



Miller Group Limited Pension Scheme Implementation Report

September 2021

Background and Implementation Statement

Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and pension schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that pension schemes detail their policies in their statement of investment principles (SIP) and demonstrate adherence to these policies in an implementation report.

Statement of Investment Principles (SIP)

The Miller Group Limited Pension Scheme ("the Scheme") updated its SIP in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments

The Scheme's SIP, ESG and risk management policy outlined in this document refers to the latest version of the SIP, which was updated in September 2020.

The SIP can be found online at the web address

<https://www.millerhomes.co.uk/corporate/financial/statutory-disclosures.aspx>

Changes to the SIP are detailed on the following pages.

Implementation Report

This implementation report is to provide evidence that the Miller Group Limited Pension Scheme continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 30 June 2021 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

Summary of key actions undertaken over the Scheme reporting year

- The Scheme's liability hedge ratio was increased from 65% of liabilities (on a flat gilts basis) to 70% to increase the protection against movements in long-dated interest rates and inflation.
- The Scheme received a Sponsor cash contribution to the value of c. £12.9m at the end of March 2021, resulting in the Scheme becoming fully funded on a Technical Provisions basis. Post 31 March 2021, this cash contribution was re-invested in line with an agreed revised investment strategy which incorporates a 5% allocation to Absolute Return Bonds,

Implementation Statement

This report demonstrates that Miller Group Limited Pension Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed

Position

Date

Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 70% (on a flat gilts basis) of the total liabilities movements caused by changes to interest and inflation rates.	<p>The Scheme further increased its level of hedging to 70% to better protect the Scheme against interest rate and inflation risk.</p> <p>These changes to the target hedge level were implemented in Q4 2020 and will be reflected in the next SIP update.</p>
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	<p>The investment strategy has been designed to improve the level of income generated by the asset portfolio.</p> <p>The Scheme maintains an allocation to cash to meet ongoing cashflow requirements.</p> <p>The Scheme remains in a strong cashflow position with significant liquidity within the invested assets.</p>
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	<p>The current investment strategy is designed to hedge unrewarded risks, improve the diversification of the Scheme's assets and reduce market risk.</p> <p>This strategy is reflected in the current SIP.</p>
Credit	Default on payments due as part of a financial security contract.	<p>To diversify this risk by investing in a range of credit markets across different geographies and sectors.</p> <p>To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently</p>	The allocation to credit assets remains diversified in terms of number of managers and credit sub-asset classes, providing increased diversification of default risk.

		compensates the Scheme for the risk of default.	
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	<p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:</p> <ol style="list-style-type: none"> 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory <p>The Trustees monitor the managers on an ongoing basis.</p>	<p>The ESG policy was reviewed by the Trustees as part of the SIP update in September 2020.</p> <p>The Trustees received training in order to review ESG policies over the reporting period.</p> <p>The Trustees also conducted an 'impact assessment' in March 2021, reviewing their investment managers' ESG policies and integration, in order to identify areas for improvement (see section 'ESG summary and actions with the investment managers' for further detail).</p> <p>Following a review of the Scheme's equity portfolio, the Trustees subsequently agreed to invest in an ESG-focussed equity fund (implemented post-accounting year-end).</p>
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	<p>Hedge all currency risk on all assets that deliver a return through contractual income.</p> <p>Hedge a proportion of overseas currency risk within the equity portfolio.</p>	The overseas currency risk remains appropriate with a combination of GBP hedged and unhedged equity funds held in the equity portfolio.

Changes to the SIP in relation to the 2020 requirements

Policies added to the SIP

Date updated: 21 September 2020

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.

- As the Scheme is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustees policies. However, the Trustees invest in a portfolio of pooled funds that are aligned to the strategic objective.
- The Scheme's mandate with Partners Group is subject to a performance fee on performance above a specified hurdle rate of return.

How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.

- The Trustees review the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements.
- The Trustees monitor the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process.
- The Trustees do not incentivise the investment managers to make decisions based on non-financial performance.

How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.

- The Trustees review the performance of all the Scheme's investments on a quarterly basis and net of all costs to ensure a true measurement of performance versus investment objectives.
- The Trustees evaluate performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years.
- Investment manager fees are reviewed annually to make sure the correct

amounts have been charged and that they remain competitive.

The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.

- The Trustees do not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.

The duration of the Scheme's arrangements with the investment managers

- The duration of the arrangements is considered in the context of the type of fund the Scheme invests in.
 - For closed ended funds or funds with a lock-in period the Trustees ensure the timeframe of the investment or lock-in is in line with the Trustees objectives and Scheme's liquidity requirements.
 - For open ended funds, the duration is flexible and the Trustees will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.
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Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regarding to ESG as a financially material risk. This page details how the Scheme's ESG policy is implemented. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

The below table outlines the areas which the Scheme's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustee intend to review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights and engagement activity	<ul style="list-style-type: none">• The Trustees will obtain regular training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;• As part of ongoing monitoring, the Trustees will use any ESG ratings information provided by their investment consultant to assess how the Scheme's investment managers take accounts of ESG issues;• Through their investment consultant, the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.	<ul style="list-style-type: none">• The manager has not acted in accordance with their policies and frameworks.

ESG summary and actions with the investment managers

Manager, fund	ESG Summary	Actions identified	Engagement with manager commentary
LGIM Passive Equity Portfolio	<p>LGIM have shown a strong commitment to highlighting, identifying and managing ESG risks across their entire fund range, including their passive equity funds. LGIM are a market leader in their approach to ESG. They have developed a clear and comprehensive framework for scoring portfolio companies on ESG factors. They actively communicate these scores to the companies and engage with them directly to help mitigate ESG risks moving forwards.</p>	<p>It was proposed that LGIM should integrate ESG reporting into their standard quarterly reports, consolidate ESG scores to generate a portfolio level score and also provide evidence of progress towards diversity at a firm level.</p>	<p>Isio engaged with LGIM on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio receive updates from LGIM on improvements in their reporting capabilities and have continued to make progress in this area.</p>
Mercer Low Volatility Equity Fund	<p>Mercer has a clear firm wide ESG policy, a dedicated ESG team and are clearly active in their industry collaborative efforts. They provide engagement and voting data from their sub investment managers as well as providing carbon metrics.</p>	<p>N/A – the Trustees agreed to terminate their holdings in the Fund post 30 June 2021. As such, an ESG review for the Fund was not warranted.</p>	<p>N/A - the Trustees agreed to terminate their holdings in the Fund post 30 June 2021. As such, an ESG review for the Fund was not warranted.</p>
BlackRock Diversified Growth Fund	<p>BlackRock has clear firm-wide sustainability goals and have a dedicated team to deal with developing and implementing ESG initiatives. They are actively driving change in ESG through their collaboration with various ESG groups. However, the lack of specific ESG aims and regular reporting for the Fund should be addressed. BlackRock are good at communicating their views on ESG, but tangible</p>	<p>It was proposed that BlackRock should quantify key performance Indicators and show how portfolio companies are working towards their ESG objectives. Such metrics should be included in regular reporting. BlackRock should also develop measurable ESG objectives for DDG specifically. BlackRock could detail engagements which are specific to the underlying investments of the Fund.</p>	<p>Isio engaged with BlackRock on the Trustees' behalf to review their ESG policies and set actions and priorities.</p>

	evidence at Fund level is required.		
Apollo Semi-Liquid Credit Fund	Apollo integrate ESG factors into the Fund's portfolio management through bottom-up credit analysis, assessing whether ESG issues impact the creditworthiness of an investment.	Apollo is looking to incorporate a formal scoring system for each individual investment. Apollo also currently provides firm-level reporting on ESG activities, and it was proposed that this should be extended to quarterly fund-specific client reporting.	Isio engaged with Apollo on the Trustees' behalf to review their ESG policies and set actions and priorities. Apollo has now adopted an ESG scoring system from 1-5 and stated that investments would be escalated to the Investment Committee if necessary. Apollo are also now a UNPRI signatory. Apollo previously felt that the benefit of signing up to the UNPRI was not worth the governance burden.
CQS – Multi Asset Credit Fund	CQS lack some of the intellectual capital and processes other managers possess with respect to ESG, however, they are taking steps to address this. Whilst CQS have an ESG policy in place and have integrated this into the Fund's investment process, through their internal research portal, we note the lack of an ESG dedicated team to centrally manage ESG engagements.	It was proposed that CQS develop an ESG scorecard, build out their ESG research capabilities, set objectives and look to improve reporting capabilities and set KPIs around ESG.	Isio engaged with CQS on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio have observed significant improvements which are reflected in an improved score for CQS in the 2021 ESG assessment (post-reporting period end).
Partners Group Direct Lending – PMCS 2018	Partners Group have a specialist ESG and Sustainability team, who support the business in achieving their ESG objectives. At a fund level they can demonstrate that ESG is a key aspect of the due diligence process and ongoing engagement is apparent through an investment's lifecycle.	It was proposed that Partners Group should identify firm-wide ESG priorities and targets for private debt, identify KPIs for private debt portfolio companies and evidence where they have worked with portfolio companies to bring about change and report on this.	Isio engaged on the Trustees' behalf in Q1 2021 and observed significant progress on these actions, resulting in an upgrade of Isio's ESG rating for Partners Group's Direct Lending Funds.
LGIM AAA-AA-A Corporate Bond Over 15 Year Index Fund	LGIM is aware of ESG issues and the effect on long term returns within its Fund offering. They have also taken steps to integrate these issues within their investment process at a business level.	It was proposed that LGIM provide clearer information on engagement activity specific to the corporate bond fund and also make efforts to improve overall reporting on ESG and engagement activity.	Isio engaged with LGIM on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio receive updates from LGIM on improvements in their reporting capabilities and LGIM have continued to make progress in this area.

LGIM Liability
Driven
Investment

For the LGIM LDI Funds, the firm's central ESG policies are applied at a strategy level. LGIM analyse ESG-related criteria as part of their assessment of counterparties when entering derivative contracts.

In line with LGIM's passive equity and credit funds, the lack of inclusion of ESG in their regular reporting was highlighted as an area of progress.

Isio engaged with LGIM on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio receive updates from LGIM on improvements in their reporting capabilities and LGIM have continued to make progress in this area.

Engagement

As the (Scheme) invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12 month period to 30 June 2021.

Fund name	Engagement summary ¹	Commentary
LGIM UK Equity Index Fund	Total Engagements: 350 Environmental: 77 Social: 111 Governance: 247 Other: 60	LGIM's Investment Stewardship team are responsible for engagement activities across all funds. LGIM share their finalised ESG scorecards with portfolio companies and the metrics on which they are based.
LGIM North America Equity Index Fund - GBP Currency Hedged	Total Engagements: 283 Environmental: 167 Social: 107 Governance: 72 Other: 53	LGIM have not provided examples of Fund-specific significant engagements.
LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged	Total Engagements: 118 Environmental: 79 Social: 34 Governance: 47 Other: 30	
LGIM Japan Equity Index Fund - GBP Currency Hedged	Total Engagements: 93 Environmental: 32 Social: 16 Governance: 68 Other: 67	
LGIM Asia Pacific (ex Japan) Developed Equity Index Fund	Total Engagements: 75 Environmental: 58 Social: 9 Governance: 25 Other: 14	

<p>LGIM World Emerging Markets Equity Index Fund</p>	<p>Total Engagements: 194 Environmental: 136 Social: 15 Governance: 56 Other: 49</p>	
<p>Mercer Low Volatility Equity Fund</p>	<p>Mercer note that as a fund of funds provider, they do not engage directly with the underlying holdings within the Fund. As such, Mercer have been unable to provide engagement data for the Fund.</p>	<p>While Mercer have been unable to provide engagement data, they have identified priority areas and themes for engagement across their fund range and as such, monitor engagement activities of the sub-investment managers in an annual engagement survey.</p>
<p>BlackRock Diversified Growth Fund</p>	<p>Total Engagements: 944 Environmental: 647 Social: 381 Governance: 801</p>	<p>BlackRock engage with their companies through their Investment Stewardship team in order to provide feedback and inform their voting decisions. These engagements largely relate to the Fund's equity positions only, which comprised c.37% of the overall portfolio as at 30 June 2021.</p> <p>Examples of significant engagements include:</p> <p>Chevron Corporation - BlackRock has a long and constructive history of engagement with Chevron. BlackRock has discussed a range of topics, including corporate governance, climate reporting, greenhouse gas (GHG) and methane emissions reductions, human capital management, and risk oversight processes, among other topics. While Chevron has not made the commitments of some of its European peers towards emissions reductions or business model shifts towards lower carbon alternatives, the company has been consistently open to evolving its reporting processes in response to feedback from investors. Chevron now provides</p>

		<p>reporting aligned with the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB).</p> <p>Woodside Petroleum Ltd. – BlackRock regularly monitors Woodside’s governance practices and risk profile as part of its responsibility to shareholders. In recent engagements with the company’s board, BlackRock had extensive discussions on a range of material issues including the company’s approach to the Task Force on Climate-related Financial Disclosures (TCFD), board composition and diversity, broad refreshment and supply chain-related issues.</p>
<p>Apollo Semi-Liquid Credit Fund</p>	<p>Total Engagements: 28 Broad based ESG: 13 Environmental: 5 Governance: 5 Social: 5</p>	<p>Apollo have a clear due diligence and engagement framework. The team continually engage with portfolio companies through discussion with management, and these engagements have been a key driver for the production for formal company ESG reports and Key Performance Indicators. As bond investors, Apollo’s voting rights are limited, making it more difficult to engage with portfolio companies in comparison to equity investors.</p> <p>Examples of significant engagements include:</p> <p>EG Group – Apollo encouraged the company to increase urgency on improving the Board composition through hiring of independent directors. Following engagement, the company has appointed one non-executive director with a further two expected in the near future (including chair and head of audit committee).</p>

<p>CQS – Multi Asset Credit Fund</p>	<p>Total Engagements: 44 General ESG: 6 Environmental: 17 Social: 8 Governance: 3 Environmental & Social: 2 Environmental & Governance: 2 Social & Governance: 6</p>	<p>CQS have a clear and robust due diligence process and investment framework. CQS develop strong engagement and communication with the management teams of the portfolio companies in which they invest and in turn bring about positive ESG related change.</p> <p>An example of a significant engagement include:</p> <p>Aedas Homes SA – CQS engaged and queried Aedas on the percentage of their green certified buildings. Following this, Aedas have noted that they are targeting 60% of their buildings to achieve an A energy rating by 2023 and will seek to monitor Scope 1, 2 and 3 emissions in the future.</p>
<p>Partners Group Direct Lending – PMCS 2018</p>	<p>Total Engagements: 12 Corporate: 12</p>	<p>Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks.</p> <p>Partners Group has engaged on mostly governance related issues over the period, rather than environmental or social considerations. Examples of significant corporate governance activities within portfolio projects include:</p> <p>Nemera: Partners Group engaged with Nemera in relation to current trading discussions. Following a slow start after Partners’</p>

		investment in December 2018, the company underwent operational restructuring, reducing its leverage as a result.
LGIM AAA-AA-A Corporate Bond Over 15 Year Index Fund	<p>Total Engagements: 56</p> <p>Environmental: 31</p> <p>Social: 16</p> <p>Governance: 29</p> <p>Other: 13</p>	LGIM leverage the wider capabilities of the global firm to engage with companies. The team also regularly engage with regulators, governments and other industry participants to address long term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.
LGIM Liability Driven Investment	<p>LGIM have engaged with a number of industry participants on long term strategic issues in relation to LDI, including:</p> <ul style="list-style-type: none"> - The introduction of central clearing - The LIBOR transition - Recognising the pricing issues with bilateral RPI swaps <p>LGIM also assess counterparty banks from an ESG perspective through their proprietary ESG tools.</p>	
LGIM Cash	<p>Total Engagements: 34</p> <p>Environmental: 28</p> <p>Social: 6</p> <p>Governance: 14</p> <p>Other: 4</p>	

Notes: ¹ For some managers, total engagements do not sum up, as a number of engagements are related to a combination of E,S and G issues.

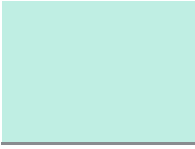
Voting (for equity/multi asset funds only)

As the Scheme invests via fund managers the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 30 June 2021. The managers also provided examples of any significant votes.

Fund name	Voting summary	Examples of significant votes	Commentary
LGIM UK Equity Index Fund	<p>Meetings eligible to vote for: 793</p> <p>Resolutions eligible to vote for: 10,918</p> <p>Resolutions voted for: 100.0%</p> <p>Resolutions voted with management: 92.6%</p> <p>Resolutions voted against management: 7.4%</p> <p>Resolutions abstained from: 0.0%</p>	<p>Balfour Beatty Plc – As part of their commitment to improving gender equality and diversity, viewing this as a financially material issue, LGIM voted against a resolution to re-elect one of the male directors. LGIM have committed to continuing to engage with portfolio companies on diversity issues.</p>	<p>LGIM's Investment Stewardship team are responsible for managing voting activities across all funds. The team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions.</p>
LGIM North America Equity Index Fund - GBP Currency Hedged	<p>Meetings eligible to vote for: 666</p> <p>Resolutions eligible to vote for: 8,176</p> <p>Resolutions voted for: 99.7%</p> <p>Resolutions voted with management: 71.4%</p> <p>Resolutions voted against management: 28.5%</p> <p>Resolutions abstained from: 0.1%</p>	<p>Chevron Corporation – LGIM voted against a resolution on the election of Director Wanda M Austin, as part of LGIM's longstanding policy advocating for the separation of roles of CEO and board chair, in line with corporate governance best practice. While c. 91% of shareholders voted in support of the resolution, LGIM consider this a significant vote and will continue to engage on this issue.</p>	<p>LGIM's Investment Stewardship team are responsible for managing voting activities across all funds. The team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions.</p>

<p>LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged</p>	<p>Meetings eligible to vote for: 558</p> <p>Resolutions eligible to vote for: 9,336</p> <p>Resolutions voted for: 100.0%</p> <p>Resolutions voted with management: 83.4%</p> <p>Resolutions voted against management: 16.2%</p> <p>Resolutions abstained from: 0.4%</p>	<p>FinecoBank – LGIM voted against the resolution to accept the financial statements and statutory reports, as the company was not deemed to meet minimum standards with regards to climate risk management and disclosure. LGIM consider this vote to be significant as it is applied under the LGIM ‘Climate Impact Pledge’.</p>	<p>LGIM’s Investment Stewardship team are responsible for managing voting activities across all funds. The team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions.</p>
<p>LGIM Japan Equity Index Fund - GBP Currency Hedged</p>	<p>Meetings eligible to vote for: 470</p> <p>Resolutions eligible to vote for: 5,646</p> <p>Resolutions voted for: 100.0%</p> <p>Resolutions voted with management: 86.2%</p> <p>Resolutions voted against management: 13.8%</p> <p>Resolutions abstained from: 0.0%</p>	<p>Z Holdings Corp. – LGIM voted against a resolution which proposed permitting ‘virtual only’ shareholder meetings, making these permanent even once the health crisis has been resolved. LGIM voted against this, as they consider that extending virtual only shareholders meetings beyond the two year relief period for virtual only meetings currently allowable in Japan, may hinder meaningful exchange between the company and its shareholders, particularly in relation to more controversial topics.</p>	<p>LGIM’s Investment Stewardship team are responsible for managing voting activities across all funds. The team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions.</p>
<p>LGIM Asia Pacific (ex Japan) Developed Equity Index Fund</p>	<p>Meetings eligible to vote for: 379</p> <p>Resolutions eligible to vote for: 2,665</p> <p>Resolutions voted for: 100.0%</p> <p>Resolutions voted with management: 74.1%</p> <p>Resolutions voted against management: 25.6%</p> <p>Resolutions abstained from: 0.3%</p>	<p>Whitehaven Coal – LGIM voted in support of a shareholder resolution relating to the potential wind-down of coal operations. LGIM voted for this proposal given the uncertain role of coal in the future energy mix and have publicly advocated for a managed decline for fossil fuel companies, in line with global climate targets.</p>	<p>LGIM’s Investment Stewardship team are responsible for managing voting activities across all funds. The team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions.</p>

<p>LGIM World Emerging Markets Equity Index Fund</p>	<p>Meetings eligible to vote for: 3,907</p> <p>Resolutions eligible to vote for: 35,672</p> <p>Resolutions voted for: 99.8%</p> <p>Resolutions voted with management: 84.1%</p> <p>Resolutions voted against management: 14.1%</p> <p>Resolutions abstained from: 1.8%</p>	<p>PhosAgro PJSC - LGIM voted against the resolution to approve the annual report as the company was deemed to not meet minimum standards with regards to climate risk management and disclosure. LGIM consider this vote to be significant as it is applied under the LGIM 'Climate Impact Pledge'.</p>	<p>LGIM's Investment Stewardship team are responsible for managing voting activities across all funds. The team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions.</p>
<p>Mercer Low Volatility Equity Fund</p>	<p>Voteable Proposals: 7,610</p> <p>Votes For: 7,077</p> <p>Votes Against: 381</p> <p>Abstain Votes: 76</p> <p>Mixed/ other Votes: 76</p>	<p>Royal Dutch Shell – Mercer voted for a shareholder proposal regarding greenhouse gas emission reduction targets.</p>	<p>Mercer use a combination of proxy voting platforms and their own system to conduct voting.</p>
<p>BlackRock Diversified Growth Fund</p>	<p>Voteable Proposals: 12,460</p> <p>Proposals Voted: 12,342</p> <p>Votes With Management: 11,573</p> <p>Votes Against Management: 769</p> <p>Abstain Votes: 118</p>	<p>The Procter & Gamble Company - BlackRock voted for a proposal which requests a report assessing if and how P&G could increase the scale, pace, and rigour of its efforts to eliminate deforestation and the degradation of intact forests in its supply chains.</p> <p>Daimler AG - BlackRock voted against three resolutions in July 2020, including the ratification of Supervisory Board members' actions in the 2019 financial year, the election of a member to the Supervisory Board and on an amendment of Article 16 of the Articles of Incorporation. Despite the Boards' recommendation that shareholders vote for all resolutions, BlackRock voted against given their concerns about progress on climate-related risk reporting, the external mandates held by the proposed Supervisory Board member, and the reduction in shareholder rights from</p>	<p>BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holding directors accountable and supporting shareholder proposals. Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against the re-election of the directors responsible to express this concern.</p>



the proposed article
amendment.
