John Heathcoat Pension Scheme Implementation Statement

Purpose

This statement provides information on how, and the extent to which, the Trustees have followed the policies documented in their Statement of Investment Principles (SIP) during the year ended 31 March 2021 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Review of the Statement of Investment Principles

During the reporting year, the Scheme's SIP was reviewed and amended from 30 September 2020. This review was initiated by the Trustees to update the SIP in-line with regulatory changes. The update addressed stewardship in more detail and explained the incentives that the Trustees use to encourage investment managers to align their investment strategy with the Trustees' policies and to ensure decisions are based on long term performance

The previous version of the SIP had been in existence since 30 September 2020, meaning each version of the SIP was relevant during different parts of the reporting year.

Investment related activity during the reporting year

The Trustees monitored the performance of their investment funds against the stated performance objectives and the asset allocation against the Trustees' benchmark.

During the reporting year the Trustees considered their allocations to both growth and matching DB assets. In particular, the Trustees discussed the performance of the Newton Real Return Fund and alternatives which might include the use of structured equity; and the roles of bonds in the portfolio and the potential benefit of more bespoke Liability Driven Investments. Discussions were also held on whether member outcomes could be improved and if it was possible to consolidate the protected rights and AVCs into a DC Master Trust. An initial investigation was carried to out to assess which of the authorised DC Master Trusts might accept these monies.

Towards the end of the reporting year the Trustees conducted a review of different governance approaches to their investment strategy which included comparing the more traditional advisory route with fiduciary management. The Trustees concluded that a fiduciary management approach was preferred. Trustees have integrated responsible investment considerations fully into their selection process for a Fiduciary Manager and subsequently the investment strategy implemented post year end.

The Trustees' policies on engagement and ESG

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks, including those related to climate change, to the Scheme's investment managers. The Trustees have an ESG scoring system for the investment managers and are comfortable with how the incumbents scored when assessed during the reporting year. The Trustees require the Scheme's investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, the Trustees compared the more traditional advisory investment governance approach with fiduciary management. A fiduciary manager was chosen to manage the Scheme's investments moving forwards. The Trustees independently considered the successful fiduciary manager's approach to ESG and climate change risks and did not seek input from XPS due to the potential conflict of interest as XPS were being compared with the fiduciary managers.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Further, the Trustees have set XPS the objective of checking whether any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time. This will be based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually. Stewardship and ESG matters are discussed when required at Trustees' meetings.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policies as set out in the Statement of Investment Principles. Over the reporting year, the Trustees added to their policies on voting rights by encouraging their investment managers to engage with investee companies and vote whenever it is practical to do so on matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the investment managers to report on significant votes made on behalf of the Trustees.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to public equities, and investments in equities will also form part of the strategy for the diversified growth funds in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is as follows:

Voting Information

Legal and General Investment Management World Emerging Markets Equity Index Fund

The manager voted on 99.89% of resolutions of which they were eligible out of 36,036 eligible votes.

Investment Manager Client Consultation Policy on Voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.
Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with our 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 our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account.
For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.
In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

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

We will provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.
If you have any additional questions on specific votes, please note that we publicly disclose our votes for the major markets on our website. The reports are published in a timely manner, at the end of each month and can

be used by clients for their external reporting requirements. The voting disclosures can be found by selecting ‘Voting Report’ on the following page:
http://documentlibrary.lgim.com/litlibrary/lglibrary_463150.html?req=internal

Does the manager utilise a Proxy Voting System? If so, please detail

LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own 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 we receive from ISS for UK companies when making specific voting decisions.
To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.
We retain the ability in all markets to override any vote decisions, which are based on our 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 us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
There were no significant votes made in relation to the securities held by this fund during the reporting period.			

Voting Information

Legal and General Investment Management Dynamic Diversified Fund

The manager voted on 99.9% of resolutions of which they were eligible out of 83262 eligible votes.

Investment Manager Client Consultation Policy on Voting

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Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key

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For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.

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

• High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;

• Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;

• Sanction vote as a result of a direct or collaborative engagement;

• Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

We will provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

If you have any additional questions on specific votes, please note that we publicly disclose our votes for the major markets on our website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page:

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To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our 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 us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Qantas Airways Limited	**Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.**	**LGIM voted against resolution 3 and supported resolution 4.**	**About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration, in our view.**
We will continue our engagement with the company.			
Whitehaven Coal	**Resolution 6 Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.**	**LGIM voted for the resolution.**	**The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour. However, the environmental profile of the company continues to remain in the spotlight: in late 2020 the company pleaded guilty to 19 charges for breaching mining laws that resulted in 'significant environmental harm'. As the company is on LGIM's Future World Protection List of exclusions, many of our ESG-focused funds – and select exchange-traded funds – were**

			not invested in the company.
LGIM will continue to monitor this company.			
International Consolidated Airlines Group	**Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.**	**We voted against the resolution.**	**28.4% of shareholders opposed the remuneration report.**
LGIM will continue to engage closely with the renewed board.			
Lagardère	**Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardère, as well as to remove all the incumbent directors (apart from two 2019 appointments).**	**LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardère SB directors (resolutions B,C,E,F,G).**	**Even though shareholders did not give majority support to Amber's candidates, its proposed resolutions received approx. between 30-40% support, a clear indication that many shareholders have concerns with the board. (Source: ISS data)**
LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.			
Imperial Brands plc	**Resolutions 2 and 3, respectively, Approve Remuneration Report and Approve Remuneration Policy.**	**LGIM voted against both resolutions.**	**Resolution 2 (Approve Remuneration Report) received 40.26% votes against, and 59.73% votes of support. Resolution 3 (Approve Remuneration Policy) received 4.71% of votes against, and 95.28% support.**
LGIM continues to engage with companies on remuneration both directly and via IVIS, the corporate governance research arm of The Investment Association. LGIM annually publishes remuneration guidelines for UK listed companies.			

Voting Information
Legal and General Investment Management Global Equity Fixed Weights (50:50) Index Fund
The manager voted on 99.97% of resolutions of which they were eligible out of 44680 eligible votes.
Investment Manager Client Consultation Policy on Voting

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Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

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We will continue our engagement with the company.			
Whitehaven Coal	**Resolution 6 Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.**	**LGIM voted for the resolution.**	**The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour. However, the environmental profile of the company continues to remain in the spotlight: in late 2020 the company pleaded guilty to 19 charges for breaching mining laws that resulted in 'significant environmental harm'. As the company is on LGIM's Future**

			World Protection List of exclusions, many of our ESG-focused funds – and select exchange-traded funds – were not invested in the company.
LGIM will continue to monitor this company.			
International Consolidated Airlines Group	**Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.**	**We voted against the resolution.**	**28.4% of shareholders opposed the remuneration report.**
LGIM will continue to engage closely with the renewed board.			
Lagardère	**Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardère, as well as to remove all the incumbent directors (apart from two 2019 appointments).**	**LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardère SB directors (resolutions B,C,E,F,G).**	**Even though shareholders did not give majority support to Amber's candidates, its proposed resolutions received approx. between 30-40% support, a clear indication that many shareholders have concerns with the board. (Source: ISS data)**
LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.			
Imperial Brands plc	**Resolutions 2 and 3, respectively, Approve Remuneration Report and Approve Remuneration Policy.**	**LGIM voted against both resolutions.**	**Resolution 2 (Approve Remuneration Report) received 40.26% votes against, and 59.73% votes of support. Resolution 3 (Approve Remuneration Policy) received 4.71% of votes against, and 95.28% support.**
LGIM continues to engage with companies on remuneration both directly and via IVIS, the corporate governance research arm of The Investment Association. LGIM annually publishes remuneration guidelines for UK listed companies.			

Voting Information
Newton Real Return Fund
The manager voted on 99.2% of resolutions of which they were eligible out of 1307 eligible votes.

Investment Manager Client Consultation Policy on Voting
Where we plan to vote against management on an issue, we often engage with the company in order to provide an opportunity for our concerns to be allayed. In such situations, it would not be a surprise should we vote against. We only communicate our voting intentions ahead of the meeting direct to the company and not to third parties. We do alert a company regarding an action we have taken at their annual general meeting (AGM) through an email, to explain our thought process. We then often hold a call with the board/investor relations teams to gain a better understanding of the situation and communicate further. This can often be in tandem with the sponsoring global industry analyst. Overall, we prefer to retain discretion in relation to exercising our clients' voting rights and have established policies and procedures to ensure the exercise of global voting rights. We believe the value of our clients' portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights. Our understanding of a company's fundamental business enables us to assess the appropriate balance between the strict application of corporate governance policies and taking into account a company's unique situation.
Investment Manager Process to determine how to Vote
Our head of responsible investment (RI) is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. We do not maintain a strict proxy voting policy. Instead, we prefer to take into account a company's individual circumstances, our 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, we 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 (Institutional Shareholder Services, or the ISS) will take precedence. It is also only in these circumstances when we may register an abstention given our 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 we do not provide confusing messages to companies. Research ahead of voting decisions; regional distinction We employ a variety of research providers that aid us in the vote decision-making process, including proxy advisors such as ISS. We 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 our investment rationale. For example, when voting on the election of directors in Japan, we are unlikely to vote against a board chair should the board not be majority independent given that only recently the corporate governance code has recommended boards appoint independent directors. However, in the UK, where majority independent boards are well established and expected by investors, we are likely to vote against the chair and non-independent directors. This being said, we frequently vote against executive pay at US companies despite it being accepted US market practice of granting significant awards of free shares as we believe executive pay should be aligned with performance.
How does this manager determine what constitutes a 'Significant' Vote?

We regard as material issues all votes against management, including where we support shareholder resolutions that the company's management are recommending voting against. As active managers, we invest in companies that we believe will support the long-term performance objectives of our clients. By doing so, we are making a positive statement about the business, the management of risks and the quality of management. Voting against management, therefore, is a strong statement that we think there are areas for improvement. As such, by not supporting management, we think that this is material, which is different to a passive investor where there is no automatic assumption of a positive intent in ownership. As such, we report publicly our rationale for each instance where we have voted against the recommendation of the underlying company's management. At the fund level, we consider each instance of voting against management to be significant but if required to prioritise these instances, we take an objective approach that includes the fund's weighting in each security. This reflects our investment process and ensures the prioritised list includes those instances that could be most impactful to the long-term value to the fund as well as those that may have an immediate impact to the fund.

Does the manager utilise a Proxy Voting System? If so, please detail

We utilise ISS for the purpose of administering proxy voting (notification and lodgement of votes), as well as its research reports on individual company meetings. Only in the event where we recognise a potential material conflict of interest do we follow the voting recommendations of ISS.
We do not maintain a rigid voting policy with any proxy voting service provider.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
LEG Immobilien AG	**Remuneration policy**	**AGAINST**	**22.2% AGAINST Approve Remuneration Policy**
The vote outcome is considered significant owing to more than 20% of votes being instructed against its approval. It is likely that the company will seek to address concerns in an effort to avoid similar or higher future dissent.			
Microsoft Corporation	**Elect Director, Advisory Vote to Ratify Named Executive Officers' Compensation and Ratify Deloitte & Touche LLP as Auditors**	**AGAINST**	**1.1%, 0.9%, 0.3%, AGAINST compensation committee members, 3.9% AGAINST reappointment of the auditor, 5.3% AGAINST executive officers' compensation**
The vote outcome demonstrates shareholders are not overly concerned with the company's executive pay arrangements. However, our engagement with the company over multiple years shows that pay arrangements have been improving and are expected to continue to improve. We look forward to supporting the company's executive pay proposals as these improvements are implemented.			
Linde plc	**Executive compensation arrangements and election of directors.**	**AGAINST**	**1.8% AGAINST elect Director 7.6% AGAINST elect**

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<tr><td></td><td></td><td></td><td>Director
2.1% AGAINST elect Director
8.2% AGAINST elect Director
9.8% AGAINST elect Director
40% AGAINST elect Director
9.6% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation</td></tr>
<tr><td colspan="4">We did not consider the vote outcome on the pay resolution to be material and of a level where the company is expected to address concerns. However, the election of one director that received 40% of votes against warrants further consideration.</td></tr>
<tr><td>NIKE, Inc.</td><td>Advisory Vote to Ratify Named Executive Officers' Compensation, Ratify PricewaterhouseCoopers LLP as Auditors and Report on Political Contributions Disclosure.</td><td>AGAINST management proposals and FOR shareholder proposal</td><td>46% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation
3.6% AGAINST Ratify PricewaterhouseCoopers LLP as Auditors
34.4% FOR Report on Political Contributions Disclosure</td></tr>
<tr><td colspan="4">With close to a majority of shareholders voting against the executive pay practices, the company will need to conduct a fundamental review of its pay practices. In addition, the significant level of support for the company to improve its reporting of political contributions suggests that the company will also need to review its approach to this matter. We expect to encourage improvements through our voting decisions.</td></tr>
<tr><td>Medtronic plc</td><td>Elect Director, Approve PricewaterhouseCoopers LLP as Auditors and Authorize Board to Fix Their Remuneration and Advisory Vote to Ratify Named Executive Officers' Compensation</td><td>AGAINST</td><td>6.4%, 1.5%, 3.4%, 2.6%, 14.3% AGAINST compensation committee members, 5.5% AGAINST reappointment of the auditor, 8.3% AGAINST executive officers' compensation</td></tr>
<tr><td colspan="4">The outcome of the pay-related votes is likely to generate discussion within the company, particularly given the level of dissent in relation to the re-election of one board director. We will continue to recognise formally our concern in relation to the pay structure through the exercise of voting rights. While the level of opposition to the long-tenured auditor was minor, we expect this to increase as audit quality rises up the agenda for investors.</td></tr>
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October 2021