Annual Implementation Statement – Scheme year ending 31 March 2020

October 2020

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Section 1: Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Trustee of Akzo Nobel (CPS) Pension Scheme ("the Scheme") covering the scheme year ("the year") to 31 March 2020.

The purpose of this statement is to:

- Set out how, and the extent to which, in the opinion of the trustees, the Scheme's engagement policy within the SIP (required under regulations 23c of the Occupational Pension Schemes Investment Regulations 2005) has been followed during the year
- Describe the voting behaviour by, or on behalf of, Trustee (including the most significant votes cast by Trustee or on their behalf) during the year

This is the first year in which this statement has been published and has been produced on a best efforts basis with little precedent material. We expect to evolve this reporting in future years.

We also note that the SIP was last updated in September 2020 whereas this statement covers the Scheme year to 31 March 2020, as such there may be SIP policies or actions not undertaken during the year to 31 March 2020 as they were not policies at the time.

The Scheme makes use of a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focusing on areas of maximum impact.
A copy of the latest implementation statement is made available on the Scheme's website

Common abbreviations used within this report:

- SIP: Statement of Investment Principles
- SI: Sustainable Investment
- ESG: Environmental, Social and Governance
- IC: Investment Committee

Section 2: Adherence to the Scheme's engagement policy within the SIP

Company level engagement and rights attached to investments (including voting):.

The Trustee has delegated the day to day ESG integration and stewardship activities with companies (including voting and engagement) to its investment managers.

The Trustee expects the managers to exercise its voting rights wherever possible and to promote positive change in the companies in which they invest on the Scheme's behalf. As part of the review of the Statement of Investment Principles in September 2019 and September 2020, the Trustee considered and reviewed its stewardship and terms of engagement with the Scheme's appointed asset managers.

Details on voting behaviour (including most significant votes cast) is included in Section 3 of this document.

Engagement with managers.

Throughout the year, the Investment Committee regularly monitors the Scheme's investment managers. Performance is monitored relative to an appropriate market benchmark where one is available or an appropriate return objective where a market benchmark is not available.

On a forward-looking basis, past performance is only one input into the Investment Committee's assessment of an investment manager, which relies on research views provided by the Scheme's investment advisors based on a range of qualitative and quantitative factors, including the consideration of ESG factors as outlined below, and views of the members of the Investment Committee.

The Scheme also monitors manager performance relative to an appropriate benchmark. Whilst there were some changes to the underlying investment managers, as outlined elsewhere, no managers were terminated based on short term performance alone. Consistent with the Scheme's long investment time horizon, the Trustee seeks to be a long-term investor and the Investment Committee has appointed managers with the expectation of a long-term relationship.

The Investment Committee oversees the Scheme's investment strategy, including making certain decisions about investments (including asset allocation and manager selection). The committee is also responsible for managing the sustainability of the portfolio and how ESG factors are allowed for in the portfolio, including within the investment process of managers.

The Trustee believes that companies that effectively manage ESG risks can protect and enhance value by, for example, avoiding risk to their reputation, reducing potential financial liability and by increasing their ability to recruit and retain high-quality staff. Therefore the Scheme wishes to promote the proactive management of ESG risks amongst the companies in which the Scheme invests and expects its appointed investment managers, where appropriate, to have integrated ESG factors as part of their investment analysis and decision-making process.

Where ESG factors are considered to be particularly influential to outcomes, the Scheme's investment advisors engage with investment managers to improve their processes as part of the manager research and monitoring process.

SIP Engagement Policies, Actions and Examples

1. Ensure portfolio is consistent with SIP policies

Policy for engagement with asset managers:

- The Scheme may use different managers and mandates to implement its investment policies. The Trustee ensures that, in aggregate, its portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee will also review the investment objectives and guidelines of any particular pooled vehicle for consistency with its policies, where relevant to the mandate in question. Where segregated mandates are used, the Trustee will use its discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement to ensure consistency with the Trustee's policies, where relevant to the mandate.

Action:

- The Scheme reviews the investment objectives and guidelines for an investment upon appointing a manager. For pooled funds these guidelines are reviewed via an "investment review" provided by the Scheme's investment advisor alongside a satisfactory investment (s36) letter. For segregated mandates, guidelines are written with support from the Scheme's investment advisers to ensure consistency with the Trustee's policies.

Examples:

- In the Scheme year to 31 March 2020 the Scheme appointed one new mandate, BlackRock Buy and Maintain Credit. This was a segregated mandate and the guidelines were reviewed by both the IC and the Scheme's investment advisor to ensure consistency with the Trustee's policies.

2. Maintaining manager alignment

Engagement Policy

- To maintain alignment, managers are provided with the most recent version of the Scheme's Statement of Investment Principles on an annual basis and are required to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.

Action:

- Managers are provided the SIP on an annual basis and asked to confirm consistency with policies

Examples:

- This policy was introduced to the SIP in September 2020, therefore the action was not carried out for the Scheme Year ending March 2020. The SIP will be provided to all managers to confirm consistency for the Scheme year ending March 2021.

3. Engaging with managers to encourage alignment

Engagement Policy:

- Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee, or its advisers, will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

Action:

- The Trustee monitors manager portfolios on a quarterly basis with detailed bespoke reporting provided by the managers to be reviewed at investment committee meetings. Managers are also invited to present to the committee on a regular basis. Additionally the Scheme's managers are surveyed on an annual basis with respect to sustainable investment and rated by the Scheme's investment adviser in 10 categories relating to ESG issues. Finally, the Scheme receives updates from its investment advisor's manager research team with notable updates on managers and any changes of investment rating (which includes integration of sustainable investment/ESG characteristics within the rating).

Examples:

- Bespoke manager reports were reviewed by the investment committee for all investment managers for each quarter in the Scheme year to 31 March 2020. Additionally managers Equitix, BlackRock, GSAM and CBRE were invited to present in detail on the Scheme's portfolio. At the February 2020 Investment Committee the annual SI/ESG report was considered, rating each manager on 10 ESG factors. Areas for improvement and next steps were identified. The Scheme's investment advisors conducted multiple meetings with the Scheme's managers over the year, no changes were made to manager ratings. No managers have been terminated or replaced as a result of unsatisfactory alignment.

4. Assessing managers on long-term outcomes

Engagement Policy

- The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

Action:

- Long-term manager performance of all managers is provided by the Scheme's Independent Performance Measurer, Northern Trust and is reviewed on a quarterly basis by the Investment Committee. This is supplemented by regularly inviting managers to meetings and with information on other factors based on bespoke reports from all managers detailing key mandate information and portfolio changes over the quarter. Changes to manager ratings and ad-hoc updates are provided by the Scheme's advisors manager research team as necessary.

Example:

- All quarterly performance reports and bespoke manager reports were reviewed by the Investment Committee. Four managers were invited to IC meetings, no manager ratings were changed by the Scheme's investment advisors. No managers were terminated off the basis of short term performance. BlueBay (global corporate bonds) was terminated due to limited fit with long-term strategic objectives.

5. Manager fees structures

Engagement policy

- Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. It is the Trustee's view that fees linked to investment performance increase complexity and in most cases do not materially improve alignment with long-term objectives. Such fee structures would therefore only be used in a limited number of cases.

Action:

- Manager fees are included on a quarterly basis as part of the bespoke reporting provided by managers. Fees negotiated on appointment and on an ad-hoc basis

Examples:

- Tiered fees have been negotiated for the Scheme's buy-and-maintain credit mandates, with the Scheme thus benefiting from lower fees as the mandates have grown in size. Performance-related fees are only included in a sub-set of secure income strategies.

6. Reviewing costs (including turnover costs)

Engagement Policy:

- The Trustee reviews the costs incurred in managing the Scheme's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Action:

- Manager asset management chargers are reviewed on a quarterly basis. Other costs, including turnover costs, are reviewed on an annual basis as part of an annual review of fees and costs and/or MiFID reporting. For segregated mandates turnover ranges are considered as part of the manager selection process and in manager guidelines.

Examples:

- The policy to review costs in addition to annual management charges was added to the SIP in September 2020 and so the review did not take place in the Scheme year to March 2020. Annual management charges are reviewed on a quarterly basis. Expected portfolio turnover (and thus transaction costs) is considered as a key factor when the Investment Committee assesses the performance of the Scheme's buy-and-maintain credit mandate relative to its peer group on an annual basis.

7. ESG Factors, including climate change

Engagement Policy

- The Trustee continues to engage with its investment managers to deepen its understanding of ESG factors and how these may affect the Scheme's investments. This investigation includes exploring the capital structure of investee companies, actual and potential conflicts, the interests of other stakeholders and the ESG impact of underlying holdings. The way the investment managers exercise these management duties on behalf of the Trustee in considering these factors also forms part of this investigation. The consideration of climate-related risks will be covered explicitly within this review.

Action:

- The Scheme's managers are surveyed on an annual basis with respect to sustainable investment and rated by the Scheme's investment adviser in 10 categories relating to ESG issues. Additionally, the Scheme receives updates from its investment adviser's manager research team with notable updates on managers and any changes of investment rating (which includes integration of ESG characteristics within the rating).The Scheme's advisors also engage with managers on ESG issues on the Scheme's behalf, as well as policy makers and the industry as a whole.

Examples:

- At the February 2020 Investment Committee the annual SI/ESG report was considered, rating each manager on 10 ESG factors. Areas for improvement and next steps were identified. The Scheme's investment advisers conducted multiple meetings with the Scheme's managers over the year, and no changes were made to manager ratings.

Section 3: Voting behaviour (including most significant votes)

Voting

The Scheme's equity holdings are held within pooled investment vehicles and are managed on a passive basis relative to a defined index, with the exception of the standalone emerging market mandate with Genesis. The Trustee delegates voting rights and the execution of those rights to the underlying managers for the securities they hold.

The Scheme's investment advisors engage managers on areas for development, not least around resourcing, and improving the breadth and depth of corporate engagements.

Further information on the voting and engagement activities of the managers is provided below.

BlackRock - Aquila Life World (Ex UK) Equity Index Fund

Total fund size: *£1,917,320,000*

Akzo Nobel's proportion of total fund: *1.81%*

Voting Statistics (over the year to 31 March 2020)

How many meetings were you eligible to vote at?	*2166*
How many resolutions were you eligible to vote on?	*26,120*
What % of resolutions did you vote on for which you were eligible?	*95%*
Of the resolutions on which you voted, what % did you vote with management?	*94%*
Of the resolutions on which you voted, what % did you vote against management?	*6%*
Of the resolutions on which you voted, what % did you abstain from voting?	*0%*
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	*NA**

*While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, they do not follow any single proxy research firm's voting recommendations.

Voting Policies (over the year to 31 March 2020)

What is your policy on consulting with clients before voting?
We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Corporate Governance and Engagement Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated
Please provide an overview of your process for deciding how to vote
BlackRock's approach to corporate governance and stewardship is explained in the Global Corporate Governance and Engagement Principles. These high-level Principles are the framework for more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe our philosophy on stewardship (including how they monitor and engage with companies), our policy on voting, our integrated approach to stewardship matters and how we deal with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews our Global Corporate Governance & Engagement Principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year. *Our Global Corporate Governance & Engagement Principles available on our website at https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investmentengprinciples-global.pdf* *The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as*

necessary. Our engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact *the long-term sustainable financial performance of companies in those markets. We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Corporate Governance and Engagement Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy ourselves, but the client would engage a third-party voting execution platform to cast the votes.*
How, if at all, have you made use of proxy voting services?
While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, we do not follow any single proxy research firm's voting recommendations. We use several other inputs, including a company's own disclosures, and our record of past engagements, in our voting and engagement analysis.
Are you currently affect by any conflicts of interest across any of your holdings?
As an investment manager, BlackRock has a duty of care to its clients. BlackRock's duty extends to all of its employees and is critical to our reputation and business relationships, and to meeting the requirements of our various regulators worldwide. Employees are held responsible by BlackRock to seek to avoid any activity that might create potential or actual conflicts with the interests of clients. BlackRock maintains a compliance program for identifying, escalating, avoiding and/or managing potential or actual conflicts of interest. The program is carried out through our employees' adherence to relevant policies and procedures, a governance and oversight structure and employee training. *Among the various policies and procedures that address conflicts of interest is BlackRock's Global* *Conflicts of Interest Policy. This policy governs the responsibility of BlackRock and its employees to place our clients' interests first and to identify and manage any conflicts of interest that may arise in the course of our business. In order to mitigate potential and actual conflicts of interest, each BlackRock employee must, among other things:* *• Identify potential or actual conflicts of interest both in relation to existing arrangements and when considering changes to, or making new, business arrangements;* *• Report any conflicts of interest promptly to his/her supervisor and Legal & Compliance;* *• Avoid (where possible) or otherwise take appropriate steps to mitigate a conflict to protect our clients' interests; and* *• Where appropriate, disclose conflicts of interest to clients prior to proceeding with a* *proposed arrangement BlackRock Legal & Compliance conducts mandatory annual compliance training, which includes a discussion of the Global Conflicts of Interest Policy.* *Read more about how we manage conflicts of interest in our Global Corporate Governance and Engagement Principles found here https://www.blackrock.com/corporate/literature/factsheet/blk-responsible-investment-engprinciples-*

global.pdf and in our stand alone statement found here https://www.blackrock.com/corporate/literature/publication/blk-statement-conflictsof-interest.pdf.For more information about securities lending, please see our commentary, Securities Lending Viewed through the Sustainability Lens here *https://www.blackrock.com/corporate/literature/publication/securities-lending-viewed-throughthe-sustainability-lens.pdf*
Please include here any additional comments which you believe are relevant to your voting activities or processes
BlackRock is a Tier 1 rated signatory of The Stewardship Code and are actively engaged in corporate governance in the interest of our investors. Our statement on compliance can be found on our website here: https://www.blackrock.com/corporate/enus/literature/fact-sheet/blk-responsible-investment-statementoncompliance-ukstewardshipcode.pdf *• We have been a signatory of the UN Principles of Responsible Investment (UN PRI) since 2008 and as such make sure that ESG factors are incorporated and adhered to in our approach to investment and engagement. A copy of our 2020 PRI Transparency Report can be found on BlackRock's corporate website here:* *https://www.blackrock.com/corporate/literature/publication/blk-pri-publictransparency-report-2020-web.pdf* *• We have been a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) since 2017 and are constantly striving to increase the transparency of our climate related disclosures as well as build and improve our low carbon and renewable energy product offerings. Read more about our approach to engagement on TCFD and* *SASB aligned reporting here:* *https://www.blackrock.com/corporate/literature/publication/blk-commentary-tcfdsasb-aligned-reporting.pdf* *• Our most recent step towards furthering a global approach to combating climate change was taken in 2020 in our decision to join Climate Action 100+, a group which engages with companies to improve climate disclosure and align business strategy with the goals of the Paris Agreement. Read more about our work in our 2020 Sustainability* *Report, and our Annual and Quarterly Stewardship Reports found here:* *https://www.blackrock.com/corporate/about-us/investment-stewardship#guidelines* *Please read more about BlackRock's engagement and voting activity in our 2020 Sustainability Report, our 2020 Annual Stewardship report, our Global Quarterly Stewardship Reports and through our Voting Bulletins which are all found here:* *https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-andvoting-history*

Most Significant Vote (over the year to 31 March 2020)

Please provide the company name and date of the vote
Qualcomm Inc., 10th March 2020.
Please provide an approximate size of the holding as at the date of the vote
Not provided
Please provide a summary of the resolution
The agenda items for the 2020 AGM, upon which BlackRock voted against: *(1) To elect to the Board of Directors: Harish Manwani* *(4) To approve, on an advisory basis, executive compensation.*
How did you vote?
BIS held the board accountable by voting against election of longest-tenured compensation committee member and against the Advisory Vote on Compensation.
If voting against management, did you communicate your intent to the company ahead of the vote?
We engaged with the Chairman of the Board to express our concerns regarding the appropriateness of *awarding the special grant. We also discussed other elements of the plan structure, including the company's*
Please provide a brief rationale for your voting decision
BlackRock believes compensation committees should have discretion to make adjustments to executive compensation plans. Where discretion has been used, we expect disclosure relating to how and why it was used and further, how the adjusted outcome is aligned with the interests of shareholders. The company provided such disclosure, emphasizing the one-time equity awards were connected to the aforementioned settlement and related agreements. We recognize the importance of this event to Qualcomm's business given ongoing litigation and regulatory risks impacting the company. However, the company did not provide sufficient justification for why this outcome with Apple is outside Mr. Mollenkopf's realm of responsibilities as CEO, which are already covered in the company's long term executive compensation plan. *Ultimately, granting this one-off award suggests a pay plan that is not aligned with shareholders' long-term interests, which is difficult to reconcile with ongoing underperformance versus Qualcomm's peers, raising a perceived pay-for-performance disconnect. The prior year's executive compensation plan also included a onetime award which we supported as the award was conditioned on achieving certain performance targets that can help ensure alignment with long-term shareholder interests.*
What was the outcome of the vote?
In response to the settlement and related agreements, Qualcomm awarded a one-time equity grant to CEO Steve Mollenkopf and one-time grants to other executive officers.
What are the implications of the outcome? Were there any lessons learned? What steps will you take in response?

We will continue to engage with the board and management of Qualcomm on a range of governance, compensation, and material sustainability issues, and we intend to monitor and provide feedback on the quality of relevant disclosures.
On which criteria have you assessed this vote to be "most significant"?
The BlackRock Stewardship team publishes statements on our analysis, engagements and votes in relation to certain high-profile proposals at company shareholder meetings. These vote bulletins aim to explain our approach and decision publicly so interested clients and others can be aware of BlackRock's vote when it is of most relevance to them. We consider these vote bulletins to contain explanations of the most significant votes for the purpose of the Shareholder Rights Directive II.

Genesis - MFO GENESIS EMERGING MKTS INV - B

Total fund size: *$2,251,272,000*

Akzo Nobel's proportion of total fund: *1.8%*

Voting Statistics (over the year to 31 March 2020)

How many meetings were you eligible to vote at?	*144*
How many resolutions were you eligible to vote on?	*1,440*
What % of resolutions did you vote on for which you were eligible?	*98%*
Of the resolutions on which you voted, what % did you vote with management?	*92%*
Of the resolutions on which you voted, what % did you vote against management?	*8%*
Of the resolutions on which you voted, what % did you abstain from voting?	*0%*
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	*NA**

*Genesis has contracted with Institutional Shareholder Services, Inc. (ISS), an independent third-party provider of proxy voting and corporate governance services. Specifically, ISS has been retained to provide proxy research and recommendations, execute votes as instructed by Genesis and keep various records necessary for tracking proxy voting materials and proxy voting actions taken for our clients' accounts. ISS recommendations are one form of external research which is factored into the decision-making process by our investment team. We also consider proxy voting analysis and recommendations from other local advisers (for example in India and South Korea). We analyse each voting issue independently and do not necessarily vote in line with company management or external recommendations.

Voting Policies (over the year to 31 March 2020)

What is your policy on consulting with clients before voting?
For those clients who have given us authority to vote their shares, we aim to vote all of their shares in all markets. *In all voting decisions, our objective is to protect and enhance long-term shareholder value. Proxy voting decisions are based on our set of corporate governance principles and in the best interests of clients, but we are mindful of the varied market practices across emerging market countries and we recognise that more than one governance model may be effective*
Please provide an overview of your process for deciding how to vote
We view proxy voting as an investment function and in evaluating a proposal, our investment team draw on a variety of resources including their many years of experience as investment analysts. We are long-term investors and our detailed knowledge and internal assessment of a company's business, performance and management is supplemented by the results of our ongoing engagement efforts, company disclosures and external research.
How, if at all, have you made use of proxy voting services?
Genesis has contracted with Institutional Shareholder Services, Inc. (ISS), an independent third-party provider of proxy voting and corporate governance services. Specifically, ISS has been retained to provide proxy research and recommendations, execute votes as instructed by Genesis and keep various records necessary for tracking proxy voting materials and proxy voting actions taken for our clients' accounts.

ISS recommendations are one form of external research which is factored into the decision-making process by our investment team. We also consider proxy voting analysis and recommendations from other local advisers (for example in India and South Korea). We analyse each voting issue independently and do not necessarily vote in line with company management or external recommendations.
Are you currently affect by any conflicts of interest across any of your holdings?
We are not aware of any conflict of interest. *In order to identify conflicts that may damage the interests of a client, Genesis consider, whether in the context of providing investment management services or not, whether Genesis or any Staff member:* *• is likely to make a financial gain, or avoid a financial loss at the expense of a client* *• has an interest in the outcome of a service provided to or carried out on behalf of a client which is distinct from the client's interest in that outcome;* *• has a financial or other incentive to favour the interest of another client or group of clients over the interest of the client;* *• carries on the same business as the client;* *• receives or will receive from a person other than a client an inducement in relation to a service provided to the client in the form of monetary or non-monetary benefits, other than the standard commission or fee for that service.* *All Staff are responsible for ensuring that if a conflict is identified that is not contained in this policy it is notified to Compliance immediately. In addition, Compliance can advise how to manage or avoid any potential or suspected conflict of interest.* *The Conflicts of Interest Policy is reviewed by Compliance on an ongoing basis to determine whether any new conflicts have arisen which necessitate an update to this Policy. In addition, it is reviewed by senior management annually to determine whether all conflicts remain relevant or if any conflicts no longer apply and may be removed.*
Please include here any additional comments which you believe are relevant to your voting activities or processes
In all voting decisions, our objective is to protect and enhance long-term shareholder value. Proxy voting decisions are based on our set of corporate governance principles1 and in the best interests of clients but we are mindful of the varied market practices across emerging market countries and we recognise that more than one governance model may be effective. Thus, we take a pragmatic approach considering the circumstances of each vote and each company.

<u>Most Significant Vote (over the year to 31 March 2020)</u>

Please provide the company name and date of the vote
Magnit
Please provide an approximate size of the holding as at the date of the vote
Not provided – not a top 10 holding

Please provide a summary of the resolution
With coordination assistance from a Moscow-based corporate governance group, Association of Institutional Investors, (API), we joined with other shareholders to nominate and elect two independent directors to the board. This is possible in Russia because (i) shareholders can join together to reach the required threshold ownership levels needed to nominate candidates to the board and (ii) cumulative voting allows shareholders to focus their voting power on particular candidates. Prior to the nominations, we also interviewed the candidates. *This is a paper-intensive process and the Moscow group (which we have worked with for many years) advises on the technicalities and helps coordinate.*
How did you vote?
Focused votes for the election of the two independent candidates.
If voting against management, did you communicate your intent to the company ahead of the vote?
Management did not make a recommendation on the election of directors and we had communicated our intentions to the company ahead of the vote.
Please provide a brief rationale for your voting decision
Shareholders rights are better protected with two independent directors. ISS (Institutional Shareholder Services), an independent third-party provider of proxy voting and corporate governance services, also supported these two candidates.
What was the outcome of the vote?
The independent candidates were successfully elected to the Board.
What are the implications of the outcome? Were there any lessons learned? What steps will you take in response?
The implication of this outcome is that shareholders rights are better protected with two independent directors having been elected. As noted above, this is a resource intensive process and we appreciate the assistance of API. We would expect to go through a similar process in the future.
On which criteria have you assessed this vote to be "most significant"?
We have selected this example for a voting case study to illustrate the level of Genesis involvement. From a regulatory reporting perspective, we would identify those instances when we voted against management as 'most significant'.

Legal and General Investment Managers - FTSE RAFI All World 3000 Equity

Total fund size: *£4,597,876,074*

Akzo Nobel's proportion of total fund: 0.7%

Voting Statistics (over the year to 31 March 2020)

How many meetings were you eligible to vote at?	*3,378*
How many resolutions were you eligible to vote on?	*39,994*
What % of resolutions did you vote on for which you were eligible?	*98%*
Of the resolutions on which you voted, what % did you vote with management?	*83%*
Of the resolutions on which you voted, what % did you vote against management?	*17%*

Of the resolutions on which you voted, what % did you abstain from voting?	*0%*
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	*10%*

Voting Policies (over the year to 31 March 2020)

What is your policy on consulting with clients before voting?
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients. *Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.*
Please provide an overview of your process for deciding how to vote
All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.
How, if at all, have you made use of proxy voting services?
LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions *To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.* *We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.*

Are you currently affect by any conflicts of interest across any of your holdings?
The Legal & General Investment Management (LGIM) Investment Stewardship team has responsibility for engaging and voting with listed companies to safeguard and enhance our clients' assets and identifying and engaging on emerging governance topics. As part of this process, it is necessary to be able to take informed positions, and to be *able to actively support companies, in order to obtain the best outcome for our clients. Using our scale can influence* *investee companies on important decisions.* *Being seen to identify, manage and mitigate both actual and perceived conflicts is essential to our activities, so that clients understand their interests are always put first. Additionally, the management of conflicts is important in building long-term relationships with the companies in which we invest, as in order to drive change and have an impact on the market we need to be seen as a trusted, fair and transparent investor.* *LGIM owes each of its clients a duty of care with respect to all services undertaken on their behalf. We place our clients' interests ahead of our own, and undertake activities and cast proxy votes in a manner consistent with the best interests of all clients. The team is structured and supported in a way that aims to minimise potential conflicts of interest, but when these arise we are able to act to achieve the best outcome for* *all clients.* *There are a number of potential conflicts of interest inherent in the corporate governance activity undertaken at LGIM.* *Detailed below are some of the frequent conflicts of interest that we identify and resolve through the application of the* *conflicts of interest policy. This is not an exhaustive list and the Investment Stewardship team may encounter additional conflicts not detailed in this policy.* *• Reputational conflicts may arise through the parent company not currently adhering to the best practice espoused by the LGIM Investment Stewardship team* *• The parent company may have commercial relationships and connections with companies and stakeholders with whom the Investment Stewardship team is engaging* *• The parent company may try to influence LGIM's activities on corporate governance, takeovers and public stances on key topics* *• Many of our clients are corporate-sponsored pension schemes that are associated with the companies in which LGIM invests* *• Clients may not support the voting and engagement activities of LGIM. For example, where we are casting votes against the sponsor management or engaging on issues where they do not adhere to best practice* *• There may be conflicts between clients, for example in the prioritisation of team resource or identifying and engaging on material aspects and topics of engagement* *• Active equity and active bond mandates have different investment strategies and time horizons to passive strategies*

• The interests of equity and bond investors may diverge, for example at the time of a debt issuance, a rights issue or a merger and acquisition scenario *• The views of internal portfolio managers may differ between each other and with the Investment Stewardship team. A negative stance from the Investment Stewardship team may impact other interactions with the company* *• LGIM often receives and processes commercially and price sensitive information* *• The companies LGIM engages with and votes on may be direct competitors of LGIM or L&G* *• The companies LGIM engages with and votes on may contain directors who also sit on the LGIM or L&G board* *• There may be personal contacts and connections at the investee company*
Please include here any additional comments which you believe are relevant to your voting activities or processes
It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out our expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting. *LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM’s internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM’s proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.*

Most Significant Vote (over the year to 31 March 2020)

Please provide the company name and date of the vote
BP PLC, 21/05/2019
Please provide an approximate size of the holding as at the date of the vote
Not provided
Please provide a summary of the resolution
Resolution 22 - Approve the Climate Action 100+ Shareholder Resolution on Climate Change Disclosures.
How did you vote?
For.
If voting 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.
Please provide a brief rationale for your voting decision
LGIM and other major shareholders put forward a proposal calling on BP to explain how its strategy is consistent with the Paris Agreement on climate change. LGIM worked with the board of BP to secure its support for the motion. At the company's annual general meeting, the proposal was passed with overwhelming approval from shareholders. We have since met BP repeatedly – including its chair and incoming CEO – to advise on implementing the resolution. The company has announced industry-leading targets: net zero emissions from its operations, net zero carbon emissions from the oil and gas it digs out of the ground, and a 50% reduction in the carbon intensity of all the products it sells.
What was the outcome of the vote?
99.1% support
What are the implications of the outcome? Were there any lessons learned? What steps will you take in response?
LGIM continues to engage with the company and monitor progress.
On which criteria have you assessed this vote to be "most significant"?
This is the first shareholder resolution put forward by LGIM.

Legal and General Investment Managers - MSCI World Adaptive Capped 2x Index Fund

Total fund size:	*£1,453,462,228*
Akzo Nobel's proportion of total fund:	2.3*%*

Voting Statistics (over the year to 31 March 2020)

How many meetings were you eligible to vote at?	*1,692*
How many resolutions were you eligible to vote on?	*22,273*
What % of resolutions did you vote on for which you were eligible?	*98%*
Of the resolutions on which you voted, what % did you vote with management?	*84%*
Of the resolutions on which you voted, what % did you vote against management?	*16%*
Of the resolutions on which you voted, what % did you abstain from voting?	*0%*
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	*11%*

Voting Policies (over the year to 31 March 2020)

What is your policy on consulting with clients before voting?
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients. *Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.*
Please provide an overview of your process for deciding how to vote
All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.
How, if at all, have you made use of proxy voting services?
LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions *To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider*

are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Are you currently affect by any conflicts of interest across any of your holdings?

The Legal & General Investment Management (LGIM) Investment Stewardship team has responsibility for engaging and voting with listed companies to safeguard and enhance our clients' assets and identifying and engaging on emerging governance topics. As part of this process, it is necessary to be able to take informed positions, and to be

able to actively support companies, in order to obtain the best outcome for our clients. Using our scale can influence

investee companies on important decisions.

Being seen to identify, manage and mitigate both actual and perceived conflicts is essential to our activities, so that clients understand their interests are always put first. Additionally, the management of conflicts is important in building long-term relationships with the companies in which we invest, as in order to drive change and have an impact on the market we need to be seen as a trusted, fair and transparent investor.

LGIM owes each of its clients a duty of care with respect to all services undertaken on their behalf. We place our clients' interests ahead of our own, and undertake activities and cast proxy votes in a manner consistent with the best interests of all clients. The team is structured and supported in a way that aims to minimise potential conflicts of interest, but when these arise we are able to act to achieve the best outcome for

all clients.

There are a number of potential conflicts of interest inherent in the corporate governance activity undertaken at LGIM.

Detailed below are some of the frequent conflicts of interest that we identify and resolve through the application of the

conflicts of interest policy. This is not an exhaustive list and the Investment Stewardship team may encounter additional conflicts not detailed in this policy.

- *Reputational conflicts may arise through the parent company not currently adhering to the best practice espoused by the LGIM Investment Stewardship team*

- *The parent company may have commercial relationships and connections with companies and stakeholders with whom the Investment Stewardship team is engaging*

- *The parent company may try to influence LGIM's activities on corporate governance, takeovers and public stances on key topics*

• Many of our clients are corporate-sponsored pension schemes that are associated with the companies in which LGIM invests *• Clients may not support the voting and engagement activities of LGIM. For example, where we are casting votes against the sponsor management or engaging on issues where they do not adhere to best practice* *• There may be conflicts between clients, for example in the prioritisation of team resource or identifying and engaging on material aspects and topics of engagement* *• Active equity and active bond mandates have different investment strategies and time horizons to passive strategies* *• The interests of equity and bond investors may diverge, for example at the time of a debt issuance, a rights issue or a merger and acquisition scenario* *• The views of internal portfolio managers may differ between each other and with the Investment Stewardship team. A negative stance from the Investment Stewardship team may impact other interactions with the company* *• LGIM often receives and processes commercially and price sensitive information* *• The companies LGIM engages with and votes on may be direct competitors of LGIM or L&G* *• The companies LGIM engages with and votes on may contain directors who also sit on the LGIM or L&G board* *• There may be personal contacts and connections at the investee company*
Please include here any additional comments which you believe are relevant to your voting activities or processes
It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out our expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting. *LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.*

Most Significant Vote (over the year to 31 March 2020)

Please provide the company name and date of the vote
BAYER AG, 26/04/2019
Please provide an approximate size of the holding as at the date of the vote
Not provided
Please provide a summary of the resolution
Res 2 - Approve Discharge of Management Board for Fiscal 2018
How did you vote?
Against.
If voting 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.
Please provide a brief rationale for your voting decision
Following its acquisition of agribusiness Monsanto, Bayer was asked to pay millions in damages in several court cases where plaintiffs claimed that Monsanto's glyphosate-based weedkiller RoundUp was linked to causing cancer. The damages were reduced upon appeal, and Bayer was adamant that RoundUp was not carcinogenic. We are concerned that the Bayer supervisory and management boards had not fully considered the significant risks related to glyphosate litigation in the US. Although at the time of the merger agreement in 2016 there were only about a hundred such lawsuits, by the end of 2019, the number grew to over 40,000. From the finalisation of the acquisition in May 2018 until July 2019 Bayer's share price fell by approximately 45%. Unrelated to the litigation, we have previously discussed the importance of a lead independent director, particularly in times of crisis. We spoke to the company ahead of its 2019 AGM to gain a better understanding of the decision-making process in relation to the Monsanto acquisition and the legal advice it received for litigation risk. We recommended establishing advisory and M&A committees, staffed by members appointed with specific expertise; appointing non-executive directors with specific expertise; and appointing new executives. In addition, we suggested that these incidents should have a bearing on remuneration awarded for the year.
What was the outcome of the vote?
44.5% for; 55.5.% against
What are the implications of the outcome? Were there any lessons learned? What steps will you take in response?
The company subsequently established a glyphosate litigation committee to monitor litigation and consult with the board. We will continue to pay close attention to the litigation and any possible settlements, as well as the decisions of Bayer's remuneration committee. The company also announced that the chair would step down at the 2020 AGM.
On which criteria have you assessed this vote to be "most significant"?
Vote of no confidence, a rare escalation step.

State Street Global Advisors - MPF All World Equity Low Volatility / High Quality Screened Fund

Total fund size:	*£35,912,194*
Akzo Nobel's proportion of total fund:	*100%*

Voting Statistics (over the year to 31 March 2020)

How many meetings were you eligible to vote at?	*1,257*
How many resolutions were you eligible to vote on?	*15,435*
What % of resolutions did you vote on for which you were eligible?	*100%*
Of the resolutions on which you voted, what % did you vote with management?	*91%**
Of the resolutions on which you voted, what % did you vote against management?	*9%**
Of the resolutions on which you voted, what % did you abstain from voting?	*1%**
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	*Not answered*

*May not sum to 100% due to rounding

Voting Policies (over the year to 31 March 2020)

What is your policy on consulting with clients before voting?
Not answered
Please provide an overview of your process for deciding how to vote
At State Street Global Advisors, we take our fiduciary duties as an asset manager very seriously. We have a dedicated team of corporate governance professionals who help us carry out our duties as a responsible investor. These duties include engaging with companies, developing and enhancing in-house corporate governance guidelines, analysing corporate governance issues on a case-by-case basis at the company level, and exercising our voting rights. The underlying goal is to maximize shareholder value. *State Street Global Advisors maintains Proxy Voting and Engagement Guidelines for select markets, including: Australia, the European Union, Japan, New Zealand, North America (Canada and the US), the UK and Ireland, and emerging markets. International markets not covered by our market-specific guidelines are reviewed and voted in a manner that is consistent with our Global Proxy Voting and Engagement Principles; however, State Street Global Advisors also endeavours to show sensitivity to local market practices when voting in these various markets.* *The Principles support governance structures that we believe add to, or maximize shareholder value, for the companies held in our clients' portfolios.*
How, if at all, have you made use of proxy voting services?
In order to facilitate our proxy voting process, we retain Institutional Shareholder Services Inc. ("ISS"), a firm with expertise in proxy voting and corporate governance. We utilize ISS's services in three ways: (1) as our proxy voting agent (providing State Street Global Advisors with vote execution and administration services), (2) for applying the Guidelines, and (3) as providers of research and analysis relating to general corporate governance issues and specific proxy items.

Are you currently affect by any conflicts of interest across any of your holdings?
In some instances, the Asset Stewardship Team may refer significant issues to the Proxy Review Committee (PRC) for a determination of the proxy vote. In addition, in determining whether to refer a proxy vote to the PRC, the Asset Stewardship Team will consider whether a material conflict of interest exists between the interests of our client and those of State Street Global Advisors or its affiliates.
Please include here any additional comments which you believe are relevant to your voting activities or processes
We vote in all markets where it is feasible; however, we may refrain from voting meetings when power of attorney documentation is required, where voting will have a material impact on our ability to trade the security, where issuer-specific special documentation is required, or where various market or issuer certifications are required. We are unable to vote proxies when certain custodians, used by our clients, do not offer proxy voting in a jurisdiction or when they charge a meeting specific fee in excess of the typical custody service agreement.

Most Significant Vote (over the year to 31 March 2020)

Please provide the company name and date of the vote
Not answered
Please provide an approximate size of the holding as at the date of the vote
Not answered
Please provide a summary of the resolution
Not answered
How did you vote?
Not answered
If voting against management, did you communicate your intent to the company ahead of the vote?
Not answered
Please provide a brief rationale for your voting decision
Not answered
What was the outcome of the vote?
Not answered
What are the implications of the outcome? Were there any lessons learned? What steps will you take in response?
Not answered
On which criteria have you assessed this vote to be "most significant"?
Not answered