

# Implementation Statement

## Seventh-day Adventist Retirement Plan

### Purpose of the Implementation Statement

The Implementation Statement has been prepared by the Trustees of the Seventh-day Adventist Retirement Plan ("the Plan") and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 31 March 2021. The voting behaviour is not given over the Plan year end to 5 April because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2021.

### How voting and engagement policies have been followed

The Trustees consider that their voting and engagement policies have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such the Trustees delegate responsibility for carrying out voting and engagement activities to the Plan's fund manager.
- The Trustees undertook an initial review of the stewardship and engagement activities of the current manager at their meeting on 20 June 2019, and were satisfied that their policies were reasonable and no remedial action was required at that time. The current manager also attended the Trustees' meetings on 17 June 2020 and 15 July 2021, and included a discussion on stewardship and voting as part of their presentations.
- Annually, the Trustees receive and review voting information and engagement policies from the asset manager.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund manager are in alignment with the Plan's stewardship policies.

## Voting Data

The voting data summarised below relates to the year to 31 March 2021.

No voting data is shown for the Plan's holdings in gilts and property because they do not have voting rights attached.

<b>Manager</b>	<b>Legal &amp; General Investment Management (LGIM)</b>	
<b>Fund name</b>	Ethical UK Equity Index Fund	Ethical Global Equity Index Fund (Primary and Currency Hedged)
<b>Structure</b>	Pooled	
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
<b>Number of company meetings the manager was eligible to vote at over the year</b>	336	1274
<b>Number of resolutions the manager was eligible to vote on over the year</b>	5,109	18,215
<b>Percentage of resolutions the manager voted on</b>	100.0%	99.9%
<b>Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on</b>	0.0%	0.3%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	93.8%	83.8%
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	6.2%	15.9%
<b>Percentage of resolutions voted <i>contrary</i> to the recommendation of the proxy advisor</b>	0.9%	0.6%

## Significant votes

We have delegated to the investment manager to define what a “significant vote” is. A summary of the data they have provided is set out below.

### LGIM, Ethical UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	International Consolidated Airlines Group	Pearson	SIG plc.
<b>Date of vote</b>	07-Sep-20	18-Sep-20	09-Jul-20
<b>Summary of the resolution</b>	Resolution 8: Approve Remuneration Report	Resolution 1: Amend remuneration policy	Resolution 5: Approve one-off payment to Steve Francis
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	<p>LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is their policy not to engage with the investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.</p>		

#### Rationale for the voting decision

LGIM were concerned about the level of bonus payments, which are 80% to 90% of their salary for current executives and 100% of their salary for the departing CEO. LGIM noted that the executive directors took a 20% reduction to their basic salary from 1 April 2020. However, LGIM would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders).

The company decided to put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy. This resolution was seeking shareholder approval for the grant of a co-investment award. If this resolution was not passed the company confirmed that the proposed new CEO would not take up the CEO role. Many shareholders felt backed into a corner, whereby they were keen for the company to appoint a new CEO, but were not happy with the plan being proposed. LGIM engaged with the company on a number of occasions. In the absence of any changes, LGIM voted against the resolution.

The company wanted to grant their interim CEO a one-off award of £375,000 for work carried out over a two-month period. The CEO agreed to invest £150,000 of this payment in acquiring shares in the business, and the remaining £225,000 would be a cash payment. The additional payment was subject to successfully completing a capital-raising exercise to improve the liquidity of the business. LGIM does not generally support one-off payments. In this instance, the size of the additional payment was a concern because it was for work carried over a two-month period, yet was equivalent to 65% of his full-time annual salary. £225,000 was to be paid in cash at a time when the company's liquidity position was so poor that it risked breaching covenants of a revolving credit facility and therefore needed to raise additional funding through a highly dilutive share issue.

	Vote 1	Vote 2	Vote 3
<b>Outcome of the vote</b>	28.4% of shareholders opposed the remuneration report.	33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.	The resolution passed, however, 44% of shareholders did not support it.
<b>Implications of the outcome</b>	LGIM will continue to engage closely with the renewed board.	Such significant dissent clearly demonstrates the scale of investor concern with the company's approach. It is important that the company has a new CEO but key governance questions remain which will now need to be addressed through continuous engagement.	LGIM intend to engage with the company over the coming year to find out why this payment was deemed appropriate and whether they made the payment despite the significant opposition.
<b>Criteria on which the vote is considered "significant"</b>	This vote illustrates the importance for investors of monitoring their investee companies' responses to the COVID crisis.	Pearson has had strategy difficulties in recent years and is a large and well-known UK company. Given the unusual approach taken by the company and LGIM's outstanding concerns, they deem this vote to be significant.	The vote is high-profile and controversial.
	Vote 4	Vote 5	Vote 6
<b>Company name</b>	Barclays	Mitchells & Butlers	Rank Group
<b>Date of vote</b>	07-May-20	11-Mar-21	11-Nov-20
<b>Summary of the resolution</b>	Resolution 29: Approve Barclays' Commitment in Tackling Climate Change  Resolution 30: Approve ShareAction Requisitioned Resolution	Resolution 1: Authorise Issue of Equity in Connection with the Open Offer  Resolution 2: Authorise Issue of Shares Pursuant to the Open Offer at a Discount to Middle Market Price  Resolution 3: Authorise Implementation of Open Offer	Resolution 2: Approve the remuneration report;  Resolution 3: Approve remuneration policy.
<b>How the manager voted</b>	LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction.	LGIM voted against all three resolutions.	LGIM voted for both resolutions.
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is their policy not to engage with the investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		

	Vote 4	Vote 5	Vote 6
<b>Rationale for the voting decision</b>	<p>The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers.</p>	<p>Given the current COVID restrictions and their impact on this pub &amp; restaurant company's financials, the company sought shareholder approval for an equity raise through an underwritten Open Offer in March 2021. Three of the company's major shareholders came together and consolidated their holdings under a new holding company, Odyzean Limited. They together hold approximately 55% of the issued share capital of Mitchells &amp; Butlers and therefore the majority of votes. The concert party also committed to underwrite any remaining offer shares not taken up by existing shareholders. LGIM opposed Open Offer due to concerns about the influence of the newly incorporated holding company, Odyzean Limited, over the investee company's governance and the interests of minority investors. This concern was heightened by the announcement of expected changes to the structure and independence of the board as stated in the prospectus.</p>	<p>The company and its stakeholders have been impacted by the COVID crisis. LGIM wants to ensure this is reflected in the executive remuneration package paid for this year. In addition, in 2018 the company granted 'block awards' long-term incentives (LTI) to the executives and committed not to grant any LTI awards until financial year 2022. After review of the remuneration policy, the remuneration committee asked shareholders to adopt a new LTI structure with the first award under this plan to be made in the 2021 financial year. LGIM decided to support the remuneration report, which looks back at the remuneration earned during the financial year. They noted the remuneration committee's decision to apply a 20% deduction and cancel the planned increase of salaries of the executives and fees of the board members. No annual bonus was granted, given the performance of the company.</p>
<b>Outcome of the vote</b>	<p>Resolution 29 - supported by 99.9% of shareholders Resolution 30 - supported by 23.9% of shareholders</p>	<p>Only 6.8% of shareholders opposed these resolutions.</p>	<p>90.79% of shareholders supported resolution 2 and 96.4% supported resolution 3. However, it should be noted that a majority shareholder owned 56.15% of the voting rights shortly before the time of the vote.</p>
<b>Implications of the outcome</b>	<p>LGIM will now focus on helping Barclays focus on the detail of their plans and targets. They plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change.</p>	<p>LGIM will continue to monitor the company closely.</p>	<p>LGIM's engagement with the company on the topic of remuneration led to an informed vote decision.</p>

	Vote 4	Vote 5	Vote 6
<b>Criteria on which the vote is considered "significant"</b>	Since the beginning of the year LGIM has received significant client interest in their voting intentions and engagement activities in relation to the 2020 Barclays AGM. They consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners.	LGIM taken the rare step of opposing a capital raise given our serious concerns for minority shareholders' rights.	This vote illustrates the complexity of remuneration practices and the importance of engagement.

### LGIM, Ethical Global Equity Index Fund (Primary and Currency Hedged)

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Qantas Airways Limited	Medtronic plc	Olympus Corporation
<b>Date of vote</b>	23-Oct-20	11-Dec-20	30-Jul-20
<b>Summary of the resolution</b>	Resolution 3: Approve participation of Alan Joyce in the Long-Term Incentive Plan  Resolution: 4 Approve Remuneration Report.	Resolution 3: Advisory Vote to Ratify Named Executive Officers' Compensation.	Resolution 3.1: Elect Director Takeuchi, Yasuo
<b>How the manager voted</b>	LGIM voted against resolution 3 and supported resolution 4.	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Given our engagement, LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee.	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is their policy not to engage with the investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	
<b>Outcome of the vote</b>	About 90% of shareholders supported resolution 3 and 91% supported resolution 4.	The voting outcome was as follows: For: 91.73%; against: 8.23%.	94.90% of shareholders supported the election of the director
<b>Implications of the outcome</b>	LGIM will continue engagement with the company.	LGIM will continue to monitor this company.	LGIM will continue to engage with and require increased diversity on all Japanese company boards
<b>Criteria on which the vote is considered "significant"</b>	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.	LGIM believe it is contrary to best practice in general and their pay principles in particular to award one-off awards, especially if they are to compensate for a forgone payment.	This vote is deemed significant as LGIM considers it imperative that the boards of Japanese companies increase their diversity.

	Vote 4	Vote 5	Vote 6
<b>Company name</b>	Toshiba Corp.	Fast Retailing Co. Limited.	The Procter & Gamble Company (P&G)
<b>Date of vote</b>	18-Mar-21	26-Nov-20	13-Oct-20
<b>Summary of the resolution</b>	<p>Resolution 1: Appoint Three Individuals to Investigate Status of Operations and Property of the Company</p> <p>Resolution 2: Amend Articles to Mandate Shareholder Approval for Strategic Investment Policies including Capital Strategies</p>	Resolution 2.1: Elect Director Yanai Tadashi.	Resolution 5: Report on effort to eliminate deforestation.
<b>How the manager voted</b>	LGIM voted for the resolutions.	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is their policy not to engage with the investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	<p>Toshiba Corp's extraordinary general meeting (EGM) was precipitated by a significant decline in trust between its shareholders and management team following recent controversies, including allegations of abnormal practices and behaviour by the company surrounding its July 2020 AGM. As a result, the company faced two independent shareholder resolutions at the EGM calling for it to introduce remedies that would restore confidence and trust in the company's governance, management and strategy. LGIM supported the resolution calling for the appointment of investigators to address doubts over the company's 2020 AGM conduct and vote tallying. They believe the enquiry, which is unlikely to be a burden on the company, will be an important step in rebuilding trust between shareholders and the company's executive team and board. They also supported the shareholder resolution mandating the company to</p>	<p>LGIM has for many years promoted and supported an increase of appointing more women on boards, at the executive level and below. On a global level LGIM consider that every board should have at least one female director but aim to have female representation in all boards at 30%. For this reason in the beginning of 2020, LGIM announced that they would commence voting against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for those companies included in the TOPIX100. They opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to act on this issue.</p>	<p>P&amp;G uses both forest pulp and palm oil as raw materials within its household goods products. The company has only obtained certification from the Roundtable on Sustainable Palm Oil for one third of its palm oil supply, despite setting a goal for 100% certification by 2020. Two of their Tier 1 suppliers of palm oil were linked to illegal deforestation. Finally, the company uses mainly Programme for the Endorsement of Forest Certification (PEFC) wood pulp rather than Forestry Stewardship Council (FSC) certified wood pulp. Palm oil and Forest Pulp are both considered leading drivers of deforestation and forest degradation, which is responsible for approximately 12.5% of greenhouse gas emissions that contribute to climate change. The fact that Tier 1 suppliers have been found to have links with deforestation calls into question due diligence and supplier audits. Following a round of extensive engagement on the</p>

	Vote 4	Vote 5	Vote 6
	present its strategic investment policy to a shareholder vote in order to send a clear message to the Toshiba Board and executive team: shareholders expect increased transparency and accountability.		issue, LGIM decided to support the resolution.
<b>Outcome of the vote</b>	Resolution 1 was passed with 57.9% of participating shareholders in support. Resolution 2 received 39.3% support and did not pass.	Shareholders supported the election of the director.	The resolution received the support of 67.68% of shareholders.
<b>Implications of the outcome</b>	LGIM will continue to monitor the company.	LGIM will continue to engage with and require increased diversity on all Japanese company boards, including Fast Retailing.	LGIM will continue to engage with P&G on the issue and will monitor its CDP disclosure for improvement.
<b>Criteria on which the vote is considered "significant"</b>	The vote was high profile and controversial.	LGIM considers it imperative that the boards of Japanese companies increase their diversity.	It is linked to LGIM's five-year strategy to tackle climate change and attracted a great deal of client interest.

## Fund level engagement

Manager	Legal and General Investment Management	
<b>Fund name</b>	Ethical UK Equity Index Fund	Ethical Global Equity Index Fund (Primary and Currency Hedged)
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	
<b>Number of companies engaged at a firm level in the year</b>	874	
<b>Examples of engagements undertaken with holdings in the fund</b>	Engagement with oil and gas companies including BP and Royal Dutch Shell under the Climate Action 100+ investor coalition about expansion into clean energy. A major success was Royal Dutch Shell announcing net zero emissions targets as well as stating an intention to no longer serve corporate customers who do not have net zero targets.	Engagement with Proctor and Gamble (P&G) on issue of deforestation in particular with respect to supply of palm oil. This contributed to the resolution to commission a report to detail how P&G would be able to eliminate deforestation in their supply chain.

## Firm level engagement examples

### Sustainability engagements

LGIM engaged with oil and gas companies including BP and Royal Dutch Shell under the Climate Action 100+ investor coalition about expansion into clean energy. A major success was Royal Dutch Shell announcing net zero emissions targets as well as stating an intention to no longer serve corporate customers who do not have net zero targets.

### Amazon

It came to LGIM's attention through some of their asset-management peers that Amazon had been accused of interfering with efforts by its workers to unionise, ahead of a vote by workers in an Alabama facility on unionisation.

LGIM signed a letter to Amazon along with more than 70 other investors with collective assets under management (AUM) of \$6.4 trillion, to emphasise the role that worker representation plays in supporting companies in identifying and managing operating risks. They highlighted that Amazon should meet the expectations set out in the UN Guiding Principles on Business and Human Rights, and that as an internationally recognised human right, workers should be free to exercise their freedom of association and right to collective bargaining.

Amazon launched Global Human Rights Principles. The company also committed to The UN Guiding Principles on Business and Human Rights, which in turn recognise the fundamental right of workers to exercise their right to organise, should they choose to do so. In spite of these initiatives that have been announced and following discussions with Amazon's Head of ESG Engagement, LGIM remains concerned that the company has yet to demonstrate how it meets the commitments. Their engagement with the company continues.