Implementation Statement, covering 6 April 2020 to 5 April 2021

The Trustees of the Inchcape Motors Pension Scheme (the “Scheme”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles (“SIP”) during the year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below. Information provided by managers covers the period from 1 April 2020 to 31 March 2021 due to availability of data.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The last time the SIP was formally reviewed was September 2020 where it was updated to include policies on financially material considerations, non-financial factors and engagement activities, as required by the Pensions Regulator by 1 October 2020.

The Trustees have, in their opinion, followed the Scheme’s voting and engagement policies during the year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes (although no manager selection exercises were carried out during the year under review). The Trustees took a number of steps to review the Scheme’s existing managers and funds over the period, as described in the next section.

2. Voting and engagement

The Scheme’s SIP was updated in September 2020 to include policies on financially material considerations, non-financial factors and engagement activities, as required by the Pensions Regulator by 1 October 2020.

In December 2020 and March 2021, the Scheme’s investment managers, BMO and Aviva respectively presented to the Trustees. Both managers discussed their Environment, Social and Governance (“ESG”) practices. The Trustees were satisfied with the comments they received from the managers and no further action was taken.

Whilst the Trustees have not reviewed LCP’s responsible investment scores for the Scheme’s existing managers and funds over the year, they did review these in February 2020, along with LCP’s qualitative Responsible Investment assessments for each fund and red flags for any managers of concern. These scores cover the approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP’s ongoing manager research programme and it is these that directly affect LCP’s manager and fund recommendations. The manager scores and red flags are based on LCP’s Responsible Investment Survey 2020. The Trustees were satisfied with the results of the review and no further action was taken.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

3. Description of voting behaviour during the year

All of the Trustees’ holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (“PLSA”) guidance, on the Scheme’s funds that hold equities as follows:

- BlackRock Aquila Life World (ex-UK) Equity Index Fund
- BlackRock Aquila Life World Fund
- BlackRock iShares Emerging Markets Equity Index Fund
- Invesco Global Targeted Returns Fund

- L&G World Emerging Markets Equity Index Fund
- L&G Diversified Multi-Factor Equity Fund
- Ruffer Total Return Fund
- Schroders Life Diversified Growth Fund

The Trustees have sought to obtain the relevant voting data for Section 3.3, from all of the investment managers listed above, however were unable to include significant voting data for the following fund:

- L&G World Emerging Markets Equity Index Fund

This is because L&G stated that the fund had no significant votes over the period.

The Trustees were also unable to include some voting data for the following funds:

- BlackRock Aquila Life World (ex-UK) Equity Index Fund
- BlackRock Aquila Life World Fund
- BlackRock iShares Emerging Markets Equity Index Fund

This is because BlackRock currently do not provide this data but are looking to develop this in the near future.

The Trustees will continue to work with their advisers and investment managers with the aim of providing this voting information in future implementation statements.

In addition to the above, the Trustees contacted the Scheme's other asset managers that don't hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period. Commentary provided from these managers is set out in Section 3.4.

3.1 Description of the voting processes

Explanations provided by the Trustees' investment managers of their voting processes are set out below:

BlackRock

Blackrock states its voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. They inform vote decisions through research and engage as necessary. BlackRock's engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients.

BlackRock may also update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets. They state they welcome discussions with clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. BlackRock determines which companies to engage directly with based on its assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. Its voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting.

Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services ("ISS") and Glass Lewis, it is just one among many inputs into their vote analysis process, and they state they do not blindly follow the ISS' and Glass Lewis' recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information BlackRock use include the company's own reporting (such as the proxy statement and the website), their engagement and voting history with the company, and the views of their active investors, public information and ESG research.

Invesco

Invesco views proxy voting as an integral part of its investment management responsibilities. The proxy voting process at Invesco focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. Voting matters are assessed on a case-by-case basis by Invesco's respective investment professionals considering the unique circumstances affecting companies, regional best practices and their goal of maximising long-term value creation for clients. The voting decision lies with Invesco's asset managers with input and support from the Global ESG team and Proxy Operations functions. The portfolio managers review voting items based on their individual merits and retain full discretion on vote execution conducted through our proprietary proxy voting platform.

Invesco's proprietary voting platform facilitates implementation of voting decisions and rationales across global investment teams. Its proxy voting philosophy, governance structure and process are designed to ensure that proxy votes are cast in accordance with clients' best interests.

Invesco's investor-led proxy voting approach ensures that each meeting is voted in the firm's clients' best interests and each proposal, both management and shareholder, is considered in light of the risk and materiality to the portfolios. As part of the firm's Shareholder Rights Directive II implementation, the following criteria are used when determining whether a voting item is significant: (i) materiality of the position, (ii) the content of the resolution and (iii) inclusion on Invesco's ESG watchlist.

L&G

All decisions are made by L&G's Investment Stewardship team and in accordance with its relevant 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. This ensures its stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the voting decision process, therefore sending consistent messaging to companies.

L&G's Investment Stewardship team uses proxy provider, ISS's ProxyExchange electronic voting platform to electronically vote clients' shares. However, all voting decisions are made by L&G and the use of ISS recommendations is solely to augment its research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure that the proxy provider votes in accordance with L&G's position on ESG, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G consider are minimum best practice standards (irrespective of whether the local regulation or practice in that market is below this standard). L&G also retains the ability in all markets to override any vote decisions, which is based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows L&G to apply a qualitative overlay to its voting judgement.

Ruffer

Ruffer has internal voting guidelines as well as access to proxy voting research, currently from ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer notes that it is cognisant of proxy advisers' voting recommendations, in general, they do not delegate or outsource their stewardship activities when deciding how to vote on clients' shares.

Research analysts are responsible, supported by the responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.

Ruffer looks to discuss with companies any relevant or material issue that could impact an investment. If they decide to vote against the recommendations of management, Ruffer endeavours to communicate this decision to the company before the vote along with the explanation for doing so.

Schroders

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. Schroders utilise company engagement, internal research, investor views and governance expertise to confirm their intention. As active owners, Schroders recognise their responsibility to make considered use of voting rights. It is therefore their policy to vote all shares at all meetings globally, except where there are restrictions that make it onerous or expensive to vote compared with the benefits of doing so (for example, share blocking practice whereby restrictions are placed on the trading of shares which are to be voted). In these cases, Schroders will generally not vote.

3.2 Summary of voting behaviour over the year

A summary of voting behaviour (as provided by the managers) over the period is provided in the table below.

	Fund 1	Fund 2	Fund 3
Manager name	BlackRock*	BlackRock*	BlackRock*
Fund name	Aquila Life World (ex-UK) Equity Index Fund	Aquila Life World Fund	iShares Emerging Markets Equity Index Fund
Total size of fund at end of reporting period	N/A	N/A	N/A
Section(s) this fund relates to	Motors, Normand	Motors, Normand	Motors, Normand
Value of Scheme assets at end of reporting period (£)	£29.1m	£27.3m	£5.9m
Number of equity holdings at end of reporting period	N/A	N/A	N/A
Number of meetings eligible to vote	2,231	3,298	2,777
Number of resolutions eligible to vote	27,464	41,138	25,487
% of resolutions voted	93.7%	95.0%	96.0%
Of the resolutions on which voted, % voted with management	93.7%	93.8%	90.7%
Of the resolutions on which voted, % voted against management	6.3%	6.2%	9.3%
Of the resolutions on which voted, % abstained from voting	0.5%	1.0%	4.0%
Of the meetings in which the manager voted, % with at least one vote against management	N/A	N/A	N/A
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A	N/A	N/A

	Fund 4	Fund 5	Fund 6
Manager name	Invesco	L&G	L&G

Fund name	Global Targeted Returns Fund	World Emerging Markets Equity Index Fund	Diversified Multi-Factor Equity Fund
Total size of fund at end of reporting period	£4,254.7m	£7,673.3m	£2,599.5m
Section(s) this fund relates to	Motors, Normand	Cash+	Cash+
Value of Scheme assets at end of reporting period (£)	£47.5m	£6.9m	£15.5m
Number of equity holdings at end of reporting period	313	1,882	1,172
Number of meetings eligible to vote	365	3,998	1,846
Number of resolutions eligible to vote	5,332	36,036	22,827
% of resolutions voted	98.4%	99.9%	99.9%
Of the resolutions on which voted, % voted with management	94.5%	85.2%	83.1%
Of the resolutions on which voted, % voted against management	5.6%	13.4%	16.5%
Of the resolutions on which voted, % abstained from voting	0.5%	1.4%	0.4%
Of the meetings in which the manager voted, % with at least one vote against management	33.1%	5.1%	5.6%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	3.5%	0.0%	0.4%

	Fund 7	**Fund 8**
Manager name	Ruffer	Schroders
Fund name	Total Return Fund	Diversified Growth Fund
Total size of fund at end of reporting period	£3,811.7m	£4,646.0m
Section(s) this fund relates to	Motors, Group, Cash+, Normand	Motors, Group, Cash+
Value of Scheme assets at end of reporting period (£)	£140.6	£95.4m
Number of equity holdings at end of reporting period	95	1,360
Number of meetings eligible to vote	85	1,711
Number of resolutions eligible to vote	1,163	20,478
% of resolutions voted	96.9%	99.6%
Of the resolutions on which voted, % voted with management	91.0%	91.9%
Of the resolutions on which voted, % voted against management	8.7%	7.7%

Of the resolutions on which voted, % abstained from voting	2.0%	0.4%
Of the meetings in which the manager voted, % with at least one vote against management	41.0%	45.3%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	7.6%	5.0%

*BlackRock currently do not provide data for the inputs that read N/A but are looking to develop this in the near future.

The Trustees will continue to liaise with their advisors and investment managers with the aim of providing this voting information in future implementation statements.

3.3 Most significant votes over the year

Commentary on the most significant votes over the period, from the Scheme's asset managers who hold listed equities, is set out below.

We have included an explanation of each of the managers' interpretations of "most significant votes". We have selected a maximum of two votes for each manager which relate to either environmental, social or corporate governance factors.

Where managers provided multiple examples of significant votes, we have included a maximum of two votes that we believe would be of particular interest. Detail of further votes that may be deemed to be significant can be provided upon request.

BlackRock Aquila Life World (ex-UK) Equity Index Fund

- **Company: Volvo AB; Date of vote: 18 June 2020; BlackRock voted: against**

Summary of resolution: Re-elect Carl-Henric Svanberg as Board Chairman

Rationale for the voting decision
BlackRock believes board members should be held accountable for the level of oversight provided on governance matters, including executive pay, and how the management team addresses material issues, such as climate risk. Given the lack of progress the company has made on its climate disclosures and BlackRock's ongoing concerns with its executive pay policy, BlackRock's policy is to withhold support from the re-election of those board members who are most accountable through their membership on relevant board sub-committees or, in the absence of such committees, the most senior board member.

BlackRock voted against the re-election of Mr. Svanberg as Board Chair, as the most senior board member responsible for climate disclosures. In particular, they are holding Mr. Svanberg to account for the current lack of adequate climate-related risks disclosures and expect more fulsome disclosure regarding the company's long-term adaptation strategies in line with the Task Force on Climate-related Financial Disclosures ("TCFD") by next year.

Additionally, as the role of director is becoming increasingly demanding, directors must be able to commit an appropriate amount of time to board and committee matters. Given the nature of the role, it is important a director has flexibility for unforeseen events and therefore only takes on the number of mandates to ensure such flexibility.

The criteria on which this vote is assessed to be "significant"
Given the significant material climate risks for Volvo based on its business lines, BlackRock expect robust reporting on the governance framework around these risks and how they are incorporated into the company's strategy and risk management process.

BlackRock Aquila Life World Fund

- **Company: Chevron Corporation; Date of vote: 27 May 2020; BlackRock voted: for; Outcome of the vote**: **for**

Summary of resolution: Report on climate lobbying aligned with Paris Agreement goals

Rationale for the voting decision
In BlackRock's view, the company could provide investors with a more detailed explanation of the alignment between Chevron's political activities and the goal of the Paris Agreement to limit global warming to no more than two degrees Celsius, which the company supports.

While BlackRock recognize and applaud Chevron's current TCFD and The Sustainability Accounting Standards Board ("SASB")-aligned reporting, they believe that greater transparency into the company's approach to political spending as aligned with its stated support for the Paris Agreement will help articulate consistency between private and public messaging for managing climate risk and transition to a lower-carbon economy.

Based on recent engagements with the company leading up to the annual meeting, BlackRock believes Chevron is aligned with the spirit of this proposal, as it has articulated a desire to provide more clarity for investors on its internal climate considerations and associated political spending and lobbying contributions. They appreciate the company's willingness to consider investor feedback and look forward to forthcoming reporting.
They believe enhanced disclosure will help investors better understand the company's political activities in the context of policy that supports the transition to a lower carbon economy.

As such, support for this proposal is not meant to be punitive or suggest that BlackRock feel the board has failed to appropriately consider climate risk in the context of strategy. Rather, they believe this is a further point of refinement to solidify best in class reporting amongst US oil and gas peers. The proposal does not suggest or require Chevron to alter its current actions; instead, it affords an opportunity to provide greater context for investors. This is in line with BlackRock's view that the risks of climate change and the transition to a lower carbon economy present material regulatory, reputational, and legal risks to companies. As a fiduciary for their clients, BlackRock see it as material to better understand how these risks are being adequately disclosed and overseen.

Implications of the outcome
This resolution was resolved. Shareholders requested that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, Chevron's lobbying activities (direct and through trade associations) align with the goal of limiting average global warming to well below 2 degrees Celsius (the Paris Climate Agreement's goal). The report should also address the risks presented by any misaligned lobbying and the company's plans, if any, to mitigate these risks."

The criteria on which this vote is assessed to be "significant"
BlackRock believe that additional transparency around political spending and lobbying related to climate risk and the low carbon transition would strengthen the company's disclosure.

BlackRock iShares Emerging Markets Equity Index Fund

- **Company: Top Glove Corporation Bhd; Date of vote: 6 January 2021; BlackRock voted: against**

Summary of resolution: Elect Lim Han Boon, Rainer Althoff, Noripah Kamso, Norma Mansor, Sharmila Sekarajasekaran, and Lim Andy as Directors. Approve Lim Han Boon to continue office as Independent Non-Executive Director.

Rationale for the voting decision
BlackRock notes the company has been the subject of intense scrutiny over various labour-related and human rights issues in its supply chain since 2018. They state the COVID-19 pandemic has exposed severe shortcomings in management and oversight of worker health and safety-related issues. Despite the board and management's reassurance that COVID-19 preventive measures have been implemented since the start of the pandemic, a quarter of its workers have since been infected with the virus, with one associated death. Investigations conducted by Malaysia's Ministry of Human Resources ("MoHR") and U.S. Customs and Border Protection ("US CBP"), together with the whistleblower's account and other media reports, have shown that Top Glove's workers live in dense, unsuitable accommodations with a lack of proper ventilation and physical distancing – a stark contrast to what the board has conveyed to shareholders. As the COVID-19 pandemic ravaged the region, BlackRock highlights the board failed in a key aspect of its oversight responsibility given that it did not identify and set policies to manage risks including the health and safety of workers living in its dormitories.

Implications of the outcome

BlackRock will continue to engage with the company to assess the measures that are taken towards the resolution of the US CBP and MoHR investigations, how it is meeting its various commitments to improve labour rights and workers' accommodation, and how it is addressing health and safety-related issues. They also intend to hold other incumbent directors not on ballot at the AGM accountable by voting against their re-election at future shareholder meetings.

The criteria on which this vote is assessed to be "significant"
Given Top Glove's role as a leading Personal Protective Equipment (PPE) manufacturer, BlackRock views the board's ineffectiveness in COVID-19 mitigation and inadequate oversight of worker health and safety issues as especially egregious with potentially serious implications for its reputation as a supplier of such equipment to hospitals around the world.

BlackRock were unable to confirm the outcome of some of the above votes.

Invesco Global Targeted Returns Fund

- **Company: Citigroup Inc; Date of vote: 21 April 2020; Invesco voted: against; Outcome of the vote: for**

Summary of resolution: Report on lobbying payments and policy.

Rationale for the voting decision
Invesco believe that a vote against this resolution is warranted, as the company is disclosing inadequate information for shareholders to be able to assess its engagement in the political process and its management of related risks.

The criteria on which this vote is assessed to be "significant"
>1% Invesco ownership and includes key ESG proposal.

- **Company: easyJet Plc; Date of vote: 22 May 2020; Invesco voted: against; Outcome of the vote: for**

Summary of resolution: Remove John Lundgren as Director.

Rationale for the voting decision
Invesco believe a vote against these resolutions is warranted as the dissident has not provided sufficient evidence that removing four key directors will leave the board and the company better positioned to deal with the current crisis.

The criteria on which this vote is assessed to be "significant"
>1% Invesco ownership and includes key ESG proposal.

L&G Diversified Multi-Factor Equity Fund

- **Company: Barclays; Date of votes: 07 May 2020; L&G voted: for; outcome of the votes: Res (climate change): 99.9% for and Res (ShareAction): 23.9% for.**

Summary of resolution: Approve Barclays' Commitment in Tackling Climate Change Resolution and approve ShareAction Requisitioned Resolution.

Rationale for the voting decision
The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers.

Implications of the outcome
L&G's focus will now be to help Barclays on the detail of their plans and targets, more detail of which is to be published this year. They plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change.

The criteria on which this vote is assessed to be "significant"
Since the beginning of the year there has been significant client interest in L&G's voting intentions and engagement activities in relation to the 2020 Barclays Annual General Meeting. L&G consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as their clients.

- **Company: The Proctor & Gamble Company; Date of vote: 13 October 2020; L&G voted: for; outcome of the vote: 67.7% for.**

Summary of resolution: Report on effort to eliminate deforestation.

Rationale for the voting decision
Procter & Gamble ("P&G") uses both forest pulp and palm oil as raw materials within its household goods products. 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. Two of their Tier 1 suppliers of palm oil were linked to illegal deforestation. Finally, the company uses mainly Programme for the Endorsement of Forest Certification (PEFC) wood pulp rather than Forestry Stewardship Council (FSC) certified wood pulp. Palm oil and Forest Pulp are both considered leading drivers of deforestation and forest degradation, which is responsible for approximately 12.5% of greenhouse gas emissions that contribute to climate change. The fact that Tier 1 suppliers have been found to have links with deforestation calls into question due diligence and supplier audits. Only FSC certification offers guidance on land tenure, workers', communities and indigenous people's rights and the maintenance of high conservation value forests.

L&G engaged with P&G to hear its response to the concerns raised and the requests raised in the resolution. They spoke to representatives from the proponent of the resolution, Green Century. In addition, they engaged with the Natural Resource Defence Counsel to fully understand the issues and concerns. Following a round of extensive engagement on the issue, L&G decided to support the resolution. Although P&G has introduced a number of objectives and targets to ensure their business does not impact deforestation, L&G felt it was not doing as much as it could. The company has not responded to CDP Forest disclosure; this was a red flag to L&G in terms of its level of commitment. Deforestation is one of the key drivers of climate change. Therefore, a key priority issue for L&G is to ensure that companies they invest their clients' assets in are not contributing to deforestation. L&G has asked P&G to respond to the CDP Forests Disclosure and continue to engage on the topic and push other companies to ensure more of their pulp and wood is from FSC certified sources.

Implications of the outcome
L&G will continue to engage with P&G on the issue and will monitor its CDP disclosure for improvement.

The criteria on which this vote is assessed to be "significant"
It is linked to L&G's five-year strategy to tackle climate change and attracted a great deal of client interest.

Ruffer Total Return Fund

- **Company: ExxonMobil; Date of vote: 27 May 2020; Ruffer voted: for; outcome of the vote: 67.3% against.**

Summary of resolution: appointment of an independent board Chair.

Rationale for the voting decision
Ruffer had stressed that they would like ExxonMobil to further align its strategy with the goals of the Paris Agreement and accept responsibility for its scope 3 emissions. During ongoing engagement with the company they discussed the progress the European oil and gas companies have made in recent months and suggested that the company join the Energy Transition Commission. As one of the largest oil and gas companies in the world, Ruffer emphasised that they would like to see ExxonMobil helping to address the issues facing the sector. Due to the limited progress since the 2019 AGM, Ruffer supported a shareholder resolution for an independent Chair of the Board.

Implications of the outcome
Ruffer voted for the separation of CEO and Chair as they believe that the effectiveness of the board could be improved. They have since sold down the equity considerably.

The criteria on which this vote is assessed to be "significant"
Ruffer believe this vote will be of particular interest to their clients. The votes against management were in the context of an ongoing engagement with the company and the result of extensive internal discussions.

- **Company: Lloyds Bank; Date of vote: 21 May 2020; Ruffer voted: against; outcome of the vote: 63.8% for.**

Summary of resolution: remuneration policy.

Rationale for the voting decision
Ruffer decided to vote against the proposed remuneration policy at the company as although it reduces the maximum pay-out at the time of the grant, it significantly relaxes the vesting criteria in Ruffer's view. Therefore, they did not think it sufficiently incentivises management to deliver shareholder value.

Implications of the outcome
Ruffer spoke with the Chairman of Lloyds on this issue after they voted and since then the company has made some changes to the remuneration of the new CEO. Even though these do not address all of Ruffer's concerns, it does make the remuneration criteria more aligned to shareholder interests.

The criteria on which this vote is assessed to be "significant"
Ruffer believe that votes against renumeration policies for material holdings are significant. These arise after discussion between members of the research, portfolio management and responsible investment teams.

Schroders Diversified Growth Fund

- **Company: Microsoft Corporation; Date of vote: 12 February 2020; Schroders voted against**

Summary of resolution: ratify Deloitte & Touche LLP as auditors.

Rationale for the voting decision: Excessive auditor tenure.

The criteria on which this vote is assessed to be "significant"

- Schroders do not provide significant votes in their reporting. The Trustees have selected this vote as significant because Microsoft was the largest individual equity holding of the fund as at 31 March 2021.**Company: Alphabet Inc.; Date of vote: 6 March 2020; Schroders voted for**

Summary of resolution: report on gender/racial pay gap.

Rationale for the voting decision
The company is asked to report on its global median gender/racial pay gap and risks related to recruiting and retaining diverse talent. Schroders believe that such disclosure would provide useful information on the company's diversity and inclusion initiatives, as well as its reputational, operational and hiring risk exposure. Though Schroders recognise the shortcomings of the metrics proposed, they welcome the overall premise of increased disclosure around gender and racial pay discrepancies.

The criteria on which this vote is assessed to be "significant"
Schroders do not provide significant votes in their reporting. The Trustees have selected this vote as significant because Alphabet was the second largest individual equity holding of the fund as at 31 March 2021.

Schroders were unable to confirm the outcome of the above votes.

3.4 Votes in relation to assets other than listed equity

Newton's BNY Mellon Global Dynamic Bond Fund is the only fund that does not hold listed equities but invests in assets that had voting opportunities during the period. Newton have provided the below comments regarding their process and voting opportunities.

Newton's head of responsible investment ("RI") is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. Newton does not maintain a strict proxy voting policy. Instead, it prefers to take into account a company's individual circumstances, their investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices.

Contentious issues may be referred to the appropriate industry analyst for comment and, where relevant, Newton may confer with the company or other interested parties for further clarification or to reach a compromise or to achieve a commitment from the company. Voting decisions are approved by either the deputy chief investment officer or a senior investment team member (such as the head of global research). For the avoidance of doubt, all voting decisions are made by Newton. It is only in the event of a material potential conflict of interest between Newton, the investee company and/or a client that the recommendations of the voting service used (ISS) will take precedence. It is also only in these circumstances when Newton may register an abstention given their stance of either voting in favour or against any proposed resolutions. The discipline of having to reach a position of voting in favour or against management ensures they do not provide confusing messages to companies.

Newton employ a variety of research providers that aid them in the vote decision-making process, including proxy advisors such as ISS. They utilise ISS for the purpose of administering proxy voting, as well as its research reports on individual company meetings.

Voting decisions take into account local market best practice, rules and regulations while also supporting Newton's investment rationale.

There was one possible vote on an Exchange Traded Fund (ETF) holding for the BNY Mellon Global Dynamic Bond Fund that Newton actively decided not to participate in (iShares China CNY Bond UCITS ETF). Newton states this decision was made as the custodian would have 'blocked' the underlying security which means if they want to trade the holding, it has to be re-registered therefore reducing their ability to freely trade. In the case of this vote, the resolution was not sufficiently contentious to warrant voting against and nor was Newton's support required – therefore, Newton took an active decision not to vote in order to permit them to be able to trade the holdings freely during the vote period.