Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the 'Regulations'). The Regulations amongst other things require that the Trustees produce an annual implementation statement which outlines the following:

- Explain how and the extent to which they have followed their engagement policy, which is outlined in the SIP.
- Describe the voting behaviour by, or on behalf of the Trustees (including the most significant votes cast by Trustees or on their behalf) during the scheme year and state any use of the services of a proxy voter during that year.

This document sets out the details, as outlined above. The EPIS has been prepared by the Trustees and covers the Plan year 6 April 2020 to 5 April 2021.

Plan Stewardship Policy Summary

The below bullet points summarise the Plan Stewardship Policy in force over the majority of the reporting year to 5 April 2021.

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

If an incumbent investment manager is found to be falling short of the standards the Trustees have set out in their policy, the Trustees undertake to engage with the investment manager and seek a more sustainable position but may look to replace the investment manager.

The Trustees review the stewardship activities of their investment managers on an annual basis or more frequently, if deemed appropriate, covering both engagement and voting actions. This includes receiving annual stewardship reports from the managers.

The full SIP can be found here: https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/7-local-country-folder/uk/documents/loreal-uk-ltd-retirement-benefits-plan-sip--sept-2020--final-signed.pdf

Plan Stewardship Activity Over the Year

Training

Over the year, the Trustees had responsible investment training sessions with their investment advisor, which provided the Trustees with updates on the evolving regulatory requirements and the importance of stewardship activity and appropriate consideration of ESG factors in investment decision making.

The first training session was provided to the Investment Sub Committee ('ISC') in May 2020 where the ISC was made aware of the upcoming regulatory requirements regarding cost transparency and stewardship. A decision was taken for the ISC to review sample SIP wording produced by their investment advisor and provide feedback. In September 2020 this feedback was discussed with their investment advisor and the SIP was updated to capture the Trustees' views and principles regarding cost transparency and stewardship.

In March 2021 the ISC was made aware of the upcoming regulatory requirements regarding the EPIS and the voluntary requirements set out as part of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD establishes a set of eleven clear, comparable and consistent recommended disclosures about the risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better informed decision-making on climate-related financial risks. A decision was taken for the Trustees to liaise with their Sponsor on the potential of signing up to TCFD and for their investment advisor to provide further detail on the TCFD reporting.

Updating the Stewardship Policy

During the training sessions and throughout the year, the Trustees have been proactive to ensure the Plan appropriately updated the Stewardship policy in the SIP.

In line with regulatory requirements, to expand the SIP for policies such as costs transparency and incentivising managers, the Trustees also reviewed and expanded the Stewardship policy in September 2020. The updated wording in the SIP illustrates how the Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests. It also indicates how the Trustees would assess the extent that the Plan's investment managers had followed the Plan's engagement policy and other considerations relating to voting and methods to achieve their Stewardship policy.
This has been made available on the L'Oréal website where it can be accessed by the public.

Cost Transparency Reporting

Over the year, the Trustees appointed ClearGlass to collate cost transparency information on the Plan's investment managers for the period 1 Jan 2019 to 31 December 2019. The ClearGlass cost transparency report was presented to the ISC in November 2020, who instructed their investment advisor to investigate one of the property managers who noted a large cost under "other property expenses". Following the review of the cost breakdown, the investment advisors concluded the other property expenses to be reasonable given the fund structure and direct investment approach. The decision was made to continue monitoring the costs using ClearGlass and to assess them against returns over a 3-year time frame.

Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with monitoring reports being provided to the Trustees by their investment advisor (Aon). The reports include ESG ratings and highlight any areas of concern, or where action is required. The ESG rating system is for buy rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

Manager Appointments

In December 2019, the ISC made the decision to comply with the new voluntary Company Charter, which involved re-structuring the equity portfolio. The Trustees decided to take into consideration the provisions of the Company Charter favouring the "Best in Class" approach and the investment exclusions it contains when making investment decisions going forwards. This criteria was applied to a manager selection exercise in 2020 for the Plan's global equities allocation, with both their passive and active allocations undergoing switches to more ESG focused global equity funds over the year. The Plan switched its passively-managed global equity allocation from the LGIM All World Equity Index Fund (GBP Hedged) to the LGIM Developed Balanced Equity Factor Index Fund (GBP Hedged) in early June 2020 (c£34.8m). This fund has a low carbon tilt resulting in a weighted average carbon intensity c.46% lower than a market-cap index. The actively-managed equity allocation was switched from the AIL Active Global Equity Fund (GBP Hedged) to the AIL Global Impact Fund (GBP Hedged) in mid-October 2020 (c£38.0m).

Discussions with the sponsor to align applicable ESG objectives

The views of the sponsor, where applicable, have been aligned to the Plan's ESG objectives. For example, this includes changes to the SIP and the Plan's approach to the new TCFD regulations. Furthermore, the Trustees take into consideration the Company Charter when determining the Plan's investment strategy and manager appointments. The Company Charter includes responsible investment and ESG considerations (as outlined above). In September, following consultation with the Sponsor, the Trustee implemented revised wording and updated the SIP to meet the regulatory requirements.

Voting and Engagement Activity – Equity Funds

Over the year, the Plan was invested in the following equity funds:

Manager	Fund Name
Legal & General Investment Management ('LGIM')	Developed Balanced Factor Equity Index Fund
Aon Investment Limited ('AIL')	Active Global Equity Strategy
Aon Investment Limited ('AIL')	Global Impact Strategy

For a portion of the year, the Plan also invested in the LGIM All Equity Index Funds, which are not included here as the holding period was less than one quarter of the reporting year, and manager level details of LGIM's voting and engagement policy are outlined as part of the LGIM Factor Fund (which replaced this holding).
The main equity investments held in each of the AIL (fund of fund) strategies can be found in the Appendix alongside voting statistics for the period. For each strategy, voting and engagement policies and examples are provided for a selection of the most material mangers and funds in which the strategy invests.

All managers use the services of respective proxy voting organisations for various services that may include research, vote recommendations, administration, vote execution.

Legal & General Investment Management ('LGIM') Developed Balanced Factor Equity Index Fund

The Plan invested in passive equities, managed by LGIM over the period. Voting policy at a firm level and relevant examples to the Factor Equity fund are detailed.

<u>Voting Policy</u>
LGIM makes use of the Institutional Shareholder Services ('ISS') proxy voting platform to electronically vote and augment its own research and proprietary Environmental, Social and Governance ('ESG') considerations assessment tools, but do not outsource any part of the strategic decisions. It has put in place a custom voting policy with specific instructions that apply to all markets globally, which seeks to uphold what it considers to be minimum best practice standards all companies should observe. Even so, LGIM retains the ability to override any voting decisions based on the voting policy if appropriate, for example, if engagements with the company have provided additional information.

<u>Voting Example: Pearson</u>
In September 2020, LGIM voted against a remuneration policy put forward by an investee company Pearson.
The company put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy at an extraordinary general meeting ('EGM'), which was tied to the appointment of a proposed CEO. Shareholders supportive of the new leadership were therefore unable to separately evaluate the remuneration policy.

LGIM spoke with the chair of Pearson's board in relation to plans for the change in leadership and discussed the shortcomings of the company's current remuneration policy. Additionally, LGIM relayed its concerns prior to the

EGM that the performance conditions within the remuneration policy were not appropriate and should be re-evaluated to best align management incentives with those of the shareholders.

In the absence of any changes to the proposal, LGIM took the decision to vote against the amendment to the remuneration policy. In all, 33% of shareholders voted against the remuneration policy and the appointment of the new CEO. While the proposal received sufficient support to be passed, the engagement highlighted concerns around governance, which LGIM has stated will be challenged through continued engagement going forward.

Engagement:

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:

1. Identify the most material ESG issues,
2. Formulate the engagement strategy,
3. Enhancing the power of engagement,
4. Public Policy and collaborative engagement,
5. Voting, and
6. Reporting to stakeholders on activity.

More information can be found on LGIM's engagement policy here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf

Engagement Example: Proctor and Gamble
P&G use both forest pulp and palm oil as raw materials within its household goods products. A key issue identified was that the company has only obtained certification from the Roundtable on Sustainable Palm Oil for one third of its palm oil supply, despite setting a goal for 100% certification by 2020. Furthermore, two of their Tier 1 suppliers of palm oil were linked to illegal deforestation.

Following a resolution proposed by Green Century that P&G should report on effort to eliminate deforestation (voted on in October 2020), LGIM engaged with the P&G, the resolution proponent, and with the Natural Resource Defence Counsel to fully understand the issues and concerns.

Following these engagements, LGIM voted in favour of the resolution as P&G has introduced objectives and targets to ensure their business does not impact deforestation
.
However, LGIM felt P&G were not doing as much as it could, and asked P&G to respond to a Carbon Disclosure Project Forests Disclosure and continue to engage on the topic with P&G and other and companies to ensure more of their pulp and wood is from Forest Stewardship Council-certified sources.

More detail on this stewardship example can be found here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/cg-quarterly-report.pdf

AIL Active Global Equity Strategy

The Plan was invested in the AIL Equity Strategy, a fund of funds arrangement, which invests in fully unconstrained equity strategies through most of the reporting year. It disinvested fully from the fund in October 2020.

The Trustees delegated the monitoring of ESG integration and stewardship quality to AIL, who confirmed that all managers received at least an ESG rating of 2 or higher on Aon's four-tier ESG ratings system. This means that all the appointed asset managers are at least aware of potential ESG risks in the investment strategy and have taken some steps to identify, evaluate and potentially mitigate these risks.

The following is an example of engagement by one of the underlying managers within the Strategy.

Sands Global Growth (‘Sands’)

Sands holds a policy that votes made in proxy should consider the short and long-term implementations of each proposal. Sands states it is neither an activist in corporate governance nor an automatic supporter of management but hold a policy which usually means it will vote with recommendations from management. This is because it believes that the management teams of most companies that it invests in generally seek to serve shareholder interests. Sands will vote in accordance with the recommendation of management, unless, in Sand’s opinion, such a recommendation is not conducive to long term value creation or otherwise in the best interest of its clients. Sands receives proxy voting research from Glass Lewis, Stakeholders Empowerment Services (‘SES’) and ISS but does not necessarily vote according to the guidelines provided by these services.

<u>Voting Example: NIKE</u>
An example of a significant vote against management took place in September 2020 regarding executive officer's compensation at NIKE, Inc. It was assessed as significant as Sands were in the minority on this issue and felt that the company's disclosures around a multi-year compensation plan made it difficult to support. Sands believed that paying a combined \$20M transition bonus to ex-CEO Mark Parker & incoming CEO John Donahoe without clear disclosed targets was inappropriate and that utilizing the “top 45% TSR for the S&P 500" is not an appropriate hurdle for compensating top-tier executives at a company like Nike. Sands engaged the company and some clarity was provided (Exec. Chairman Mark Parkers pay will be coming down to \$8M p.a. or so in the future), but it still felt as though the quality of the pay program did not match the levels of pay provided to the CEOs. There is also a notable gap between other senior executives and John Donahoe's pay package. Sands plan to continue engaging the company on this over time to help improve the plan.

<u>Engagement</u>
Sand's engage on business-specific matters that may have a material impact on their investments. It will engage with companies for the following three objectives;

1. To inform their business cases and build conviction in businesses
2. To exchange perspective on matters relevant for long-term shareholders' interest
3. To discuss ballot proposals and inform their proxy voting decision

<u>Engagement Example: Grail</u>
In September 2020, Sands engaged with Illumina regarding its acquisition of Grail, a company it had spun out in 2016. Sands had several concerns around the deal (valuation, process, possibly insider ownership), and decided to engage the company on the matter in order to better understand the acquisition. Sands first engaged the CEOs of Illumina and Grail, who laid out their strategic thinking behind the proposed acquisition, and then followed up with two Illumina board members. The engagement allowed Sands to gain some comfort around the transaction given the long-term opportunity for Illumina. Following the closure of the deal, Sands advised the board that they would like to see the CEO's compensation be directly tied to the performance of Grail given that it was his decision. Sands believe that accountability is important for large transactions like this if pushed by the management team.

AIL Global Impact Strategy

An allocation to the Global Impact Strategy was implemented in October 2020, a fund of funds arrangement. The fund invests in multiple strategies addressing a range of impact themes that contribute to the transition to a more sustainable economy. The strategic objective of the fund is to generate capital growth over the long term while generating positive impact on society through:

- Active investments in global companies whose business products or services are addressing the planet’s long-term challenges, and
- Investing in funds where the manager engages with portfolio companies to encourage business improvement regarding environmental, social or governance issues.

The Trustees delegate responsibility for the monitoring of ESG integration and stewardship quality to AIL, as for the Active Equity Strategy which is detailed above.

The Trustees delegated the monitoring of ESG integration and stewardship quality to AIL, who confirmed that all managers received at least an ESG rating of 4 or higher on Aon’s four-tier ESG ratings system. This means that

all the appointed asset managers demonstrate an advanced awareness of potential ESG risks in the investment strategy and that the fund management team can demonstrate advanced processes to identify, evaluate and potentially mitigate these risks across the entire portfolio.

Ballie Gifford Positive Change Fund

Baillie Gifford's Governance and Sustainability team oversees its voting analysis and execution in conjunction with its investment managers. It utilises research from proxy advisers (ISS and Glass Lewis) for information purposes only and does not delegate or outsource any of their stewardship activities or follow or rely upon proxy advisers' recommendations when deciding how to vote on their clients’ shares. All client voting decisions are made in-house in line with its in-house policy and not with the proxy voting providers’ policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide it with more nuanced market specific information.

Baillie Gifford analyses all meetings in-house in line with their Governance & Sustainability Principles and Guidelines. It believes that voting should be investment led, because how they vote is an important part of the long-term investment process. Baillie Gifford endeavour to vote every one of their clients’ holdings in all markets.

Voting Example: Tesla Inc
Baillie Gifford voted for a shareholder resolution at Tesla's annual general meeting on September 2020 to eliminate supermajority voting requirements from Tesla Inc's bylaws and to adopt a simple majority voting standard. It voted in favour if this resolution as it believed it was in the shareholder's best interest. This resolution was deemed significant because it was submitted by shareholders and received greater than 20% support. The resolution was passed.

Engagement
According to their 2020 Governance and Sustainability Principles and Guidelines, Baillie Gifford focus on stewardship through long-term value creation, board effectiveness, sustainable remuneration targets, fair treatment of stakeholders and longevity of business practices. They state that the UN Sustainable Development Goals have been central to benchmarking their progress in pursuing ESG considerations.

Baillie Gifford integrate governance and sustainability into their investment process through researching individual companies on their long-term prospects and negative screening/positive selection processes.

As active managers, Baillie Gifford engage through regular meetings with management and board members to monitor performance, with many of these meetings being attended by their Governance and Sustainability team. Baillie Gifford then set objectives when engaging with these companies and state that their strategy to steer change is through active encouragement and engagement rather than immediate disinvestment. This may take the form of approaching the company with their concerns, meetings with management, or voting against management. They state that disinvestment or a reduction in holdings may occur if the company continues to fall short of ESG friendly practices and goals.

Engagement Example: Alphabet
Baillie Gifford attended Alphabet’s quarterly ESG call in June 2020. It submitted several questions ahead of the meeting relating to how the company will respond to shareholder concerns raised at annual general meeting, particularly on human rights. It also asked about how Google plans to incorporate explainable artificial intelligence across its business which would improve the transparency of its algorithms. The call was hosted by Investor Relations and Google’s Head of Sustainability and mainly focused on the social and environmental concerns of shareholders and a commitment was made to having a human rights representative on the next call in September.

Topics addressed during Alphabet’s September ESG call with shareholders included:

- content moderation (positive results from increased artificial intelligence ('AI') interventions; full details in its now quarterly Transparency Reports),

- human rights (the company has changed its algorithms following a close review of its approach to hate speech in 2019, while human rights analysis is being embedded as a core part of product development),
- modern slavery (Google has joined a group of companies led by the Responsible Business Alliance to examine claims of forced labour in its supply chains in China).

Baillie Gifford wishes to dig deeper into such topics and continue to seek closer engagement with management.

Nordea Global Climate and Environmental Strategy ('Nordea')

Voting Policy
Nordea's policies and principles define how it approaches corporate governance-related matters, incorporation of ESG considerations in investment processes and how shares are voted. A Corporate Governance Committee has been set up in order to ensure appropriate handling of corporate governance matters, and the operational responsibility rests with the Corporate Governance Function. The Corporate Governance function and the Responsible Investment team work together closely and representatives from the Responsible Investment team coordinate the work between the two functions.

Proxy voting is supported by two external vendors to facilitate the voting and provide analytic input. Nordea use ISS for proxy voting, execution, as well as research, while Nordic Investor Services is mainly used for analysis. Generally, Nordea focuses its stewardship efforts on companies on which it can have a significant impact, such as firms in which it has a substantial ownership share or if it has a large aggregated position. In addition, it strives to put extra emphasis on companies which it owns in its ESG-enhanced products.

Voting Example: Linde PLC
In July 2020, Nordea voted against the management of Linde PLC on a resolution to ratify compensation for executives. No intent was communicated to the company ahead of the vote. The rationale for the voting decision was that bonuses and share based incentives should only be paid when management reach clearly defined and relevant targets which are aligned with the interest of the shareholders. This was a significant example based on the portfolio weight of the company at the time of voting and the alignment to Nordea's Corporate Governance Principles. The resolution was passed.

Engagement
At the manager level, Nordea's Responsible Investment Team is engaging on environmental issues in collaboration with Climate Action 100+: A collaborative five-year global initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. Launched in December 2020, Nordea was among the first to join the Net Zero Asset Managers (NAM), committing to support the goal of net zero emissions by 2050, in line with the global efforts to limit warming to 1.5 degrees Celsius through investments.

Nordea's activities with regards to thematic engagement on environmental issues are aligned with the environmental objectives of the Global Climate and Environment Strategy, and are highly relevant with regards to some of the Sustainable Development Goals ('SDG'), such as; SDG 6. Clean water, SDG 7. Affordable and clean energy, SDG 11. Sustainable cities and SDG 13. Climate Action.

The engagement activities entail constructive dialogues with companies through face-to-face meetings, conference calls, letters or field visits. As such, it provides an opportunity to improve the understanding of companies that Nordea invests in, as well as the ability to influence them.

Engagement Examples: Republic Services Inc
From 2019, Nordea's Responsible Investment team has continuously engaged with Republic Services, Inc. The objective of this engagement at the strategy level has been to improve health and safety performance targets, increase recycling ratio and improve the transparency and stringent managing of emissions targets and toxic discharge targets. It is relevant with regards to SDG 6. Clean water and SDG 13. Climate Action.

In 2020 Nordea engaged via call to discuss emissions reporting. It also had a call with the Head of Sustainability, advocating for toxic discharge reduction target. The company’s response gave Nordea confidence improvements were being made, as it had shown intentions to publish more transparent ESG data and targets. Nordea will continue the engagement, exploring the feasibility of introducing objectives to increase recycling ratio to reduce landfill waste volumes and introduce toxic discharge targets. Nordea has also revised the company's internal ESG Risk Score.

Engagement activity – Real Estate

Over the year, the Plan was invested in the following real estate strategies:

Manager	Fund Name
Invesco Asset Management Limited (‘Invesco’)	Real Estate UK Residential Fund (‘IRERF’)
BlackRock	UK Property Fund (‘BRUKPF’)
Schroder Investment Management (‘Schroders’)	UK Real Estate Fund (‘SREF’)
Threadneedle Asset Management Limited (‘Threadneedle’)	Property Unit Trust (‘TPUT’)

While the Trustees acknowledge the ability to engage and influence companies may be less direct then in comparison to equity holdings; from the information received, it is encouraging that the managers are aware and active in their role as a steward of capital.

The following examples demonstrate the manager's engagement policies and some of the engagement activity being carried out on behalf of the Plan over the year.

Invesco Real Estate UK Residential Fund

In the case of real assets, which can be significant contributors to global risk, Invesco recognise the importance of ESG issues, in particular its key role (as an investment manager) in respecting, protecting, and in so much as possible, enhancing the environment and wider social prosperity. The manager has identified numerous themes that impact property development from a sustainability perspective.

There are many criteria for identifying a “sustainable” building and it believes every element of ESG should be incorporated into this process. As such, recognition of asset quality, sustainable financing, long term corporate strategy and wider consideration around the impact of the built environment on society and the natural world are factors which are considered within its investment process.

The manager has set four primary sustainability targets for its real estate team:

1. 3% annual reduction in energy and emissions by 2030 from a 2018 baseline
2. Net zero carbon emissions by 2050
3. 1% annual reduction in water consumptions
4. 1% annual increase in water diversion rate

The team discloses its ESG strategy and performance to investors via Global ESG Benchmark for Real Estate (‘GRESB’), which aims to assess and benchmark the ESG and other related performance of real assets across the market. Invesco has also joined a number of other industry initiatives.

Further information regarding Invesco's firm-wide stewardship and engagement policies and activities can be found in its ESG Investment Stewardship Report, which can be found here: https://www.invesco.com/corporate/about-us/esg

BlackRock UK Property Fund

BlackRock stated that it recognises that the long-term and physical nature of real asset investments make ESG considerations especially important, and that attention is given to sustainability issues, including the impact of climate change, resource constraints and demographic trends through their real asset investments. BlackRock reports annually on its property funds to GRESB.

Schroders UK Real Estate Fund

Schroders produce an Annual Sustainability Report which addresses ESG considerations, including provision of specific case studies of Schroders' actions and resulting outcomes.

Schroders' Real Estate business is also a member of the GRESB industry standard Real Assets sustainability benchmark, where the Fund scores well versus its peers (outperforming its peer group on each assessed metric). Schroders acknowledge that improving the characteristics of its asset portfolio is key to efficiency and improving asset values.

Schroders require developments and refurbishments to incorporate sustainable standards and building certifications, with minimum standards in place. Schroders have also set specific targets across the Real Estate portfolio, which we view as a meaningful commitment to action. These include:

- Reduction of energy consumption by 18% over 2016-2021
- 32% reduction in greenhouse gas emissions over 2016-2021
- Zero landfill waste
- 100% consumption of renewable electricity

Schroders frequently engage on topics directly linked to the UN Sustainable Development Goals. In 2020, Schroders engaged on the topic on climate change over 165 times. The manager often asks companies to set carbon reduction targets, to share their carbon transition strategies, and for more disclosure on scope 1, 2 and 3 targets and continues to work with its Property Managers to continually improve sustainability performance. The fund invests in direct real estate which is under active management, and engagement forms an integral and continuous process.

Threadneedle Property Unit Trust

Threadneedle have an integrated (firm-level) approach to responsible investment and ESG research that is embedded within its investment approach, and is supported by their culture of collaboration, sharing of research and ideas, and robust debate. In developing an understanding of a business, Threadneedle considers its approach to managing ESG issues, as well as any controversies that may have arisen. In March 2019 Threadneedle launched an innovative responsible investment ratings system that combines an assessment of a company's financial stewardship with a view on how well it manages its ESG risks. By combining both aspects into a single, forward-looking company rating from 1 to 5 this proprietary tool reflects Threadneedle's conviction that prudent management of financial and ESG factors is important to a company's ability to create long-term, sustainable value.

Threadneedle place substantial value on transparency by companies and encourage greater transparency in our dialogue around ESG performance. More information can be found within the company's responsible investment policy here: https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-business/responsible-investor/

In Summary

Based on the activity over the year by the Trustees and their service providers, the Trustees are of the opinion that the stewardship policy has been implemented effectively in practice. The Trustees note that most of their applicable investment managers were able to disclose evidence of voting and engagement activity.

The Trustees expect improvements in disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Plan through considered voting and engagement.

Appendix - Voting Statistics

This below information relates to the specific funds the Plan invests in.

The investment managers have provided information to the end of each quarter. While this does not align exactly with the Plan's accounting period, it remains representative of each fund's voting and engagement activity on behalf of the Trustees over the period.

Voting Statistics

The Plan redeemed its allocation to the LGIM All Equity Index Funds early in the year, reinvesting the proceeds in the LGIM Developed Balanced Factor Equity Index Fund. The voting statistics data represent the fund level activity over the year for the Factor Fund only, which was held for the majority of the period.

LGIM - Developed Balanced Factor Equity Index Fund	Year to 31 March 2021		
	(A)	(B)	(C)
LGIM - Developed Balanced Factor Equity Index Fund	100%	18%	0%

The Plan redeemed its allocation to the AIL Active Global Equity Strategy in mid-October, reinvesting the proceeds in the AIL Impact Equity Strategy. The voting statistics data represent the fund level activity over the year, which represents the level voting activity undertaken by each manager over the year.

AIL - Active Global Equity Strategy	Year to 31 March 2021		
	(A)	(B)	(C)
Sands Global Growth Fund	98%	5%	0%
Harris Global Equity Fund	100%	5%	0%
GQG Partners Global Equity Fund	100%	7%	0%
Longview Global Equity Fund	100%	5%	1%
Arrowstreet Global Developed Equity Fund	97%	9%	1%

AIL - Impact Equity Strategy	Year to 31 March 2021		
	(A)	(B)	(C)
Baillie Gifford Positive Change	95%	3%	1%
Mirova Global Sustainable Equity Fund	100%	12%	5%
Nordea Global Climate and Environment Strategy	84%	9%	0%

Voting Statistics Key:

(A) – % of resolutions voted on for which the fund was eligible

(B) – % of resolutions voted against management (of the resolutions on which the fund voted)

– % of resolutions abstained