Cardiff University Pension Fund Implementation Statement – 2020

This document has been prepared by the Trustees of the Cardiff University Pension Fund (the "Trustees"), in their capacity as Trustees of the Cardiff University Pension Fund (the "Pension Fund").

It sets out the stewardships[1] policies of the Pension Fund's investment managers, the Trustees voting and engagement policies (that are also stated in the Pension Fund's Statement of Investment Principles ("SIP") dated June 2019), and demonstrates how these policies have been followed over the year to 31 July 2020.

Please note, the SIP was updated after the end of the Pension Fund's year-end to incorporate additional information on the Trustees policies in line with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 requirements.

References herein to the actions, review work or determinations of the Trustees refer to activity that has been carried out either by the Trustee board, the Investment Sub-Committee or its investment advisers on behalf of the Trustees.

1. Trustees policies regarding stewardship

The Trustees have appointed providers to manage the Pension Fund's investments. The Trustees recognise that the size and nature of the Pension Fund's investments means that they are more constrained in the influence they can have on the companies the Pension Fund invests in as this responsibility ultimately lies with the investment managers. The Trustees do, however, acknowledge the need to be responsible stewards and exercise the rights associated with the Pension Fund's investments in a responsible manner. This is accomplished using the following processes:

1. The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) reviewing existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning the stewardship of their investments.
2. Whilst the Trustees have delegated voting rights to their investment managers, they do review voting behaviour and raise any concerns. A frequent occurrence of disagreement would result in the Trustees terminating the investment manager on the premise that their beliefs are not consistent with those of the Trustees.

The Trustees review the voting activity of the investments managers/funds where there is the opportunity to influence positive practises (namely those that invest in equities). The Pension Fund was invested in equities through the LGIM World Equity Index GBP Hedged Fund, the BNY Mellon Real Return Fund (which is managed by Newton), the M&G Episode Allocation Fund, the Barings Dynamic Asset

[1] Investment stewardship refers to engagement with public companies to promote corporate governance practices that are consistent with encouraging long-term value creation for shareholders in the company. Engagement and voting provide shareholders an opportunity to express their views.

Allocation Fund ("DAAF") and the Partners Generations Fund (at the time of the Pension Fund's year-end). The Trustees have reviewed the managers' voting policies and processes including most significant votes cast over the period. This information, and the conclusions that Trustees have drawn, are set out in the following pages.

2. Manager's voting policies

This section summarises the voting policies and processes of the LGIM World Equity Index GBP Hedged Fund, the BNY Mellon Real Return Fund (which is managed by Newton), M&G Episode allocation fund, Barings DAAF and the Partners Generations Fund.

LGIM

LGIM's Investment Stewardship team make all voting decisions, in accordance with LGIM's 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 is intended to ensure LGIM's 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.

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 of their clients. LGIM's voting policies are reviewed annually and take into account feedback from clients.

LGIM's Investment Stewardship team uses the Institutional Share Services ("ISS's") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGIM's 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 are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their 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.

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 LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

BNY Mellon

The BNY Mellon Real Return Fund is managed by Newton Investment Management ("Newton"). All statements and information relating to this fund has been provided by Newton.

Newton prefer to retain discretion in relation to exercising voting rights and have established policies and procedures to ensure the exercise of global voting rights.

Newton intend to exercise voting rights in all markets where they retain voting authority. All voting decisions are made by Newton; the recommendations of the appointed voting service provider (Institutional Shareholder Services) ("ISS") is only given precedence in the event of a material potential conflict of interest.

All voting notifications are communicated to Newton's responsible investment team though an electronic voting platform. The responsible investment team reviews all resolutions for contentious issued, aided by advice from proxy research service providers. Voting decisions take into account local market best practice, rules and regulations while also supporting their investment rationale.

Contentious issues may be referred to the appropriate analyst for comment. Where an issue remains contentious, Newton may also decide to confer with the company or other interested parties for further clarification. Each voting decision taken by a member of the responsible investment team has to be authorised by an alternate member of the team. Newton's corporate actions team is responsible for the administrative elements surrounding the exercise of voting rights by ensuring Newton have the risk to exercise individual clients' votes and that these are exercised.

Where Newton plan to vote against management on an issue, they often engage with the company in order to provide an opportunity for their concerns to be allayed. In such situations, it would not be a surprise should they vote against management. Newton only communicate their voting intentions ahead of the meeting direct to the company and not to third parties. Newton do alert a company regarding an action they have taken at their annual general meeting (AGM) through an email, to explain their thought process. They 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.

Newton employ the services of voting service providers to help inform their voting intentions. Voting decisions are taken on a case-by-case basis, and Newton do not have a rigid policy with their voting service provider. Only in the event of a conflict of interest do Newton follow the recommendations of a service provider. As part of their outsourcing service policy, Newton conduct due diligence of their voting service provider at least twice a year.

Newton's voting policy and procedures have been formulated and approved by their Responsible and Ethical Investment Oversight Group. Implementation of the voting policy and procedures involves the head of responsible investment and responsible investment analysts in collaboration with the global section analysts and portfolio managers.

M&G

M&G's Corporate Finance and Stewardship team support their investment teams on various issues that can affect the investments over the long term. The team coordinates M&G's Stewardship activities, and engages with companies on a number of issues from corporate governance to environmental

sustainability, alongside the investment teams. The team also undertakes M&G's voting responsibilities at shareholder meetings.

Across asset-classes, M&G consider the end goal of stewardship activities is to best serve their customers by achieving positive outcomes, and helping ensure investee companies are effectively dealing with the material risks affecting them. This could require continued engagement to bring about positive change or voting against management and board members or ultimately disinvesting from a company. M&G do not solicit their clients views, but take them into account if they are made aware of them.

M&G use the Institutional Shareholder Service voting platform, and have built a custom voting service that reflects their public voting policy. M&G use research firm ISS, and the voting information service "IVIS", for UK companies, to highlight any contentious issues that they are not aware of from previous consultations with investee companies. M&G will discuss any straightforward issues with their stewardship team before deciding to abstain or vote. For more contentious issues, the relevant fund managers will also be involved in the decision making.

Barings

Barings engages a proxy voting service provider ("Service Provider") responsible for processing and maintaining records of proxy votes. In addition, the Service Provider will retain the services of an independent third party research provider ("Research Provider") to provide research and recommendations on proxies. Barings' policy is to generally vote all Client proxies for which it has proxy voting discretion in accordance with the recommendations of the Research Provider or with the Research Provider's proxy voting guidelines ("Guidelines"), in absence of a recommendation. In circumstances where the Research Provider has not provided a recommendation, the proxy will be analysed on a case-by-case basis.

Barings recognizes that there may be times when it is in the best interests of Clients to vote proxies against the Research Provider's recommendations or Guidelines. In such events a Proxy Administrator will vote the proxy in accordance with the Proxy Analyst's recommendation so long as (i) no other Proxy Analyst disagrees with such recommendation; and (ii) no known material conflict of interest ("Material Conflict") is identified. Barings can vote, in whole or part, against the Research Provider's recommendations or Guidelines as it deems appropriate. Procedures are designed to ensure that votes against the Research Provider's recommendations or Guidelines are made in the best interests of Clients and are not the result of any Material Conflict. For purposes of this Policy, a Material Conflict is defined as any position, relationship or interest, financial or otherwise, of Barings or Associate that could reasonably be expected to affect the independence or judgment concerning proxy voting.

If a Material Conflict is identified by a Proxy Analyst or Proxy Administrator, the proxy will be submitted to the relevant Governance Committee to determine how the proxy is to be voted in order to achieve the Clients' best interests.

There could be circumstances where Barings is unable or determines not to vote a proxy on behalf of its Clients. The following is a non-inclusive list of examples whereby Barings may decide not to vote proxies on behalf of its Clients:

- The cost of voting a proxy for a foreign security outweighs the expected benefit to the Client, so long as refraining from voting does not materially harm the Client;

- Barings is not given enough time to process the vote (i.e. receives a meeting notice and proxy from the issuer too late to permit voting);
- Barings may hold shares on a company's record date, but sells them prior to the company's meeting date;
- The company has participated in share blocking, which would prohibit Barings ability to trade or loan shares for a period of time;
- Barings has outstanding sell orders on a particular security and the decision to refrain from voting may be made in order to facilitate such sale; or
- The underlying securities have been lent out pursuant to a security lending program.

Partners Group

Where Partners Group's client accounts contain listed equity securities in dedicated programs/allocation buckets ("Liquid Private Markets investments") and Partners Group has discretion to vote on a proxy stemming from such securities (a "Proxy Request"), Partners Group will make a decision on such Proxy Requests to protect and promote the economic value of the securities held in such client accounts. The following high-level proxy voting principles (the "Principles") are intended to outline Partners Group's general approach to proxy voting considerations that frequently arise for its Liquid Private Markets investments:

- Boards and directors
- Compensation
- Accounts, audit and internal control
- Capital structure and shareholder rights
- Environmental and social matters

These Principles are not intended to provide a strict guide to how Partners Group will vote in every instance, but rather how Partners Group typically approaches core aspects of corporate governance in Liquid Private Markets investments. These Principles are applied with discretion, taking into account the range of considerations, local corporate governance practices, and applicable regulations specific to a particular company and the individual ballot item.

Proxy Requests related to Liquid Private Markets investments may be administered by third party service providers. These service providers will follow the principles listed above in all instances. Should a voting recommendation by a service provider be against the recommendation by the respective company's management, Partners Group's Liquid Private Markets team will review and decide on the ultimate vote.

In certain circumstances, Partners Group receives Proxy Requests for publicly traded securities within a private markets portfolio. When such Proxy Requests arise, the recipient, typically the respective investment team or Partners Group Guernsey serving as administrator, will forward it to be reviewed and evaluated by Transactions Services together with the relevant investment team and/or the relevant Investment Committee.

Partners Group have a group form which seeks to ensure that all Proxy Requests, included in the broader term 'corporate actions', are reviewed and processed in a timely manner.

Partners Group use Glass Lewis & Co as their proxy voting service provider. Partners Group instruct Glass Lewis & Co on how they wish to vote and see them largely as an executor in the process. In the event of disagreement, Partners Group will submit their vote manually to the company in question.

3. Voting eligibility and activity

Voting statistics

The table below sets out the key statistics on voting eligibility and actions over the year to 31 July 2020 for the BNY Mellon Real Return Fund, the Barings Dynamic Asset Allocation Fund, the M&G Episode Allocation Fund and over the year to 30 June 2020 LGIM World Equity Index GBP Hedged Fund, and the Partners Generations Fund[2].

Statistic	LGIM World Equity Index – GBP Hedged Fund[2]	BNY Mellon Real Return Fund	Barings DAAF	M&G Episode Allocation Fund	Partners Generations Fund[2]
Number of equity holdings	2,743	83	83	7	58
Meetings eligible to vote at	2,365	80	109	21	52
Resolutions eligible to vote on	29,837	1,169	1,210	327	743
Proportion of eligible resolutions voted on	99.8%	98.4%	97.6%	91.4%	100.0%
Votes with management	81.0%	85.7%	91.0%	91.0%	95.0%
Votes against management	18.9%	14.3%	9.1%	9.0%	5.0%
Votes abstained from	0.1%	0.0%	0.4%	0.3%	3.0%
Meetings where at least one vote was against management	75.6%	39.0%	38.7%	50.0%	27.0%
Votes contrary to the recommendation of the proxy adviser	12.8%	13.0%	1.0%	3.0%	6.0%

Source: LGIM, Newton, Barings, M&G and Partners Group.

The Trustees are satisfied with the level of voting activity that has been undertaken. The Trustees queried the proportion of votes M&G exercised as this is lower than the other managers. M&G have confirmed that they did not participate in voting at three meetings. One was because M&G were conflicted and the other two were because of their systematic trade blocking. For some holdings, trading is prohibited for a period of time around shareholder meetings for those shareholders that have voted. M&G therefore decided not to vote as it would have blocked their ability to trade.

[2] LGIM only report voting information on a quarterly basis and Partners Group semi-annually. The closest report to the year-end has been used.

Most significant votes cast

Appendix 1 lists the most significant votes cast (as defined by the managers) in relation to the BNY Mellon Real Return Fund, the Barings DAAF, the M&G Episode Allocation Fund over the year to 31 July 2020 and in relation to the LGIM Word Equity Index – GBP Hedged Fund and the Partners Generations Fund over the year to 30 June 2020.

The criteria the managers have applied in selecting the most significant votes is set out below.

Newton

The most significant votes for Newton have been deemed as those that have been against management of the companies held. Newton have stated that these have the potential for the greatest impact, as areas for improvement can be highlighted and there is no automatic positive intent of ownership.

Barings

Barings have based their most significant votes on those votes that they have cast against management.

M&G

M&G have determined their own definition of significant votes following internal discussion and consider external guidance. Furthermore, those that represent less than 3% shareholding have largely been disregarded.

LGIM

In determining significant votes, LGIM's Investment Stewardship team consider 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 LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

Partners Group

Partners Group have based their most significant votes on the size of the holding.

Conclusions

The Trustees have reviewed the most significant votes cast by each investment manager over the reporting period and is generally satisfied.

The Trustees have asked M&G why only four votes have been provided and are awaiting a response.

LGIM have determined their ten most significant votes at a firmwide level. Of these, the World Equity Index – GBP Hedged Fund only holds three of these companies. Furthermore, because of this approach, LGIM have not disclosed the size of the holding (as a proportion of the fund size). The Trustees have challenged LGIM on the approach they have taken and is awaiting a response.

4. Managers' conflicts of interest

This section assesses whether LGIM, Newton, Barings, M&G and Partners are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;

2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;

3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;

4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and

5. Differences between the stewardship policies of managers and their clients.

LGIM

LGIM have not directly commented on which of the above conflicts of interest they are affected by. The Trustees are challenging this.

The Trustees have received a copy of the conflicts of interest policy from LGIM and will request sight of this document and details of any relevant conflicts of interest annually from LGIM.

Newton

When engaging with a conflicted company, Newton declare and explain the conflict to the company at the outset. Engagement activity then continues as normal, which includes the production of meeting notes that are shared with all investment staff and retained in accordance with regulations surrounding the retention of documentation.

Newton are affected by the following conflict of interest across the fund holdings:

"The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding."

Newton provided the following examples to the Trustees, of how this conflict may arise, and commented on how these conflicts are managed.

Example 1: A conflict might exist if Newton manage monies for the underlying company, subsidiary of the underlying company or the company employee's pension scheme.

Newton maintain a list of all companies where there may be a potential material conflict of interest. The list includes all funds managed or owned by Newton or its parent company, BNY Mellon, and also includes companies that are directly linked to their underlying clients, such as corporate pension funds. If

any potential material conflict of interest between Newton, the investee company and/or a client is identified, the recommendation of Newton's external voting service provider will take precedence.

Newton's quarterly reports highlight any instances where voting activity was outsourced due to a conflict of interest.

Example 2: A conflict might exist where Newton has invested on behalf of its clients in two or more parties that are involved in a corporate event, such as a takeover.

In these situations, Newton ensures that any voting activity is in the best interests of each individual client as an investor in each single entity.

Newton is not affected by the other conflicts of interests outlined above.

Barings

Barings have confirmed that they are not currently aware of any material conflict of interest that would impair its ability to act as the manager to the Barings DAAF.

M&G

M&G have confirmed that they are not affected by any material conflict of interest that would impair their ability to act as the manager to the M&G Episode Allocation Fund.

Partners

With regard to the Partners Generations Fund's listed investments, Partners Group are not aware, to the best of their knowledge, of any apparent client-relationship conflict that would impair their ability to act as the manager of the Partners Generations Fund. Partners Group have confirmed that the Generations Fund is invested in shares of Partners Group, the exposure to which is c.0.2% of the overall Fund.

Appendix 1 – Most significant votes cast

Newton Real Return Fund - Most significant votes

IN RELATION TO THE FUND NAMED ABOVE, WHICH 10 VOTES (AT A MINIMUM) DURING THE REPORTING PERIOD DO YOU CONSIDER TO BE MOST SIGNIFICANT FOR THE SCHEME?	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company name	Abbott Laboratories	Associated British Foods Plc	Cisco Systems, Inc.	Linde plc	Mastercard Inc.
Date of vote	24-Apr-20	06-Dec-19	10-Dec-19	27-Jul-20	16-Jun-20
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.68	0.67	0.73	1.12	0.93
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation, Elect Directors, Increase Disclosure of Executive Compensation	Approve Remuneration Report	Advisory Vote to Ratify Named Executive Officers' Compensation, Elect Board Directors (members of the compensation committee), Ratify PricewaterhouseCoopers LLP as Auditors and Shareholder Proposal to Require Independent Board Chairman.	Executive compensation arrangements and election of directors.	Advisory Vote to Ratify Named Executive Officers' Compensation, Elect Board Directors (members of the compensation committee), Ratify PricewaterhouseCoopers LLP as Auditors
How you voted	AGAINST management proposals and FOR the shareholder proposal	AGAINST	AGAINST management proposals and FOR the shareholder proposal	AGAINST	AGAINST
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No	Yes	Yes	No	No
Rationale for the voting decision	We had concerns with Abbott's executive compensation structure, particularly with respect to the long-term incentive scheme where less than half the awards are subject to performance testing. For those awards that are performance tested, a third of the award vests for any year during the three-year testing period that the company achieves a Return return-on- equity target. Additionally, there was a lack of rationale as to the necessity for awarding non-performance based shares to the CEO given his alignment with shareholders by way of his sizeable ownership of the company's shares. Finally, the c. US$460k benefits paid to the CEO were considered excessive at approximately USD 460k for his personal use of the company aircraft and security were considered excessive. We voted against the executive compensation arrangements and the five members of the compensation committee. We also supported a shareholder resolution requesting the company increase disclosure surrounding executive compensation arrangements. Specifically, the proposal sought for the company to provide rationale for any adjustments or modifications made to accepted accounting standards that effect affect the level or vesting of pay awards.	We voted against the remuneration report owing to long-held concerns about the exclusion of the sugar division's performance from the calculation of management's long-term incentive award. However, following extensive engagement with the chair of the remuneration committee, we were able to support the revised remuneration policy owing to a change in the structure of the scheme. We were pleased to see that the sugar business can now affect the entirety of the long-term pay award rather than just a portion of it, and we believe the new structure aligns well with the company's overall business strategy.	We voted against the remuneration report and members of the remuneration committee owing to insufficient performance conditions attached to management's long-term incentive award, and given a lack of clarity on the measures which are used to calculate the annual bonus. In addition, we also voted against the external auditor owing to an excessively long tenure which brings its independence and objectivity into question. Finally, for a second consecutive year, we supported a shareholder resolution requiring that the CEO and chair roles be separated.	We decided to vote against the advisory vote on executive compensation, and against the members of the remuneration committee members. A majority of long-term pay awards vest based on time served, which means executive pay is not subject to rigorous performance conditions and therefore not aligned with shareholders' interests. In addition, some of the perks to the CEO seem unnecessary and excessive, including the use of company aircraft for personal purposes, financial planning expenditures, and additional years of service credits beyond time served at the company being considered to calculate his pension benefit.	Votes were instructed against the executive compensation structure and the members of the compensation committee. We were concerned that a significant proportion of the long-term pay awards are subject only to time served and not performance. We also voted against the appointment of the auditor as it had been in place for 30 years which raised concerns surrounding independence.
Outcome of the vote	7.4% AGAINST advisory vote to ratify named Executive Officers' Compensation 79.7% AGAINST report on lobbying payments and policy 97% AGAINST require shareholder approval of byelaw amendments adopted by the Board of Directors 15% AGAINST adopt simple majority vote	3.3% vote AGAINST.	5.3% vote AGAINST pay, 4.6% AGAINST the auditor, 28.7% FOR the appointment of an independent chair.	1.8% AGAINST elect Director 7.6% AGAINST elect 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	2.0%, 3.3%, 1.1%, 1.1%, 0.3% and 0.2% AGAINST compensation committee members; 3.7% AGAINST ratification of PwC; 4.5% AGAINST executive compensation
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The vote outcome surrounding pay is unlikely to generate discussion either internally or externally, as our concerns were not reflected in others' voting actions. However, we will continue to press this matter. Support for the appointment of an independent chair was encouraging and is likely to increase over the next few years should the company fail to address this matter.	This vote supported and was in line with our previous voting and engagement activities that have ultimately resulted in the executive pay structure going forward being better aligned with the company's activities and the shareholder experience. We hope to be able to support the remuneration report at future AGMs.	While the voting outcomes were not significant, we expect to continue recognising our fundamental governance concerns through our voting and engagement activities.	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.	We did not consider the vote outcome on the pay resolutions to be material and of a level where the company is expected to address concerns. However, we expect domestic investors voting policies to change over time on this topic.
On which criteria have you assessed this vote to be "most significant"?	Abbott Laboratories has in place certain executive pay practices, seen at many US companies, that we consider to be sub optimal. US-based investors do not appear to share these concerns, currently, but we expect their focus will change. We are also noticing that companies that receive significant votes against their executive pay practices underperform their peers.	The vote and change in remuneration structure is considered significant given our multi-year efforts that have resulted in an improved alignment between executive pay arrangements and company performance.	In addition to being votes against the recommendations of management, we felt these were significant votes given they highlight several of the common governance concerns we have with US-based companies.	We expect more shareholders will increase their scrutiny of pay versus performance and reflect this in their voting decisions; as such, shareholder dissent may increase and result in unnecessary media attention that can foster both financial and reputational issues. In addition, director election rarely achieve such a high level of dissent as seen by one nominee receiving a 40% vote against.	The company's approach was a breach of the UK's corporate governance code, including the absence of an explanation justifying the move.

Newton Real Return Fund - Most significant votes

IN RELATION TO THE FUND NAMED ABOVE, WHICH 10 VOTES (AT A MINIMUM) DURING THE REPORTING PERIOD DO YOU CONSIDER TO BE MOST SIGNIFICANT FOR THE SCHEME?	VOTE 6	VOTE 7	VOTE 8	VOTE 9	VOTE 10
Company name	Microsoft Corporation	Goldman Sachs Group Inc	Unilever NV	Vivendi	Zurich Insurance Group AG
Date of vote	04-Dec-19	30-Apr-20	30-Apr-20	20-Apr-20	01-Apr-20
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.17	0.87	0.81	0.79	0.87
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation, Elect Board Directors (members of the compensation committee), Ratify PricewaterhouseCoopers LLP as Auditors and Shareholder Proposal to report on Gender Pay Gap.	Ratify PriceWaterhouseCoopers LLP as Auditor; shareholder resolutions to provide right to act by written consent and to review Statement on the Purpose of a Corporation	Advisory Vote to Ratify Named Executive Officers' Compensation, re-elect non-executive directors	Approve/amend retirement plan, Approve remuneration policy, Advisory vote to ratify named Executive Officers' compensation, approve special auditors' report regarding related-party transactions, elect supervisory board member, authorise directed share repurchase program.	Transact Other Business (Voting)
How you voted	AGAINST management proposals and FOR the shareholder proposal	AGINST management proposal; FOR shareholder proposals	AGAINST	AGAINST	AGAINST
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes	Yes	Yes	Yes	No
Rationale for the voting decision	Despite improvements to executive remuneration practices over recent years, the company failed to justify a 40% increase in total compensation for the CEO, which included a significant increase in basic salary. In addition, we remained concerned that approximately half of long-term pay awards vest irrespective of performance. We voted against the executive compensation arrangements and against the three members of the compensation committee. We also voted against the re-appointment of the company's external auditor given it had served in this role for 36 consecutive years. A shareholder resolution proposed that the company report on its gender pay gap. In contrast to the recommendation of management, we supported this resolution in view of the insights a company can benefit from by undertaking such an exercise..	We supported two shareholder resolutions which management recommended voting against. The first resolution related to improving minority shareholder rights by allowing the right to act through written consent. This would provide an opportunity for matters to be raised and approved outside regularly held AGMs. The second resolution was a request that the board of directors conduct a review of the company's governance arrangements in the context of its support of the US Business Roundtable's 'Statement on the Purpose of a Corporation'. While we accept that the company has responded in part to these commitments, it does not have governance documents that detail how trade-offs and prioritisation between different stakeholders are managed, which is a key component of a multi-stakeholder management approach. We also voted against the appointment of the auditor owing to long tenure. The firm had been in place since 1922, which brings into question	Votes were instructed against the remuneration report and members of the remuneration committee. Our first concern was with the 'co-investment plan', into which directors must invest at least one third of their annual bonus. This means that if no bonuses are awarded, executives have no long-term incentive, which may force bonuses to be awarded more generously than deserved in order to provide executives with a meaningful long-term award. Secondly, variable pay awards continue to be determined as a multiple of fixed pay into which other benefits like pensions are bundled, rather than as a multiple of base salary.	We voted against several resolutions owing to significant corporate governance concerns about which the company was unable to provide us with sufficient reassurance. First, we voted against the re-election of the board chair owing to severe conflicts of interests raised by his position as chair and CEO of a subsidiary, and as a family member of the largest shareholder. We had several concerns related to executive remuneration pay practices which led us to vote against numerous related resolutions. Our overarching remuneration-related concern was that the company fails to provide sufficient information justifying the remuneration arrangements for those executives who are connected to a significant shareholder of the company. We also voted against resolutions related to the additional pension pension-scheme arrangements provided to executive board members. Finally, we also voted against a proposed share buyback scheme which would authorise the management board to repurchase and cancel up to 30% of the company's share capital. We were concerned that the company's significant shareholder could achieve further control without paying an appropriate takeover premium.	We voted against a resolution requesting shareholder approval for "other business" to be transacted at the AGM. No information or comfort was provided ahead of the meeting.
Outcome of the vote	23.3% vote AGAINST pay, 3.5% vote AGAINST the auditor, 29.6% vote FOR gender pay gap.	4.7% AGAINST ratification of PriceWaterhouseCoopers LLP as auditor; 44.5% FOR proposal to provide right to act through written consent and 9.7% FOR review of Statement on the Purpose of a Corporation.	3.6% AGAINST approve remuneration report 1.5% AGAINST re-elect non-executive director 0.8% AGAINST re-elect non-executive director	25.8% AGAINST the re-election of the chair. 29.5% AGAINST the related party transactions. Average of 25.4% AGAINST the 19 remuneration resolutions. 30.6% AGAINST the share buy back.	Not reported
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We considered the vote outcome on the pay resolutions to be material and of a level where the company is expected to address concerns to avoid further dissent in future years. We have been encouraged by the company's improvements and momentum. Debate surrounding long tenured auditors is not well developed in the US but we expect this to change	The near majority support for the shareholder proposal cannot be ignored by the company and should result in this basic right to be introduced. It is unlikely that shareholders will exercise this right but as it is considered an additional tool that can help improve the effectiveness of engagement activities.	The vote outcome was such that the company is unlikely to instigate further consultation with shareholders on this matter. We will continue to monitor the company's pay structure and exercise our stewardship responsibilities in line with our beliefs and expectations.	The outcome of the vote is significant in the context of minority shareholders' ownership of the company - a majority of minority shareholders voted against the resolutions discussed. We will continue to engage with the company.	This is a routine resolution item proposed by Swiss companies. Without comfort provided as to the nature of matters that may be raised and approved under this item, we will continue to vote against its approval.
On which criteria have you assessed this vote to be "most significant"?	We expect more shareholders will increase their scrutiny of pay versus performance and reflect this in their voting decisions; as such, shareholder dissent may increase and result in unnecessary media attention that can foster both financial and reputational issues.	The US Business Roundtable statement on corporate purpose received significant public attention when published and appears to have not been actioned by those company's, including Goldman Sachs, that supported the statement.	We considered this a significant vote given the attention the subject receives from investors and wider stakeholders and that certain elements of the pay structure is not in line with established UK best practice.	It is well understood that the company's structure has been created to ensure minority shareholder can only influence material transactions. It is therefore significant that a majority of the minority investors have fundamental concerns with this structure.	This highlights a significant insight into the Swiss market and its fundamental approach to protecting the interests of minority investors.

Active voting: examples

Example votes against management
(Holdings of DAAF, Year ending June 2020)

	Stryker Corp	Unibail-Rodamco-westfield	Crystal Amber fund ltd	JPEL Private Equity	Doric Nimrod Ltd	Diageo plc	Tui ag	Diploma plc	Lg chem ltd	Nissan chemical corporation
Date of vote	01/05/2019	17/05/2019	22/11/2019	25/11/2019	21/11/2019	19-Sep-19	11-Feb-20	15-Jan-20	20-Mar-2020	25-Jun-2020
Approximate size of holding (as % of portfolio)	<0.5%	c.1%	c.0.5%	c1%	c1%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%
Summary of the resolution	Re-appointment of Ernst & Young LLP as auditor	Board remuneration	To wind up the company	Re-election of John Loudon as a non-executive	Removal of the cap on remuneration of the Board	Re-election of H Kwonping as a director	Board remuneration	Board remuneration	Election of a non-permanent director: Kwon Young Soo	Appoint a director Kinoshita, Kojiro
For / Against	Against	Against	For	Against	Against	Against	Against	Against	Against	Against
Engagement ahead of vote?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Rationale for the voting decision	Ernst & Young have been the auditors for circa 45 years.	Westfield deal has been bad for the company, but saw the Board get paid more	We want to wind up the company which is trading at a discount to NAV.	Four directors is too many and we need to keep costs down..	Cost control needed	Insufficient audit committee independence	Questionable remuneration for incoming CEO	This is a bad plan. The amendment is not in best interests of shareholders	Board is not sufficiently independent	Insufficient gender diversity/no diversity policy

Source: Barings, June 2020.

M&G Episode Allocation Fund - Most significant votes

In relation to the Fund named above, which 10 votes (at a minimum) during the reporting period do you consider to be most significant for the Scheme?	**Vote 1**	**Vote 2**	**Vote3**	**Vote4**
Company name	Methanex Corporation	Lloyds Banking Group Plc	JPMorgan Chase & Co.	The Bank of New York Mellon Corporation
Date of vote	30/04/2020	21/05/2020	05/19/2020	15/04/2020
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)				
Summary of the resolution	Elect Director	Approve Remuneration Report	Shareholder resolution requesting that the Board issue a report "describing how JPMorgan Chase plans to respond to rising reputational risks for the Company and questions about its role in society related to involvement in Canadian oil sands production, oil sands pipeline companies, and Arctic oil and gas exploration and production."	Require Shareholder Approval of Bylaw Amendments Adopted by the Board of Directors
How you voted	Withhold	Oppose	For	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes	Not recorded	No	No
Rationale for the voting decision	Withholding support due to concerns over corporate governance and strategy	Concerns over remuneration and the dividend	Supportive, as in our view it is in shareho	Supportive, as in our view shareholders should approve all bylaw amendments
Outcome of the vote				
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?				
On which criteria have you assessed this vote to be "most significant"?	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	Shareholders' rights

LGIM World Equity Index Fund - Most significant votes

In relation to the Fund named above, which 10 votes over the year to 30/06/2020 do you consider to be most significant for the Plan?

	Vote 1	Vote 2	Vote 3
Company name	BARCLAYS	AMAZON	EXXONMOBIL
Date of vote	07/05/2020	27/05/2020	27/05/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)			
Summary of the resolution	Resolution 29 - Approve Barclays' Commitment in Tackling Climate Change Resolution 30 - Approve ShareAction Requisitioned Resolution	Shareholder resolutions 5 to 16	Resolution 1.10 - Elect Director Darren W. Woods
How you voted	LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction.	Of 12 shareholder proposals, we voted to support 10. We looked into the individual merits of each individual proposal, and there are two main areas which drove our decision-making: disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16) and governance structures that benefit long-term shareholders (resolutions 9 and 14).	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
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. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome.	In addition to facing a full slate of proxy proposals, in the two months leading up to the annual meeting, Amazon was on the front lines of a pandemic response. The company was already on the back foot owing to the harsh workplace practices alleged by the author of a seminal article in the New York Times published in 2015, which depicted a bruising culture. The news of a string of workers catching COVID-19, the company's response, and subsequent details, have all become major news and an important topic for our engagements leading up to the proxy vote. Our team has had multiple engagements with Amazon over the past 12 months. The topics of our engagements touched most aspects of ESG, with an emphasis on social topics: • Governance: Separation of CEO and board chair roles, plus the desire for directors to participate in engagement meetings • Environment: Details about the data transparency committed to in their 'Climate Pledge' • Social: Establishment of workplace culture, employee health and safety The allegations from current and former employees are worrying. Amazon employees have consistently reported not feeling safe at work, that paid sick leave is not adequate, and that the company only provides an incentive of $2 per hour to work during the pandemic. Also cited is an ongoing culture of retaliation, censorship, and fear. We discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies. However, some of their responses seemed to have backfired. For example, a policy to inform all workers in a facility if COVID-19 is detected has definitely caused increased media attention	In June 2019, under our annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, we announced that we will be removing ExxonMobil from our Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, we also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, our voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.
Outcome of the vote	Resolution 29 - supported by 99.9% of shareholders Resolution30 - supported by 23.9% of shareholders (source: Company website)	Resolution 5 to 8, and 14 to 16 each received approx. 30% support from shareholders. Resolutions 6 and 10 received respectively 16.7 and 15.3% support. Resolution 11 received 6.1% support. Resolution 12 received 1.5 % support. Resolution 13 received 12.2% support. (Source: ISS data)	93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods. Approximately 30% of shareholders supported the proposals for independence and lobbying. (Source: ISS data)
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The hard work is just beginning. Our 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. We 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.	Despite shareholders not giving majority support to the raft of shareholder proposals, the sheer number and focus on these continues to dominate the landscape for the company. Our engagement with the company continues as we push it to disclose more and to ensure it is adequately managing its broader stakeholders, and most importantly, its human capital.	We believe this sends an important signal, and will continue to engage, both individually and in collaboration with other investors, to push for change at the company. Our voting intentions were the subject of over 40 articles in major news outlets across the world, including Reuters, Bloomberg, Les Échos and Nikkei, with a number of asset owners in Europe and North America also declaring their intentions to vote against the company.
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	Since the beginning of the year there has been significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM. We thank our clients for their patience and understanding while we undertook sensitive discussions and negotiations in private. We consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as our clients.	The market attention was significant leading up to the AGM, with: •12 shareholder proposals on the table – the largest number of any major US company this proxy season •Diverse investor coalitions submitting and rallying behind the proposals, including global, different types of investors and first time co-filers/engagers •Substantial press coverage – with largely negative sentiment related to the company's governance profile and its initial management of COVID-19 •Multiple state treasurers speaking out and even holding an online targeted pre-annual meeting investor forum entitled 'Workplace & Investor Risks in Amazon.com, Inc.'s COVID-19 Response' Anecdotally, the Stewardship team received more inquires related to Amazon than any other company this season.	We voted against the chair of the board as part of LGIM's 'Climate Impact Pledge' escalation sanction.

Partners Group - Most significant votes										
In relation to the Fund named above, which 10 votes (at a minimum) during the reporting period do you consider to be most significant for the Scheme?	**Vote 1**	**Vote 2**	**Vote3**	**Vote4**	**Vote5**	**Vote6**	**Vote7**	**Vote8**	**Vote9**	**Vote10**
Company name	Ferrovial	Wendel	Confluent Health	Vermaat	Techem	USIC	Murra Warra Wind Farm	80 Fenchurch	Project Cascadian – a high-t	Berlin Office Portfolio
Date of vote	16/04/2020	16/05/2019	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.38% of the listed sub-portfolio	0.82% of the listed sub-portfolio	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Summary of the resolution	Remuneration report, intending to provide shareholders information and a voice on the implementation of the remuneration policy.	The vote was regarding the independence of the board of director, the compensation policy of management as well as the board of directs.	During our first few months of ownership at the end of 2019, our ESG & Sustainability team met with the management teams of each of Confluent's business lines to gain a clearer understanding of impact potential. We also started identifying KPIs and data sources that we might	During Partners Group's ownership, effectively reducing food waste was a key area of focus. It is estimated that over a third of the food produced in the Netherlands is not consumed, which not only creates food waste, but also generates unnecessary carbon emissions during	Techem completed a review of the waste generated in its headquarters and main regions, designating a dedicated waste commissioner, responsible for its group level waste and recycling management concept. The company also started	In 2019, USIC continued to make progress on the driver safety and leadership development programs launched in 2018. With support from an external engineering firm, the company also underwent an assessment to identify opportunities to improve health and safety more	The project has provided the following benefits to-date: support for local jobs, financial benefits during construction (wages paid flowing to businesses in the region on accommodation, retail and services), economic benefits during construction (revenue generation based on	80 Fenchurch is targeting an 'Excellent' rating under the Building Research Establishment Environmental Assessment Method (BREEAM), which is an assessment and certification scheme designed to help building managers improve the environmental aspect of	For Cascadian, Partners Group achieved LEED BD+C pre-certification at the Platinum level, a leading sustainability accreditation that applies to buildings that are being newly constructed or under heavy renovation. One of Cascadian most notable features is its highly energy efficient design	Improved tenant comfort, optimized water consumption, increased safety and compliance with relevant legislation
How you voted	Against	Against	Control the board	Control the board	Control the board	Control the board	Control the board	Control the board	Control the board	Control the board
Where you voted against management, did you communicate your intent to the company	No	No	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rationale for the voting decision	1) Inadequate disclosure of performance targets linked to remuneration 2) No deferral of annual bonus to management 3) Sizeable equity rewards to	The board should be independent in order to oversee management objectively. The compensation should incentivize management to	Confluent Health currently employs over 2'300 full-time and part-time employees, 1'850 of whom are clinical professionals. Human capital is one of the	Integrating sustainability into its business practices is key to the company's business model. This is an area of critical importance to many of its clients and a	Waste management was identified as a key ESG area for Techem, as the company disposes of over 5 million measurement devices annually.	USIC maintains a fleet of approximately 8'500 trucks, allowing its technicians to travel to each customer site to perform locating services. Accordingly, road accidents	A wind farm of Murra Warra's size understandably injects strong, visible economic stimulus into the community. Together with partners on the ground,	As owners, we consider sustainable operations and management of our assets an important obligation and a great opportunity. For instance, the BREEAM	Seattle is a growing tech hub and home to companies looking for well-designed and environmentally sustainable office space for their	Implementing such strategies help increase asset value to attract tenants
Outcome of the vote	In favour of management	In favour of management	While employee satisfaction and turnover are material to the company's success, Confluent Health does not currently track employee turnover rates or conduct	10% annual food waste reduction target, sustainable use of "imperfect" ingredients and left-overs, real-time sales information to optimize stocks and avoid	The waste and recycling management concept consists of a multitude of individual actions (14 in total), including the implementation of several	To advance driver safety in 2019, USIC provided computer-based safety training to 1'000 'high risk' drivers. The company also installed Derive software in	185 full-time jobs supported, AUD 61,000 community benefit fund to be established, AUD 4.4 million generated for regional businesses	All modifications made to the project considered the BREEAM rating target and maintained it. 80 Fenchurch scored 39 out	22% lower energy consumption than city building guidelines, 92 kW photovoltaic array on rooftop	In City Campus, one of the assets in the portfolio, a new canteen was completed to improve tenant comfort. Water consumption was optimized
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The % of against votes for this proposal increased from 24% in 2019 to 35% in 2020. Management already made a few improvements to the remuneration plan, but these were insufficient. We will continue to	More than 20% of the votes were against management and that topic was also discussed in meetings with management. We will continue to vote against	See above	Vermaat is on track to meet its target of reducing food waste by 10% per year across its business. In addition to reducing food waste, the company	The target for the waste and recycling management concept is to have all legal requirements at least 75% implemented by July 2020.	One of the Health and Safety metrics USIC is working to improve is Lost Time Incident Rate (LTIR) and has set a goal of 0.45. During the reporting period,	Partners Group will continue to engage with the local communities, including setting up partnerships for local education on renewable energy. In	80 Fenchurch is on track to obtain the 'Excellent' rating certification after construction is completed.	Throughout the construction of Cascadian, we will closely monitor the achievement of the building's sustainable design elements and focus	See above
On which criteria have you assessed this vote to be "most significant"?	Size of holding in fund	Size of holding in fund	Size of the holding in the fund	Size of the holding in the fund	Size of the holding in the fund	Size of the holding in the fund	Size of the holding in the fund	Size of the holding in the fund	Size of the holding in the fund	Size of the holding in the fund