



Nestlé UK Pension Fund – DC Section

Implementation Statement for the year ending 31 December 2020

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1 Introduction

Welcome to the Implementation Statement – the Trustee’s statement of how they implemented the policies and practices in the Nestlé UK Pension Fund’s (“the Fund”) Statement of Investment Principles (“SIP”) during the year ending 31 December 2020 (“the Fund Year”).

The Fund has both a defined benefit (“DB”) and defined contribution (“DC”) section. This document covers the defined contribution section (“DC Section”) only of the Fund.

Why do the Fund’s investments matter to me?

The DC Section of the Fund provides you with benefits on a DC basis (sometimes called money purchase benefits). This means that the size of the benefits paid to you when you retire will depend on how much the funds where your savings are invested grow over the years.

What is the SIP?

The SIP sets out the investment principles, practices, objectives and beliefs the Trustee follows when governing the Fund’s investments. It describes the objectives for the investment options which you can choose (including the default arrangement if you don’t make a choice – “the Default Option”), explains the risks and expected returns of the funds used and the Trustee’s approach to responsible investing (including climate change).

The last review of the Fund’s SIP was completed on 4 September 2020 and the next review will take place no later than September 2023 or in the event any significant changes within the DC Section of the Fund take place.

The following changes were made to the DC Section of the SIP, in order to comply with additional regulations in force from 1 October 2020, during the last year:

- Added additional investment beliefs to cover Responsible Investment;
- Additional wording surrounding the creation of alternative “defaults” – it should be noted that there has not been a creation of a new default in the Fund over the year;
- Added a summary of the Fund’s investment strategy; and
- The basis of remuneration and review for investment managers.

If you want to find out more, you can find a copy of the Fund’s SIP (and the Fund’s DC Chair’s Statement) at www.nestlepensions.co.uk/how-the-fund-is-run.

What is this Implementation Statement for?

Each year from 2020 the Trustee is required to prepare an Implementation Statement, which sets out how they have complied with the Fund’s SIP during the last year. This Statement covers how the Trustee has complied with the Fund’s DC SIP. A separate implementation statement covering the DB section of the Fund is available at www.nestlepensions.co.uk/how-the-fund-is-run.

Overall, the Trustee believes that:

- **The Fund’s DC investments have been managed in accordance with the SIP; and**
- **The provisions in the SIP remain suitable for the Fund’s DC members.**
- **The Trustee believes its approach during the year was consistent with all of the policies and parties described in the SIP.**

Fund Governance

The Trustee has overall responsibility for how the Fund's investments are governed and managed in accordance with the Fund's Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations.

As the Fund provides both defined benefit and defined contribution benefits, the Trustee has also established a DC sub-committee ("the DCC") which focuses on DC related issues for the Trustee Board. The Trustee has also appointed an Investment Executive to assist in carrying out its duties. Throughout this document any references to the Trustee may represent either the Trustee, the DCC or the Investment Executive (with the appropriate delegated authority from the Trustee).

The Trustee takes advice from its investment advisers as necessary. The Fund's investment advisers attended the quarterly DCC meetings throughout the year. Further information on the Fund's governance can be found on page 2 of the SIP.

There have been no changes to the Trustee or the governance processes during the last year.

In order to effectively manage the varied requirements of running the Fund, the Trustee undertook the following during the last year to ensure that their knowledge of investment matters remains up to date:

- The Trustee received training on responsible investment in December 2020 as part of their Annual Development Day. This training touched on:
 - How responsible investment is being encouraged by providers
 - An introduction to climate change risk in pensions
 - Environmental, Social and Governance ("ESG") exclusions
 - How ESG concerns are considered by different generations
- The Trustee received a regulatory overview in December 2020 for the following:
 - Statement of Investment Principles
 - Implementation Statement
 - Climate Governance
- The Trustee discussed DC Current Issues / Hot Topics every quarter and related this back to the Fund's default investment strategy and self-select fund range.

The Trustee believes:

- **The Fund's DC governance structure remains appropriate; and**
- **The Trustee has been able to effectively manage the varied requirements of running the Fund.**

2 Investment Beliefs

The Trustee has adopted a set of investment beliefs to assist in its consideration of investments. The investment beliefs are set out on page 4 of the SIP.

During the last year the Trustee, with the help of their investment adviser, reviewed and expanded their investment beliefs on responsible investment. These responsible investment beliefs are also set out on page 4 of the SIP.

The Trustee considers their investment beliefs in their management of the Fund where it is relevant to do so. In particular, the Trustee's investment beliefs, including those on responsible investment, were considered when undertaking the investment strategy review (see page 6 for more details).

The Trustee expanded their investment beliefs on responsible investing including climate change during the last year.

The Trustee considered all of their investment beliefs as part of the investment strategy review.

3 Investment Objectives

Page 5 of the SIP sets out the background to the default arrangement and investment options.

Objectives for the Default Option

The objectives and rationale for the default option are set out in the SIP on page 5. The Trustee considered these objectives when conducting an investment strategy review during the year (see page 6 for more details).

Objectives for the self-select investment options

The objectives and rationale for the self-select investment options are set out in the SIP on page 6. The Trustee considered these objectives when conducting an investment strategy review during the year (see page 6 for more details).

Since 2019, following an Order from the Competition and Markets Authority (CMA), the Trustee has had to set strategic objectives for their investment advisers. The Trustee set their investment advisers objectives in line with their own objectives, in order to help the Trustee meet their objectives. The Trustee will monitor their own objectives (for the Default Option and self-select investment options) as well as monitoring their investment advisers' objectives and how well their investment advisers meet these objectives, in line with the requirements. The Trustee submitted a Compliance Statement to the CMA in January 2021 in line with the requirements. During 2021, the Trustee will review their investment advisers against the objectives set .

The Trustee considered its objectives (for the Default Option and self-select investment options) as part of the investment strategy review.

The Trustee will continue to regularly monitor its as well as ensuring their investment advisers objectives are aligned and are being met.

Choosing the default arrangement and the investment options

During 2020, the Trustee carried out an in-depth three-yearly review of the default arrangement and other investment options to ensure they remain suitable for most members. In completing this review the Trustee considered aspects such as those set out on page 6 of the SIP. The review was concluded on 24 November 2020 and as a result of this review, the Trustee agreed to make some changes to the Default Option and other investment options. The Trustees have agreed to disinvest the Fund's holding within the Invesco Global Targeted Returns Fund (which forms a proportion of the Blended Assets white labelled fund) as they believe that better value for members can be achieved. This will be actioned during 2021. Confirmation of the changes will be issued in member communications as and when necessary and reported on in greater detail as part of the Chair's Statement to 31 December 2021. The Trustee is in the process of considering the best time to implement the remaining strategy changes. You should note that the Trustee has no immediate concerns about the other investment options.

Following the completion of the investment strategy review the Trustee has agreed to make some changes to the Default Option and the other investment options.

The Trustee have agreed to disinvest the Fund's holding within the Invesco Global Targeted Returns Fund as the Trustee believes it can achieve better value for members. This will be actioned during 2021. Confirmation of the changes will be issued in member communications and in next years Implementation Statement and Chair's Statement.

The Trustee has no immediate concerns about the other investment options. However, as a result of the review, the Trustee has identified areas to further add value for members to the investment strategy. The Trustee is in the process of considering the best time to implement the remainder of the agreed changes.

Creation of alternative "defaults"

Page 7 of the SIP sets out the circumstances in which funds other than the Default Option be deemed as "default" investment arrangements of the purposes of the regulations ("an alternative default").

The Property Fund

In 2020, during the COVID-19 pandemic, the Property Fund was temporarily closed to the investment of new contributions and sales of existing investments by the fund manager due to issues with obtaining property valuations. This was common across other similar schemes. The Trustee agreed that it was in the best interests of members to temporarily redirect contributions to the Cash Fund in line with industry common practice. The Property Fund has now re-opened and the Trustee agreed that members money temporarily held in the Cash Fund should be transferred to the Property Fund as per the members' original choice. Members affected received notification of this.

As a result of the suspension of the Property Fund and redirection of contributions to the Cash Fund, the Cash Fund became an alternative default. Following the removal of the suspension the Cash Fund is no longer treated as an alternative default. The Cash Fund complied with the 0.75% charge cap over the period.

4 Summary of the Fund's Investment Strategy

As discussed in the previous section, the Trustee reviewed the investment strategy for the Default Option and the self-select investment options including considering the current investment strategy against the Trustee's objectives. Following the completion of this review the Trustee has identified areas to further add value for members to the investment strategy.

In particular, for the Default Option, the Trustee believe that better member outcomes for members could be achieved other than through the Invesco Global Targeted Returns Fund. As a result, the Trustee agreed that the holding in the Invesco Global Targeted Returns Fund would be disinvested. This change will be actioned in 2021. The Trustee believes that the changes to the Default Option will help to better meet its objectives, particularly those around value and complexity, while still reflecting the members' likely benefit choices at retirement.

The Trustee also identified other changes to be made, and believes the changes planned to be implemented in the self-select investment options will help members better tailor how their pension pots are invested relative to their personal needs, attitude to risk and plans at retirement. The Trustee has no immediate concerns with the self-select investment options available to members. These additional changes will be implemented in due course. Communications will be issued to members confirming these changes at the appropriate time.

5 Investment Managers

The Trustee delegates day to day investment decisions to suitably qualified independent investment managers. More information on the selection process, expectations and processes can be found on page 9 of the SIP.

Details on how the Trustee follows the processes and practices associated with the review and monitoring of the investment managers can be found below.

Manager incentives

As described on page 9 of the SIP, the Trustee seeks to ensure that the fund managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives. The Trustee regularly monitors fund managers to ensure this (see section below on manager review and monitoring). Furthermore, over the Fund Year, the Trustee engaged with their platform provider and one of their fund managers, and was able to reduce member borne charges in the Cash Fund.

The Trustee carried out their annual Value for Members assessment of the DC Section which concluded that the DC Section continues to be good value for members. In this assessment, investment management charges and investment performance are key considerations. The investment strategy review (see page 6 for more details) considered investment manager charges and investment performance. As noted above, the Trustee has identified some changes for the Default Option and other investment options. The Trustee believes the changes identified will result in positive outcomes for member borne charges and investment performance. As noted above, there are no immediate concerns.

These funds are held with Fidelity, the Fund's DC platform provider. Over the year the Trustee has monitored the service of the platform provider used by the DC section by:

- Receiving quarterly updates from Fidelity regarding how many instructions have been received and how many have been invested within the agreed time period. Over the year 100% of these instructions were carried out within the time period.

There has been no review of, or changes to, the platform provider during the last year. The Trustee has no concerns with the platform provider.

As a result of the Value for Members assessment, the investment strategy review and the reduction in the charge for the Cash Fund, the Trustee is satisfied that the fund managers are suitably incentivised to deliver good outcomes for the Fund’s members.

The Trustee has no concerns with the platform provider.

Manager review and monitoring

The Trustee monitors the Fund’s investment managers to consider the extent to which the investment strategy and decisions of the managers are aligned with the Trustee’s policies. For example, over the Fund Year the Trustee has monitored:

- the performance of the funds managed by the investment managers used by the DC Section of the Fund by quarterly monitoring of investment performance against their respective benchmarks and targets over varying time periods, using reports from the platform provider and the investment adviser as well as through the annual review of investment performance as part of the Chair’s Statement and Value for Members assessment;
- the managers’ approach to responsible investment and alignment with the Trustee’s policies in this area via the annual watchlist report (see page 12 for more detail).

Further information on manager fees and costs related to portfolio turnover can be found on page 10.

The Trustee believes it has monitored its investment managers in line with its policies. This monitoring process has highlighted that better value for members can be achieved than that in the Invesco Global Targeted Returns Fund. As a result, the Trustee have agreed to disinvest the Fund’s holding within the Invesco Global Targeted Returns Fund. Further information is provided above.

The Trustee identified no other immediate concerns.

Security of DC assets

In addition to the normal investment risks faced investing in the funds used by the Fund, the security of your savings in the Fund depend upon:

- The financial strength of the investment platform provider used by the Fund;
- The financial strength of the fund managers used by the investment platform; and
- The legal structure of the funds the Fund invests in.

The financial strength of the platform provider and the fund managers has a bearing on the risk of losses to the Fund’s DC members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds’ assets are “ring-fenced” from the rest of the provider’s or fund managers’ business in the unlikely event that the provider or manager becomes insolvent.

During the last year the Trustee, with the help of its investment adviser, undertook a high-level review of information from the platform provider on the provider's financial health and the structure of the funds used by the Fund.

There have been no changes to the structure of the funds used by the Fund during the last year. The Trustee is not aware of any material changes in the financial strength of the investment platform provider or the fund managers used by the platform in the last year.

6 Costs and charges

The Trustee considered, with the help of their investment advisers, the level of annual management charges incurred in the funds used as part of the Fund's investment strategy. As outlined above, a reduction in member borne charges was obtained for the Cash Fund.

The Trustee monitors the Fund's charges and transaction costs. Cost information can be found in the annual DC Chair's Statement which can be found online at www.nestlepensions.co.uk/how-the-fund-is-run. The Trustee considers the costs and charges borne by members to be reasonable compared to other similar schemes. Furthermore, the Trustee considered member borne charges as part of the investment strategy review mentioned above. The Trustee believes the changes it has agreed will have a positive bearing on member borne costs.

The Trustee has agreed to monitor the volume of buying and selling of the assets in which each fund is invested that is carried out by the funds' managers. Short-term changes in the level of turnover of the assets in which a fund is invested may be expected when a fund manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover or the time the fund invests in an asset might indicate a shift in the amount of risk the fund manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustee. Over the year to 31 December 2021, the Trustee's investment advisers will request sufficient information from the fund managers via the platform provider to benchmark and compare the level of turnover to be able to report on this in the 31 December 2021 Implementation Statement.

The Trustee believes the level of member borne costs and charges, which it has reviewed via its annual Value for Members assessment, is reasonable.

Over the Fund Year the Trustee negotiated a reduction to member borne charges in Cash Fund. Although not initially unreasonable, the Trustee believed additional value could be added with a reduction to the member borne charge.

The Trustee has agreed to monitor the level of portfolio turnover seen within the Fund. Over the next year the Trustee's investment advisers will request sufficient information from the fund managers via the platform provider to benchmark and compare the level of turnover. The opinion of the Trustee will be formalised ahead of the Implementation Statement for the year to 31 December 2021.

7 Types of investments held

Details of the investment classes that the DC Section may invest in can be found on page 12 of the SIP.

Realisation of investments

It's important that your contributions can be invested promptly in the default arrangement or the investment options you have chosen and that your investments can be sold promptly when you want to change where they are invested, transfer your pension pot to another scheme or your benefits are due to be paid out when you retire.

The Trustee ensures this happens by monitoring the service levels and standards of Fidelity. All investment trades and bank account transactions are checked and then authorised by separate individuals within one or more of the Nestlé pensions DC processing, Pension accounts or Service delivery teams.

As set out on page 6, there was an issue during the Fund Year affecting the Property Fund. In common with many funds which invest directly in commercial property (offices, shops, factories and warehouses), it was temporarily not possible to take money in or out of this fund. In the meantime, member contributions were instead invested in the Cash Fund. Note that the trading of all other funds held by the Fund were not affected. Affected members were communicated with and the Trustee believes this was a temporary issue which did not materially affect members' interests over the longer term.

The Trustee is satisfied that money can be invested in and taken out of the Fund's funds without delay as set out in the SIP. The Trustee believes that the temporary issues affecting the Property Fund did not materially affect members' interests over the longer term and this type of suspension is expected in property funds so is in line with the Trustees understanding of the risks associated with this fund.

Expected returns on investments

The expected returns from each type of investment used by the DC Section of the Fund are set out in the SIP on page 12.

During the Fund Year the Trustee, as part of the investment strategy review, and with the help of their investment adviser, reviewed the expected levels of investment returns and risk for the funds used for the Default Option and self-select investment options to ensure that they are consistent with the Trustee's objectives set out on page 5. Further information regarding the specific targets for each phase of the default strategy are set out in the Investment Implementation Document (IID) on page 5.

The Trustee's views on the expected levels of investment returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Fund invests in over the longer-term) for the Fund's Lifetime Pathway (which gradually change the funds in which your savings are invested as you approach retirement).

The Trustee is comfortable with the expected return information in the SIP.

The Trustee is satisfied that the expected returns for the types of funds described in the SIP are still reasonable relative to the risks that members face.

8 Responsible Investment

The Trustee believes that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (collectively referred to as “ESG” factors) can have a material impact on financial performance (and in turn the value of the Fund’s investment and the size of your retirement benefits). Further detail can be found on page 13 of the SIP.

The Trustee has developed detailed policies which it applies in dealing with the Fund’s investment managers. Details are given on page 13 of the SIP.

In line with these policies:

- the Trustee annually reviews the platform provider’s and fund managers approaches to sustainable investing through a Watchlist Report. This report focuses on the engagement and voting activities of State Street Global Advisors (“SSGA”) and Schroders, two of the Fund’s managers. The Trustee looks to query any concerning activities with both managers as part of the actions from the report.
- the Trustee receives a quarterly report from their investment advisers, which includes a responsible investment rating for each manager. The Trustee looks to take action if any of the ratings are not in line with their expectations.
- the Trustee explicitly considered potential managers’ approach to responsible investment and the extent to which ESG issues are factored into their decision making, as part of the investment strategy review.

The Trustee believes the actions it has taken, including those described above, help it be a responsible investor.

The Trustee believes it has acted in line with its responsible investment policies.

Stewardship

As described on page 13 of the SIP, the Trustee believes it is important that the fund managers as shareholders or bond holders take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on major issues which affect a company’s financial performance (and in turn the value of the Fund’s investments).

As the Fund’s investments are held at arms-length from the DCC and members through an investment platform operated by Fidelity, the Trustee is not able to instruct the fund managers how they should vote on shareholder issues. The Trustee nevertheless:

- Chooses fund managers whose voting policy are consistent with the Fund’s objectives;
- Expects fund managers to vote in a way which enhances the value of the funds in which the Fund invests;
- Expects the investment platform provider to monitor adherence of fund managers to stated policies;
- Monitors how the fund managers exercise their voting rights.

How does the Trustee monitor this?

The Trustee periodically reviews the platform provider’s and fund managers approaches to stewardship including voting and engagement policies.

The Trustee is arranging to receive quarterly reports from the platform provider on how the fund managers have voted at shareholder meetings and what topics fund managers have discussed with the companies in which they invest.

The funds with voting rights attached that are available to members as part of the default fund range or the self-select fund range are listed in Appendix 1 along with summary voting statistics for each fund.

Climate change

The Trustee has developed a number of climate change goals which it continues to work towards. These goals include working towards the incorporation of recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). A climate change working group has been set up, who will report back to the Trustee.

Non-financial factors

The Trustee recognises that some members will have strong personal views or ethical / religious convictions that influence where they believe their pension savings should, or should not, be invested.

The Trustee keeps the range of self-select funds under review. As outlined above, the Trustee reviewed the self-select range during the Fund Year and will implement changes in due course.

The Trustee does not take non-financial factors into account in the selection, retention and realisation of investments in the Default Option.

The Trustee's approach to non-financial factors has not changed during the last year.

9 Risks management and monitoring

The investment risks relating to members' DC benefits are described in the SIP on pages 15 to 17.

During the last year the Trustee, as part of the review of the SIP, and with the help of their investment adviser, reviewed the appropriateness of the expected risks associated with members' DC benefits. The Trustee believes that the risks in the SIP remain appropriate.

To manage the principal investment risks, the Trustee offers the Default Option. The Default Option was reviewed over the Fund Year – further detail is provided above. The Trustee also believes that the self-select investment options are appropriate for managing these risks, and these options were also reviewed over the Fund Year. The Trustee manages the other investment risks as part of the process for selecting and ongoing monitoring of funds. The risks were considered as part of the investment strategy reviewed. Furthermore, the Trustee receives a quarterly investment report which provides commentary on individual funds which, for example, would highlight any investment manager risk. The Trustee therefore believes it has managed the risks in accordance with the SIP.

The Trustee believes that the main investment risks members face described in the SIP have not changed materially over the last year and believes the risks have been managed in accordance with the SIP.

10 Conclusion and missing information

Missing information

The Trustee have been unable to obtain full information on:

- All voting information for the:
 - Pension With Profits One 2006 Fund
 - Standard Life Pension With Profits One Fund

It should be noted that the Trustee continues to request this information. The Trustee believe this is a temporary issue while platform providers and fund managers put these new reporting requirements in place. The Trustee and their investment advisers will work with the platform provider, fund managers compile this information in readiness for next year's Implementation Statement.

The Trustee have chosen to exclude the voting information of the Standard Life and Utmost Life and Pensions unit-linked AVC funds that were disinvested over the Fund Year on the grounds that this information is immaterial to the conclusions drawn. The funds held in these unit linked policies have subsequently been re-invested in the Fidelity self-select range following a review of the AVC arrangements. The unit-linked funds held with Standard Life were transferred to Fidelity on 3 February 2020. The unit-linked funds held with Utmost Life and Pensions were transferred to Fidelity on 2 June 2020.

More information

We hope this Statement helps you understand how the Fund's investment of your savings for retirement has been managed in the last year. If you have any questions or feedback, please contact the Nestlé Pensions Team via email at pensions@uk.nestle.com or via phone for calls from in the UK on (0208) 667 6363 or 08459 243444 or for calls outside of the UK +44 208 667 6363.

Appendix 1

The funds with voting rights attached that are available to members as part of the Default Option range or the self-select fund range are listed below along with summary voting statistics for each fund.

- Invesco Global Targeted Returns Fund (GTR)
- Fidelity UK Corporate Bond Fund (Fidelity Corporate Bonds)
- LGIM 70:30 Hybrid Property Fund (70:30 Property)
- LGIM Ethical Global Equity Index Fund (Ethical Equity)
- Schroders Diversified Multi Asset Fund (DMAF)
- SSgA Emerging Markets Equity Index Fund (SSgA EM)
- SSgA Global Multi-Factor Strategy (SSgA GMF)

	GTR	Fidelity Corporate Bonds	70:30 Property	Ethical Equity	DMAF	SSgA EM	SSgA GMF
No. of resolutions eligible to vote	5,035	8	4,100	17,763	9,898	29,228	20,264
% resolutions voted	98%	50%	99.51%	99.79%	90.5%	98.5%	99.5%
% resolutions voted against management	5%	100%	16.50%	16.19%	8.6%	15.6%	9.6%
% resolutions abstained	0%	0%	0.07%	0.14%	0.2%	2.6%	0.6%

The most significant shareholder votes and how the fund managers voted during the last year were:

Fidelity

Date	Company	Subject	Vote
26 August 2020	Intu (SGS) Finance plc	Approve Extraordinary Bondholder Resolution	Bondholders were asked to approve amendments to common terms agreement and MDA to support continuing trading activities. Fidelity concluded that the proposed resolution warranted approval.
12 November 2020	Intu (SGS) Finance plc	Approve Extraordinary Bondholder Resolution	Bondholders were asked to approve amendments to certain finance documents (the Common Terms Agreement and the Obligor Cash Management Agreement) to conform with the commercial intention of the Master Amendment Agreement concluded 27 August 2020.

Invesco

Date	Company	Subject	Vote/engagement
1 February 2020	Barclays	Climate transition and corporate governance	<p>Met the new Chairman before he started in his role to emphasise the need for the board to monitor and challenge the management team to ensure the corporate culture embeds business ethics and compliance.</p> <p>Invesco met with Barclays prior to their 2020 AGM to discuss a proposal filed by ShareAction asking them to commit to net-zero in their lending portfolio, to which Barclays' management filed a counter-resolution which committed to net-zero across their entire lending portfolio with a few changes from the ShareAction proposal. After meeting with Barclays Invesco supported the management proposal on the basis that it was substantially agreeing to the same thing, but had the support of management which they felt could be implemented.</p>

Date	Company	Subject	Vote/engagement
1 June 2020	General Motors Co.	Climate change and social	<p>General Motors had recently unveiled more details of their vision for electrification in their 2020 investor day, and the investors provided very positive feedback on this. They emphasized that the valuation of companies such as Tesla shows that auto manufactures need to have developed an excellent electric vehicle strategy in order to be ready for the significant changes the industry will face in the coming years. Invesco's ESG team also discussed the shareholder proposals tabled at this year's AGM; one on creating a human rights report and another requesting greater disclosure about the company's lobbying activities.</p> <p>Invesco met with the company prior to their 2020 AGM to discuss shareholder proposals on human rights and climate lobbying. Following the call Invesco decided to support both resolutions on the basis that the company needed to do more in these areas to address investor concerns.</p>
1 October 2020	Origin	Environmental and social	<p>The Origin engagement case study relates to both their 2019 and 2020 AGMs, both of which had shareholder proposals requesting the company reduce their carbon emission to align with the Paris Agreement and lobbying 2019 (resolution 90e) and 2020 (resolution 5b).</p> <p>Origin explained their opposition to the proposals and stressed the benefits of industry association membership beyond lobbying. However, the Invesco ESG team did not believe this was enough to justify voting against the proposal.</p> <p>In addition, Origin had just recently suspended their membership of the Queensland Resources Council for running a political campaign advising people to not vote for the Green Party, which demonstrates that disassociating is an effective tactic in pressure for policy change.</p> <p>Invesco met with the company prior to both AGMs to get their view on the proposals and hear about their decarbonisation plans. In both instances, Invesco decided to support the proposals against the recommendation of management.</p>

LGIM

Date	Company	Subject	Vote
7 May 2020	Barclays	Approve Barclays' Commitment in Tackling Climate Change and proposals by ShareAction	The manager voted for the proposals, after significant engagements in this area. The outcome of the vote was successful.
27 May 2020	Amazon	<p>Shareholder proposals 5 to 16</p> <p>Proposal 5 - Report on Management of Food Waste</p> <p>Proposal 6 - Report on Customers' Use of its Surveillance and Computer Vision Products or Cloud-Based Services.</p> <p>Proposal 7 - Report on Potential Human Rights Impacts of Customers' Use of Rekognition (Amazon's software service which provides fast and accurate face search for individuals in photos and videos) regarding threats to privacy/civil rights, use by authoritarian governments, good will and financial risks.</p> <p>Proposal 8 - Report on Products Promoting Hate Speech and Sales of Offensive Products.</p> <p>Proposal 9 - Require Independent Board Chairman.</p> <p>Proposal 10 - Report on Global Median Gender/Racial Pay Gap.</p> <p>Proposal 11 - Report on Reducing Environmental and Health Harms to Communities of Colour.</p> <p>Proposal 12 - Report on Viewpoint Discrimination evaluating the range of risks and costs associated with discriminating against different social, political, and religious viewpoints.</p>	<p>Of the 12 shareholder proposals, the Manager voted to support 10.</p> <p>The Manager looked into the individual merits of each proposal, and identified two main areas which drove their decision-making:</p> <p>Disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16) and</p> <p>Governance structures that benefit long-term shareholders (resolutions 9 and 14).</p> <p>The Manager voted against proposals 11 and 12.</p>

Date	Company	Subject	Vote
		<p>Proposal 13 - Report on Promotion Velocity which assesses the time it takes from the date of hire to promotion, or between one promotion and the next.</p> <p>Proposal 14 - Reduce Ownership Threshold for Shareholders to Call Special Meeting</p> <p>Proposal 15 - Human Rights Risk Assessment</p> <p>Proposal 16 - Report on Lobbying Payments and Policy</p>	
27 May 2020	Exxon Mobil	Elect Director Darren W. Woods	The Manager voted against, reflecting commitments as part of their climate pledge to hold the board to account on climate issues.

Schroders

Date	Company	Subject	Vote
26 February 2020	Apple	Assess Feasibility of Including Sustainability as a Performance Measure for Senior Executive Compensation	The manager voted against this resolution as they felt that the company already had a strong position on sustainability and questioned how the report would benefit investors.
6 March 2020	Alphabet	Report on gender/racial pay gap	The manager welcomed increased disclosure around gender and racial pay discrepancies and supported the proposal.
27 May 2020	Amazon	<p>Shareholder proposals 5 to 16</p> <p>Proposal 5 - Report on Management of Food Waste</p>	Of the 12 shareholder proposals, the Manager voted to support 8.

Date	Company	Subject	Vote
		<p>Proposal 6 - Report on Customers' Use of its Surveillance and Computer Vision Products or Cloud-Based Services.</p> <p>Proposal 7 - Report on Potential Human Rights Impacts of Customers' Use of Rekognition (Amazon's software service which provides fast and accurate face search for individuals in photos and videos) regarding threats to privacy/civil rights, use by authoritarian governments, good will and financial risks.</p> <p>Proposal 8 - Report on Products Promoting Hate Speech and Sales of Offensive Products.</p> <p>Proposal 9 - Require Independent Board Chairman.</p> <p>Proposal 10 - Report on Global Median Gender/Racial Pay Gap.</p> <p>Proposal 11 - Report on Reducing Environmental and Health Harms to Communities of Colour.</p> <p>Proposal 12 - Report on Viewpoint Discrimination evaluating the range of risks and costs associated with discriminating against different social, political, and religious viewpoints.</p> <p>Proposal 13 - Report on Promotion Velocity which assesses the time it takes from the date of hire to promotion, or between one promotion and the next.</p> <p>Proposal 14 - Reduce Ownership Threshold for Shareholders to Call Special Meeting</p> <p>Proposal 15 - Human Rights Risk Assessment</p>	<p>The Manager voted against proposals 7, 9, 11, 12 and 13. The rationale for this was largely due to the manager feeling the reporting proposals put forward were too prescriptive or redundant given the company's current disclosures.</p>

Date	Company	Subject	Vote
		Proposal 16 - Report on Lobbying Payments and Policy	

The Trustee is satisfied that, where information has been provided, that the fund managers' voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP.

The Trustee notes that State Street have not provided details on specific examples of their voting record for inclusion in this report.

Members also have access to funds with voting rights attached through AVC policies held with Standard Life. However, despite requesting the information from Standard Life, the Trustee were unable to obtain details of voting information from Standard Life. The Trustee note this is a common issue in the industry at present and will continue to engage with Standard Life to identify when this information will be available in future.

The Trustee are satisfied that the fund managers' voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP.