

**Friends of the Elderly Pension and Life Assurance Scheme (1978)
(Closed)**
Implementation Statement
December 2021

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Friends of the Elderly Pension and Life Assurance Scheme (1978) (Closed)
Scheme Year	1 October 2020 to 30 September 2021
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

An investment in equities (shares) brings with it an entitlement to vote at general meetings of the company whose shares are held. Some of the Scheme’s assets are invested in equities and the Trustees’ SIP includes wording relating to the Trustees voting and engagement policies.

This Implementation Statement provides an assessment of how, and the extent to which, the voting and engagement policies described in the SIP were followed over the Scheme Year.

In addition, it summarises the voting record of the Scheme’s investment manager and provides information on the significant votes made in respect of the Trustees equity holdings. Information is also provided on the how the Scheme’s investment manager makes use of the services of proxy voting advisers.

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following fund which included an allocation to equities:

- LGIM Diversified Fund

The Trustees Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP.

The key points in this SIP relating to voting and engagement were:

- The Trustees believe that financially material considerations, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.
- The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.
- Assessment of how ESG risks are mitigated will be one of the factors considered by the Trustees when selecting and monitoring investment managers.
- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole.
- When considering the suitability of an investment manager, the Trustees (in conjunction with their investment adviser), will take account of all matters which are deemed to be financially material. In particular, the Trustees will consider the investment manager's approach to ESG factors.
- The Trustees will normally select investment managers who are signatories to the UNPRI and who publish the results of their annual UNPRI assessment.
- The Trustees' policy in relation to the exercise of rights attaching to investments, and undertaking engagement activities in respect of investments, is that they wish to encourage best practice in terms of stewardship.

- However, the Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by each investment manager's own policies on such matters. For that reason, the Trustees recognise that their ability to directly influence the action of companies is limited.
- Nevertheless, the Trustees expect that each investment manager will discharge its responsibilities in respect of investee companies in accordance with that investment manager's own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.
- The Trustees also expect that each investment manager will take ESG factors into account when exercising the rights attaching to investments and in taking decisions relating to the selection, retention and realisation of investments.
- When considering the suitability of an investment manager, the Trustees (in conjunction with their investment adviser) will take account of any particular characteristics of that manager's stewardship policy that are deemed to be financially material.
- The Trustees recognise that members might wish the Trustees to engage with the underlying companies in which the Scheme invests with the objective of improving corporate behaviour to benefit the environment and society. However, the Trustees' priority is to select investment managers which are best suited to help meet the Trustees' investment objectives. In making this assessment, the Trustees will receive advice from their investment adviser. The Trustees recognise that each investment manager's own policies are likely to be focussed on maximising financial returns and minimising financial risks rather than targeting an environmental or societal benefit.
- Furthermore, the Trustees regularly monitor the position of the investment managers with regards to ESG matters
- The Trustees (in conjunction with their investment adviser) have considered the likely impact of the financially material ESG risks associated with all of the Scheme's investments and have assessed the mitigation of such risks implemented by each of the investment managers. In making this assessment, the Trustees recognise that, where pooled investment vehicles are held, the extent to which ESG factors will be used in the selection of suitable underlying investments will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider various factors, including how financially material considerations (including ESG factors) over the appropriate time horizon are taken into account by the investment manager.
- When selecting a pooled fund, the Trustees consider various factors, including the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When selecting a pooled fund, the Trustees consider various factors, including the investment manager's policy in relation to undertaking engagement activities in respect of the investments held within the pooled fund.

- The Trustees regularly assess the performance of each fund held and this monitoring includes an assessment of whether the investment manager continues to operate the fund in a manner that is consistent with the factors used by the Trustees to select the fund

Trustees' Assessment of Whether These Policies Were Followed

Over the course of the Scheme year, the assets were invested in pooled investment vehicles and, consequently, it remained the case that responsibility for corporate governance and ongoing engagement with companies was delegated to the investment manager.

No new funds were selected over the Scheme year.

The investment manager used by the Scheme over the Scheme Year was a UNPRI signatory.

The Trustees have not changed their stance regarding the importance of good stewardship or on the way members' views on engagement should be reflected in the Scheme's investment strategy.

The Trustees continue to regularly monitor the position of their investment manager with regards to ESG matters.

During the Scheme Year, the Trustees considered the voting records of the investment manager over the calendar year of 2019.

Since the end of the Scheme Year, an updated analysis of the voting records of the investment managers based on the period ending 30 June 2021* has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.

Please note that the Trustees agreed that a SIP was no longer required shortly after the year end on account of the membership falling below 100.

**Note the voting analysis was over the year ending 30 June 2021 because this was the most recent data available at the time of preparing this statement. The Trustees are satisfied that the analysis provides a fair representation of the investment manager's voting approach over the Scheme Year.*

The Investment Manager’s Voting Record

A summary of the investment manager’s voting records is:

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/ abstained / withheld
LGIM	120,000	78%	21%	1%

Notes

These voting statistics are based on each manager’s full voting record rather than votes related solely to the funds held by the Scheme.

Use of Proxy Investment Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

Our fund manager’s voting behaviour

We have reviewed the voting behaviour of our fund manager by considering the following:

- broad statistics of their voting record such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. “with management” or “against management”)
- the votes they cast in the year to 30 June 2021 on the most contested proposals in eight categories across the UK, the US and Europe
- the investment manager’s policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the investment manager with their peers over the same period.

The Trustees key observations are set out below.

Voting in Significant Votes

Based on information provided by the Trustees’ investment adviser, the Trustees’ have identified significant votes in nine separate categories. The Trustees consider votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply “waved through”. In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the eight categories based on shares held by the Scheme’s investment manager are listed in the Appendix. In addition, the Trustees considered the investment manager’s overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Description of Voting Behaviour

LGIM

Relative to its peers, LGIM shows a higher tendency to vote against directors’ proposals. The manager has also shown strong support for shareholders’ proposals aimed at tackling a broad range of environmental and social issues.

The manager’s voting policy is detailed and includes clear rationales and rules for when it will vote against directors’ recommendations on a proposal.

LGIM voted against around 20% of director proposals during the year and showed a tendency to do this in contentious votes. This suggests that LGIM is taking its stewardship responsibilities seriously.

Conclusions

Based on the analysis undertaken, the Trustees have no concerns regarding the voting records of LGIM.

The Trustees will keep the voting actions of the investment manager under review.

..... Date:

Signed on behalf of the Trustees of the **Friends of the Elderly Pension and Life Assurance Scheme (1978) (Closed)**

Significant Votes

The table below records how the Scheme's investment manager voted in the most significant votes identified by the Trustees.

Company	ISIN	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LGIM
Audit & Reporting						
ACTIVISION BLIZZARD INC	US00507V1098	21/06/2021	Ratify PricewaterhouseCoopers LLP as Auditors	54	43	For
INTEL CORPORATION	US4581401001	13/05/2021	Appoint the Auditors	38	61	Against
SIKA AG	CH0000587979	20/04/2021	Appoint the Auditors	80	20	Against
GEBERIT AG	CH0008038223	14/04/2021	Appoint the Auditors	83	17	Against
GILEAD SCIENCES INC	US375581036	12/05/2021	Appoint the Auditors	87	13	Against
Shareholder Capital & Rights						
ORANGE S.A	FR0000133308	18/05/2021	Authorize Board to Increase Capital in the Event of Additional Demand Related to Delegation Submitted to	57	43	Against
KERING SA	FR0000121485	22/04/2021	Authorize Capital Issuances for Use in Employee Stock Purchase Plans	32	68	For
FERRARI NV	NL0011585146	15/04/2021	Issue Special Voting Shares	70	30	Against
FLUTTER ENTERTAINMENT PLC	IE0002588105	29/04/2021	Issue Shares with Pre-emption Rights	70	30	Against
SHAFTESBURY PLC	GB0007990962	25/02/2021	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	71	29	For
Pay & Remuneration						
AT&T INC.	US00206R1023	30/04/2021	Advisory Vote on Executive Compensation	48	50	Against
AKZO NOBEL NV	NL0000009132	22/04/2021	Approve the Remuneration Report	50	50	Against
INTERNATIONAL BUSINESS MACHINES CORPORAT	US4592001014	27/04/2021	Advisory Vote on Executive Compensation	48	51	Against
NETFLIX INC	US64110L1061	03/06/2021	Advisory Vote on Executive Compensation	51	49	Against
STARBUCKS CORPORATION	US8552441094	17/03/2021	Advisory Vote on Executive Compensation	47	52	Against
Constitution of Company, Board & Advisers						
BERKSHIRE HATHAWAY INC.	US0846701086	01/05/2021	Elect Meryl B. Witmer - Non-Executive Director	50	50	Withhold
GEBERIT AG	CH0008038223	14/04/2021	Elect Werner Karlen - Non-Executive Director	50	50	For
INFORMA PLC	GB0002625654	03/06/2021	Elect Stephen Davidson - Non-Executive Director	53	47	Against
SYMRISE AG	DE0005YM9999	05/05/2021	Amend Articles: Online Participation; Absentee Vote; Virtual General Meeting	57	43	Against
LINDE PLC	IE00BZ12WP82	27/07/2020	Elect Martin H. Richenhagen	60	40	Against
Merger, Acquisition, Sales & Finance						
VONOVIA SE	DE000A1ML711	16/04/2021	Issue Bonds/Debt Securities	79	21	For
DELIVERY HERO SE	DE000A2E4K43	16/06/2021	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to	84	16	Against
HERMES INTERNATIONAL	FR0000052292	04/05/2021	Approve Demerger	91	9	Against
VINCI	FR0000125486	08/04/2021	Issue Debt Securities	92	8	For
SAP SE	DE0007164600	12/05/2021	Issue Bonds/Debt Securities	93	7	For
Climate Related Resolutions						
Royal Dutch Shell	GB00B03MLX29	18/05/2021	Approve the Shell Energy Transition Strategy	83	11	Against
TOTALENERGIES SE	FR0000120271	28/05/2021	Approve the Company's Sustainable Development and Energy Transition	83	7	Against
AENA SA	ES0105046009	27/04/2021	Advisory Vote on Company's Climate Action Plan	96	4	For
FERROVIAL S.A.	ES0118900010	08/04/2021	Advisory Vote, as from the 2022 AGM, on the Company's Climate Strategy Report	97	2	For
NESTLE SA	CH0012056047	15/04/2021	Support Nestle's Climate Roadmap	95	1	For
Other Company Resolutions						
PEARSON PLC	GB0006776081	30/04/2021	Meeting Notification-related Proposal	55	45	For
ORANGE S.A	FR0000133308	18/05/2021	Allow Board to Use Delegations under Item 23 Above in the Event of a Public Tender Offer	40	59	Against
UNICREDIT SPA	IT0000064854	15/04/2021	Approve Severance Payments Policy	73	27	For
BRITISH LAND COMPANY PLC	GB0001367019	29/07/2020	Meeting Notification-related Proposal	83	17	For
LOREAL SA	FR0000120321	20/04/2021	Suspension of Nicolas Hierominus' Previous Employment Contract	85	15	Against
Governance & Other Shareholder Resolutions						
GENERAL MOTORS COMPANY	US3704421052	14/06/2021	Shareholder Resolution: Written Consent	50	50	Against
COLGATE-PALMOLIVE COMPANY	US1941621039	07/05/2021	Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call Special Meeting	51	49	For
THE GOLDMAN SACHS GROUP INC.	US38141G1040	29/04/2021	Shareholder Resolution: Report on the Impacts of Using Mandatory Arbitration	49	43	For
DUKE ENERGY CORPORATION	US26441C1053	06/05/2021	Shareholder Resolution: Political Donations	51	48	For
ELI LILLY AND COMPANY	US5324571083	03/05/2021	Shareholder Resolution: Report on Lobbying Payments and Policy	48	52	For
Environmental & Socially Focussed Shareholder Resolutions						
CATERPILLAR INC.	US1491231015	09/06/2021	Shareholder Resolution: Report on Climate Policy	47	51	For
EXXON MOBIL CORPORATION	US30231G1022	26/05/2021	Shareholder Resolution: Issue Audited Report on Financial Impacts of IEA's Net Zero 2050	47	49	For
ORACLE CORPORATION	US68389X1054	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	46	54	For
BOOKING HOLDINGS INC.	US7415034039	03/06/2021	Shareholder Resolution: Report on Annual Climate Transition	56	43	For
AMAZON.COM INC.	US0231351067	26/05/2021	Shareholder Resolution: Oversee and Report on a Civil Rights, Equity, Diversity and Inclusion	44	55	For

Note

Where the voting record has not been provided at the fund level, the analysis is based on the shares held within the Scheme's pooled funds as at points during the period. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote.