manager

LGIM Global Equity Fixed Weights (50:50) Index Fund

In determining significant votes, LGIM's Investment Stewardship team consider the criteria provided by the Pensions & Lifetime Savings Association ("PLSA") consultation. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

Company Name	Qantas Airways Limited	Whitehaven Coal
Date of Vote	October 2020	November 2020
Summary of the resolution	Remuneration proposal	Capital protection proposal
How the firm voted	Against the proposal	For the proposal
On which criteria has the vote been deemed as 'significant'?	The proposal reflected challenges of factoring in the impact of	The vote received media scrutiny and is emblematic of 'green' shareholder activism

	COVID-19 into the companies executive remuneration packages	
Outcome of the vote	The vote passed	The vote did not pass

Source: Investment Manager

Partners Group Generations Fund

In determining the most significant votes, Partners Group consider the size of the holding relative to the fund itself.

Company Name	Ferrovial	Techem
Date of Vote	April 2020	N/A ¹
Summary of the resolution	Remuneration proposal	Governance proposal
How the firm voted	Against the proposal	For the proposal
On which criteria has the vote been deemed as 'significant'?	Partners Group deemed the vote significant given the overall size of the position within the Fund.	Partners Group deemed the vote significant given the overall size of the position within the Fund.
Outcome of the vote	The vote passed	N/A ¹

Source: Investment Manager. ¹Please note, the firm maintains a controlling level of private investment in the company and as such the resolution was not proposed at a single formal meeting of investors.

LGIM Dynamic Diversified Fund

Company Name	International Consolidated Airlines Group	Lagardère
Date of Vote	September 2020	May 2020
Summary of the resolution	Remuneration proposal	Governance proposal
How the firm voted	Against the proposal	For the proposal
On which criteria has the vote been deemed as 'significant'?	LGIM considered their response as illustrative of the need for the firm to monitor their investee companies responses to COVID-19.	The vote received media scrutiny and a high degree of public interest.
Outcome of the vote	The vote passed	The vote did not pass

Source: Investment Manager

LGIM World (ex UK) Equity Index Fund

Company Name	Olympus Corporation	Toshiba Corp.
Date of Vote	July 2020	March 2020

Summary of the resolution	Governance proposal	Governance proposal
How the firm voted	Against the proposal	For the proposal
On which criteria has the vote been deemed as 'significant'?	LGIM felt the proposal underscored that promoting diversity on the boards of Japanese companies is imperative.	LGIM recognised the vote was high-profile and controversial.
Outcome of the vote	The vote passed	The vote passed

Source: Investment Manager

LGIM Ethical UK Equity Index Fund

Company Name	International Consolidated Airlines Group	Pearson
Date of Vote	September 2020	September 2020
Summary of the resolution	Remuneration proposal	Remuneration proposal
How the firm voted	Against the proposal	Against the proposal
On which criteria has the vote been deemed as 'significant'?	LGIM considered their response as illustrative of the need for the firm to monitor their investee companies responses to COVID-19.	LGIM considered the proposal unusual and significant when viewed in conjunction with the companies recent difficulties with its corporate strategy.
Outcome of the vote	The vote passed	The vote passed

Source: Investment Manager

LGIM UK Equity Index Fund

Company Name	SIG plc.	Imperial Brands plc
Date of Vote	July 2020	February 2021
Summary of the resolution	Remuneration proposal	Remuneration proposal
How the firm voted	Against the proposal	Against the proposal
On which criteria has the vote been deemed as 'significant'?	LGIM considered their response in light of the high profile and controversial nature of the vote.	LGIM felt the proposal contravened guidelines around the importance of executive remuneration taking a long term view.
Outcome of the vote	The vote passed	The vote passed

Source: Investment Manager

LGIM Retirement Income Multi Asset Fund

Company Name	Barclays	Mitchells & Butlers
Date of Vote	May 2020	March 2021
Summary of the resolution	Environmental proposal	Equity issuance proposal
How the firm voted	For the proposal	Against the proposal
On which criteria has the vote been deemed as 'significant'?	LGIM recognised there was significant client interest around LGIM's voting choices with respect to Barclays.	LGIM felt the proposal reinforced their underlying concerns around the rights of minority shareholders.
Outcome of the vote	The vote passed	The vote passed

Source: Investment Manager

LGIM Future World Fund

Company Name	Medtronic plc	International Consolidated Airlines Group
Date of Vote	December 2020	September 2020
Summary of the resolution	Remuneration proposal	Remuneration proposal
How the firm voted	Against the proposal	Against the proposal
On which criteria has the vote been deemed as 'significant'?	LGIM felt the proposal contravened best practice pay remuneration principles.	LGIM considered the response as illustrative of the need for the firm to monitor their investee companies responses to COVID-19.
Outcome of the vote	The vote passed	The vote passed

Source: Investment Manager