Implementation Statement, covering the Plan Year from 1 January 2020 to 31 December 2020

The Trustee of The Law Debenture Pension Plan (the "Plan") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Plan Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Plan Year.

The Trustee has, in its opinion, followed the Plan's voting and engagement policies during the Plan Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee took a number of steps to review the Plan's new and existing managers and funds over the period, as described in Section 2 (Voting and engagement) below.

2. Voting and engagement

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Along with LCP's continuous monitoring of the investment managers, LCP also carries out a responsible investment survey every 2 years on behalf of its clients. LCP's responsible investment (RI) survey scores managers and funds, and includes red flags for any managers of concern. These scores cover the approach to ESG factors, voting and engagement. As part of the 2020 survey, none of the Plan's managers were assigned red flags or assessed by LCP to be managers of concern.

LCP attends regular Trustee meetings and would raise any issues with the Plan's investment managers where applicable (informed by LCP's regular investment research and RI survey).

3. Description of voting behaviour during the Plan Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercising of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Plan Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, on the Plan's funds that hold equities as follows:

- Legal & General UK Equity Index Fund;
- Legal & General North America Equity Index Fund;
- Legal & General Europe (ex UK) Equity Index Fund;
- Legal & General Japan Equity Index Fund;
- Legal & General Asia Pacific (ex Japan) Equity Index Fund;
- Morgan Stanley Global Emerging Markets Equity Fund;
- Ruffer Absolute Return Fund; and
- Invesco Global Targeted Returns Fund.

In addition to the above, the Trustee contacted the Plan's other asset managers that don't hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the period. None of the other pooled funds that the Plan invested in over the Plan Year held any assets with voting opportunities.

12.1 Description of the voting processes

Legal & General

All decisions are made by L&G's Investment Stewardship team and in accordance with its 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 L&G's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

L&G's Investment Stewardship team uses ISS's "ProxyExchange" electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and it does not outsource any part of the strategic decisions. The use of ISS recommendations is to augment L&G's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services ("IVIS") to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure its proxy provider votes in accordance with their position on ESG, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G considers minimum best practice standards.

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

Morgan Stanley

Morgan Stanley will vote proxies in a prudent and diligent manner and in the best interests of clients, including beneficiaries of and participants in a client's benefit plan(s) for which Morgan Stanley manages assets, consistent with the objective of maximising long-term investment returns. In addition to voting proxies at portfolio companies, Morgan Stanley routinely engages with the manager or board of companies in which they invest on a range of environmental, social and governance issues.

Morgan Stanley has retained research providers to analyse proxy issues and to make vote recommendations on those issues. While they review the recommendations of more or more research providers in making proxy voting decisions, they are in no way obliged to follow such recommendations. Morgan Stanley votes all proxies based on its own proxy voting policies in the best interests of each client. In addition to research, ISS provides vote execution, reporting and record-keeping services to Morgan Stanley.

Ruffer

Ruffer, as a discretionary investment manager, does not have a formal policy on consulting with clients before voting, although it can accommodate client voting instructions for specific areas of concerns or companies where feasible.

Ruffer's proxy voting advisor is ISS. Ruffer has developed its own internal voting guidelines, however Ruffer takes into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer is cognisant of proxy advisers' voting recommendations, it does not delegate or outsource its stewardship activities when deciding how to vote on its clients' shares.

Each research analyst, supported by Ruffer's responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.

Invesco

Invesco views proxy voting as an integral part of its investment management responsibilities.

The proxy voting process at Invesco focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. Voting matters are assessed on a case-by-case basis by Invesco's respective investment professionals considering the unique circumstances affecting companies, regional best practices and our goal of maximizing long-term value creation for clients.

The voting decision lies with asset managers with input and support from our Global ESG team and Proxy Operations functions. Invesco's portfolio managers review voting items based on their individual merits and retain full discretion on vote execution conducted through our proprietary proxy voting platform. Invesco's proprietary voting platform facilitates implementation of voting decisions and rationales across global investment teams. Invesco's proxy voting philosophy, governance structure and process are designed to ensure that proxy votes are cast in accordance with clients' best interests.

12.2 Summary of voting behaviour over the Plan Year

A summary of voting behaviour over the period is provided in the tables below.

Manager name	Legal & General	Legal & General	Legal & General	Legal & General	Legal & General
Fund name	UK Equity Index	North America Equity Index	Europe (ex UK) Equity Index	Japan Equity Index	Asia Pacific (ex Japan) Equity Index
Total size of fund at end of reporting period	£21,851.8m	£40,548.0m	£13,429.3m	£7,700.5m	£449.1m
Value of Plan assets at end of reporting period (£ / % of total assets)	£11.0m, 17.5%	£3.6m, 5.7%	£2.3m, 3.7%	£1.8m, 2.9%	£1.9m, 3.1%
Number of equity holdings at end of reporting period	597	240	458	513	618
Number of meetings eligible to vote	894	804	635	547	680
Number of resolutions eligible to vote	12,468	9,634	10,402	6,538	4,944
% of resolutions voted	100.0%	100.0%	99.9%	100.0%	100.0%
Of the resolutions on which voted, % voted with management	93.1%	72.3%	84.2%	86.7%	77.4%
Of the resolutions on which voted, % voted against management	6.9%	27.7%	15.5%	13.3%	22.6%
Of the resolutions on which voted, % abstained from voting	0.0%	0.0%	0.3%	0.0%	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	3.2%	7.7%	4.5%	5.6%	8.4%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.8%	0.3%	0.3%	0.2%	0.1%

Manager name	Morgan Stanley	Ruffer	Invesco
Fund name	Global Emerging Markets Equity Fund	Absolute Return Fund	Global Targeted Returns Fund
Total size of fund at end of reporting period	£561.1m	£4,650.2m	£6,211.1m
Value of Plan assets at end of reporting period (£ / % of total assets)	£5.1m, 8.1%	£3.1m, 4.9%	£5.3m, 8.4%

Number of equity holdings at end of reporting period	70	92	321
Number of meetings eligible to vote	143	84	347
Number of resolutions eligible to vote	1,346	1,074	5,035
% of resolutions voted	98.5%	97.0%	98.3%
Of the resolutions on which voted, % voted with management	89.0%	90.0%	94.4%
Of the resolutions on which voted, % voted against management	11.0%	9.0%	5.6%
Of the resolutions on which voted, % abstained from voting	5.0%	1.0%	0.5%
Of the meetings in which the manager voted, % with at least one vote against management	44.0%	39.0%	33.3%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	5.0%	7.9%	3.3%

12.3 Most significant votes over the Plan Year

Commentary on the most significant votes over the period, from the Plan's asset managers who hold listed equities, is set out below. For the Legal & General regional equity funds, we have included the details of one "significant" vote for each fund, and for Invesco and Ruffer we have included the details of three "significant" votes. Where multiple "significant" votes have been provided, we have cited the votes with the largest holdings in each of the funds where the holding information was available. A full list of significant vote information provided to us is available on request.

Legal & General

L&G has provided a reason as to why each of the below votes are deemed "most significant".

- **UK Equity Index Fund**

  International Consolidated Airlines Group, September 2020. Vote: Against. **Outcome of the vote**: Failed

  Summary of resolution: Approve Remuneration Report.

  Rationale: "*The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model. At the end of March 2020, Legal & General addressed a private letter to the company to state our support during the pandemic. We also encouraged the board to demonstrate restraint and discretion with its executive remuneration.*

As a result of the crisis, the company took up support under various government schemes. The company also announced a 30% cut to its workforce. On the capital allocation front, the company decided to withdraw its dividend for 2020 and sought shareholder approval for a rights issue of €2.75 billion at its 2020 AGM in order to strengthen its balance sheet.

The remuneration report for the financial year to 31 December 2019 was also submitted to a shareholder vote. We were concerned about the level of bonus payments, which are 80% to 90% of their salary for current executives and 100% of their salary for the departing CEO. We noted that the executive directors took a 20% reduction to their basic salary from 1 April 2020. However, whilst the bonuses were determined at the end of February 2020 and paid in respect of the financial year end to December 2019, Legal & General would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders).

Over the past few years, we have been closely engaging with the company, including on the topic of the succession of the CEO and the board chair, who were long-tenured. This engagement took place privately in meetings with the board chair and the senior independent director. This eventually led to a success, as the appointment of a new CEO to replace the long-standing CEO was announced in January 2020. A new board chair: an independent non-executive director, was also recently appointed by the board. He will be starting his new role in January 2021."

Criteria against which this vote has been assessed as "most significant": *"Legal & General considers this vote significant as it illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis."*

- **North America Equity Index Fund**

  ExxonMobil, May 2020. Vote: Against. **Outcome of the vote**: Failed.

  Summary of resolution: Elect Director Darren W. Woods.

  Rationale: *"In June 2019, under our annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, we announced that we will be removing ExxonMobil from our Future World fund range, and will be voting against the chair of the board.*

  Ahead of the company's annual general meeting in May 2020, we also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, our voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration."

  Criteria against which this vote has been assessed as "most significant": *"We voted against the chair of the board as part of Legal & General's 'Climate Impact Pledge' escalation sanction."*

- **Europe (ex UK) Equity Index Fund**

  Lagardere, May 2020. Vote: For. **Outcome of the vote**: Failed.

  Summary of resolution: Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardere, as well as to remove all the incumbent directors (apart from two 2019 appointments).

  Rationale: *"Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. The company continues to have a commandite structure; a limited partnership, which means that the managing partner has a tight grip on the company, despite only having 7 % share capital and 11% voting rights.*

  Legal & General engages with companies on their strategies, any lack of challenge to these, and with governance concerns. The company strategy had not been value-enhancing and the governance structure of the company was not allowing the SB to challenge management on this. Where there is a proxy contest, Legal & General engages with both the activist and the company to understand both perspectives. Legal & General engaged with both Amber Capital, where we were able to speak to the proposed new SB Chair, and also Lagardere, where we spoke to the incumbent SB Chair. This allowed us to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management."

Criteria against which this vote has been assessed as "most significant": *"Legal & General noted significant media and public interest on this vote given the proposed revocation of the company's board."*

- **Japan Equity Index Fund**

  Fast Retailing Co. Limited, November 2020. Vote: Against. **Outcome of the vote**: Passed.

  Summary of resolution: Elect Director Yanai Tadashi.

  Rationale: *"Japanese companies in general have trailed behind European and US companies, as well as companies in other countries in ensuring more women are appointed to their boards. A lack of women employed is also a concern below board level. LGIM has for many years promoted and supported an increase of appointing more women on boards, at the executive level and below. On a global level we consider that every board should have at least one female director.*

  We deem this a de minimis standard. Globally, we aspire to all boards comprising 30% women. In the beginning of 2020, we announced that we would vote against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for companies included in the TOPIX100 where these standards were not upheld. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to act on this issue."

  Criteria against which this vote has been assessed as "most significant": *"Legal & General considers it imperative that the boards of Japanese companies increase their diversity."*

- **Asia Pacific (ex Japan) Equity Index Fund**

  Whitehaven Coal, October 2020. Vote: For. **Outcome of the vote**: Failed.

  Summary of resolution: Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.

  Rationale: *"The role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation: in Q4 2020 alone three of Australia's main export markets for coal - Japan, South Korea and China - have announced targets for carbon neutrality around 2050. Legal & General has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets."*

  Criteria against which this vote has been assessed as "most significant": *"The vote received media scrutiny and is emblematic of a growing wave of green shareholder activism."*

Morgan Stanley

Morgan Stanley has provided a reason as to why each of the below votes are deemed "most significant".

- **PT Bank Rakyat Indonesia (Persero) Tbk, February 2020. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Vote on remuneration policy.

  Rationale: *"Substantial bonuses have been paid to independent commissioners & the bonus exceeds the salaries and allowances. The Company has not provided any rationale for such a significant amount of extra compensation."*

  Criteria against which this vote has been assessed as "most significant": Voted against management.

- **CSPC Pharmaceutical Group Limited, June 2020. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Elect Director.

  Rationale: *"Nominee is overboarded."*

Criteria against which this vote has been assessed as “most significant”: Vote against management.

- **PT Bank Central Asia Tbk, July 2020. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Amend Articles of Amendment.

  Rationale: *“The proposal would limit shareholders’ rights to review and vote on decisions on share repurchases in significantly fluctuating market conditions of the company.”*

  Criteria against which this vote has been assessed as “most significant”: Vote against management.

Ruffer

Ruffer has provided a reason as to why each of the below votes are deemed “most significant”.

- **Lloyds Bank, May 2020. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Vote on remuneration policy.

  Rationale: *“We decided to vote against the proposed remuneration policy at the company as although it reduces the maximum pay-out at the time of the grant, it significantly relaxes the vesting criteria. Therefore, we did not think it sufficiently incentivises management to deliver shareholder value.”*

  Criteria against which this vote has been assessed as “most significant”: *“Votes against renumeration policies for material holdings are significant. These arise after discussion between members of the research, portfolio management and responsible investment teams.”*

- **Walt Disney, March 2020. Vote:** For. **Outcome of the vote**: Failed.

  Summary of resolution: Shareholder resolution requesting additional disclosures on lobbying activities.

  Rationale: *“We voted for a shareholder resolution in 2018 and 2019 requesting additional disclosure on lobbying and the company’s memberships of trade associations. While the company has responded to these resolutions by increasing its disclosure, this only includes trade associations based in the US. As the framework has been established, and the analysis already conducted for these associations, we do not think it is onerous for the company to expand this to cover all trade associations of which it is a member. We stated this clearly to the company and supported the shareholder resolution in 2020.”*

  Criteria against which this vote has been assessed as “most significant”: *“This was part of an ongoing engagement with the company, including on remuneration issues. It was a vote against management for a major holding.”*

- **Wheaton Precious Metals, May 2020. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Votes for re-election of non-executive directors.

  Rationale: *“Taking into account the average tenure of members of the board, the regions in which the company is domiciled and the sector in which the company operates, we did not support the re-election of a number of directors in the period because of concerns that they were not independent.”*

  Criteria against which this vote has been assessed as “most significant”: *“Votes against the election of directors for material holdings are significant. These arise after discussion between members of the research, portfolio management and responsible investment teams.”*

Invesco

Invesco has provided a reason as to why each of the below votes are deemed “most significant”.

- **Citigroup Inc, April 2020. Vote:** Against. **Outcome of the vote**: Pass.

  Summary of resolution: Report on Lobbying Payments and Policy.

Rationale: *"A vote AGAINST this resolution is warranted, as the company is disclosing adequate information for shareholders to be able to assess its engagement in the political process and its management of related risks."*

Criteria against which this vote has been assessed as "most significant": >1% of the value of the Fund and includes key ESG proposal.

- **easyJet Plc, May 2020. Vote:** Against. **Outcome of the vote:** Pass.

  Summary of resolution: Remove Johan Lundgren as Director.

  Rationale: *"A vote AGAINST these resolutions is warranted as the dissident has not provided sufficient evidence that removing four key directors will leave the board and the company better positioned to deal with the current crisis."*

  Criteria against which this vote has been assessed as "most significant": >1% of the value of the Fund and includes key ESG proposal.

- **ASM International, May 2020. Vote:** For. **Outcome of the vote:** Pass.

  Summary of resolution: Authorise Board to exclude pre-emptive rights from share issuances.

  Rationale: *"A vote FOR this proposal is warranted because it is in line with commonly used safeguards regarding volume and duration."*

  Criteria against which this vote has been assessed as "most significant": >1% of the value of the Fund and includes key ESG proposal.