

**ITF Retirement Benefits Scheme
Implementation Statement
Year Ending 31 December 2022**

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	ITF Retirement Benefits Scheme
Scheme Year	1 January 2022 to 31 December 2022
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

This Implementation Statement reports on the extent to which, over the Scheme Year, the Trustees have followed their policy relating to the exercise of rights (including voting rights) attaching to the Scheme’s investments. In addition, the Implementation Statement summarises the voting behaviour of the Scheme’s investment manager and includes details of the most significant votes cast and the use of the services of proxy voting advisers.

In preparing this statement, the Trustees have considered guidance from the Department for Work & Pensions which was updated on 17 June 2022.

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 funds which included an allocation to equities:

- LGIM Future World UK Equity Index Fund
- LGIM Future World Developed (ex-UK) Equity Index Fund
- LGIM Future World Developed (ex-UK) Equity Index Fund – GBP Hedged
- LGIM Future World Multi-Asset Fund
- 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 rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme year to reflect changes made to the Scheme's investment strategy, but wording relating to the exercise of rights was not revised. A summary of this wording is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- 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 the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, 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 considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.

- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustees did not select any new funds during the period.
- During the Scheme Year, the Trustees considered the voting records of the investment manager over the period ending 31 December 2021.
- Since the end of the Scheme Year, an updated analysis of the voting records of the investment manager based on the period ending 31 December 2022* 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.
- The investment manager used by the Scheme is a UNPRI signatory.

The Investment Manager's Voting Record

A summary of the investment manager's voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against / withheld	Did not vote/ abstained
LGIM	150,000	76%	23%	1%

Notes

These voting statistics are based on manager's full voting record over the 12 months to 31 December 2022 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting 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.

The Investment Manager's Voting Behaviour

The Trustees have reviewed the voting behaviour of the investment manager by considering the following:

- broad statistics of their voting records 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 31 December 2022 on the most contested proposals in nine 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.

Further details of the approach adopted by the Trustees for assessing voting behaviour are provided in the Appendix.

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 nine categories based on shares held by the Scheme's investment manager are listed in the Appendix. In addition, the Trustees considered each 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).

Analysis of Voting Behaviour

LGIM

LGIM has a greater tendency than many other investment managers to oppose management in closely contested votes. The high incidence of opposition is consistent with the broad range of policies covered within LGIM's corporate governance documentation; each policy provides a set of criteria which can be used to justify a vote against management.

LGIM has supported shareholder proposals designed to tackle ESG issues and has held directors to account regarding their energy transition proposals (proposals setting out how greenhouse gas emissions will be reduced).

The Trustees have no concerns regarding LGIM's voting record.

The Trustees' investment advisers provide regular feedback to the Scheme's investment manager where online voting disclosure is lacking or where an investment manager's voting behaviour differs materially from their peers.

Conclusion

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

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

Signed on behalf of the Trustees of the ITF Retirement Benefit Scheme

Significant Votes

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

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LGIM
Audit & Reporting					
W. R. BERKLEY CORPORATION	15/06/2022	Ratify KPMG LLP as Auditors	50	50	Against
MODERNA INC	28/04/2022	Appoint the Auditors	75	24	Against
WORLDLINE SA	09/06/2022	Renew Appointment of Deloitte & Associates as Auditor	77	23	Against
VERTEX PHARMACEUTICALS INCORPORATED	18/05/2022	Appoint the Auditors	77	23	For
STHREE PLC	20/04/2022	Re-appoint PricewaterhouseCoopers LLP as Auditors	74	21	Against
Shareholder Capital & Rights					
SHAFTESBURY PLC	04/02/2022	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital	70	29	For
FERRARI NV	13/04/2022	Grant Board Authority to Issue Special Voting Shares	71	29	Against
VIVENDI SA	25/04/2022	Authorize Specific Buyback Program and Cancellation of Repurchased Share	71	29	Against
REACH PLC	05/05/2022	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital	77	23	For
JUPITER FUND MANAGEMENT PLC	11/05/2022	Issue Shares with Pre-emption Rights	77	23	For
Pay & Remuneration					
THE COCA-COLA COMPANY	26/04/2022	Advisory Vote on Executive Compensation	50	49	Against
THE TJX COMPANIES INC.	07/06/2022	Advisory Vote on Executive Compensation	48	49	Against
ORANGE S.A	19/05/2022	Approve Remuneration Policy of Chairman and CEO, CEO and Vice-CEOs	50	49	Against
TRANSNIGM GROUP INCORPORATED	12/07/2022	Advisory Vote on Executive Compensation	51	48	Against
HENRY SCHEIN INC.	18/05/2022	Advisory Vote on Executive Compensation	51	48	Against
Constitution of Company, Board & Advisers					
TE CONNECTIVITY LTD	09/03/2022	Amend Article 5	50	50	Against
INTEL CORPORATION	12/05/2022	Elect Alyssa Henry - Non-Executive Director	50	49	Against
M&T BANK CORPORATION	25/04/2022	Elect John R. Scannell - Non-Executive Director	51	49	Against
CARRIER GLOBAL CORP	14/04/2022	Elect David Gitlin - Chair & Chief Executive	52	48	Against
CENTENE CORP	26/04/2022	Right to Call Special Meeting	47	53	Against
Merger, Acquisition, Sales & Finance					
DASSAULT SYSTEMES SE	19/05/2022	Delegate Power to the Board to Carry Spin-Off Agreements	78	22	Against
BASF SE	29/04/2022	Approve Issuance of Convertible Bonds and Bonds without Preemptive Rights and	87	9	For
ALLIANZ SE	04/05/2022	Issue Bonds	91	9	For
DEUTSCHE POST AG	06/05/2022	Issue Bonds	92	8	For
PUMA SE	11/05/2022	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to Aggregate Nominal Amount of EUR 1.5 Billion;	94	6	For
Climate Related Resolutions					
GLENCORE PLC	28/04/2022	Climate Progress Report	76	24	Against
M&G PLC	25/05/2022	Approve Climate Transition Plan and Climate-Related Financial Disclosure	78	20	Against
CENTRICA PLC	07/06/2022	Approve Climate Transition Plan	79	20	For
Royal Dutch Shell	24/05/2022	Approve the Shell Energy Transition Progress	77	19	Against
Barclays Plc	04/05/2022	Approve Barclays' Climate Strategy, Targets and Progress 2022	80	19	Against
Other Company Resolutions					
TE CONNECTIVITY LTD	09/03/2022	Allow Proxy Solicitation	62	38	Against
INVESTEK PLC	04/08/2022	Investec plc: Approve Political Donations	70	29	For
LIONTRUST ASSET MANAGEMENT	22/09/2022	Meeting Notification-related Proposal	66	24	Against
SSP GROUP PLC	04/02/2022	Meeting Notification-related Proposal	79	21	For
EASYJET PLC	10/02/2022	Approve Political Donations	78	19	For
Governance & Other Shareholder Resolutions					
ABBVIE INC	06/05/2022	Shareholder Resolution: Submit Severance Agreement (Change-in-Control) to	50	49	For
NORTHROP GRUMMAN CORPORATION	18/05/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	For
GLOBAL PAYMENTS INC	28/04/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	For
APPLIED MATERIALS INC	10/03/2022	Shareholder Resolution: Right to Call Special Meetings	49	49	For
FISERV INC.	18/05/2022	Shareholder Resolution: Submit Severance Agreement (Change-in-Control) to	51	49	For
Environmental & Socially Focussed Shareholder Resolutions					
PHILLIPS 66	11/05/2022	Shareholder Resolution: Report on Reducing Plastic Pollution	50	49	For
AMAZON.COM INC.	25/05/2022	Shareholder Resolution: Report on Efforts to Reduce Plastic Use	49	51	For
APPLE INC	04/03/2022	Shareholder Resolution: Civil Rights Audit	53	46	For
AMERICAN WATER WORKS COMPANY INC.	11/05/2022	Shareholder Resolution: Report on Third-Party Racial Equity Audit	47	50	For
EXXON MOBIL CORPORATION	25/05/2022	Shareholder Resolution: Report on Scenario Analysis Consistent with International Energy Agency's Net Zero by 2050	46	45	For

Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. 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. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.

Methodology for Determining Significant Votes

The methodology used to identify significant votes for this statement uses an objective measure of significance: the extent to which a vote was contested - with the most Significant Votes being those which were most closely contested.

The Trustees believe that this is a good measure of significance because, firstly, a vote is likely to be contentious if it is finely balanced, and secondly, in voting on the Trustees' behalf in a finely balanced vote, an investment manager's action will have more bearing on the outcome.

If the analysis was to rely solely on identifying closely contested votes, there is a chance many votes would be on similar topics which would not help to assess an investment manager's entire voting record. Therefore, the assessment incorporates a thematic approach; splitting votes into nine separate categories and then identifying the most closely contested votes in each of those categories.

A consequence of this approach is that the total number of Significant Votes is large. This is helpful for assessing an investment manager's voting record in detail but it presents a challenge when summarising the Significant Votes in this statement. Therefore, for practical purposes, the table on the previous page only includes summary information on each of the Significant Votes.

The Trustees have not provided the following information which DWP's guidance suggests could be included in an Implementation Statement:

- Approximate size of the Scheme's holding in the company as at the date of the vote .
- If the vote was against management, whether this intention was communicated by the investment manager to the company ahead of the vote.
- An explanation of the rationale for the voting decision, particularly where: there was a vote against the board; there were votes against shareholder resolutions; a vote was withheld; or the vote was not in line with voting policy.
- Next steps, including whether the investment manager intends to escalate stewardship efforts.

The Trustees are satisfied that the approach used ensures that the analysis covers a broad range of themes and that this increases the likelihood of identifying concerns about an investment manager's voting behaviour. The Trustees' have concluded that this approach provides a more informative assessment of an investment manager's overall voting approach than would be achieved by analysing a smaller number of votes in greater detail.