Implementation Statement

The Walkers Shortbread Limited Retirement Benefits Scheme

The Trustees set out their investment policies in their Statement of Investment Principles. This statement monitors how those policies have been followed over the year.

How voting and engagement policies have been followed

The Scheme invests in instruments (such as equities) that have voting rights. However, the Scheme accesses these instruments entirely through investments in pooled funds. Therefore, the Trustees delegate responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

Our investment advisors have undertaken an initial review of the stewardship and engagement activities of the current managers using their internal research teams. We are satisfied that the managers' policies are reasonable and no remedial action is required.

The Scheme's investments are all held with one investment manager, LGIM and this has been unchanged for some time. The Trustees are comfortable the actions of the fund manager are in alignment with the Scheme's stewardship policies.

Voting Data

Manager	LGIM
Fund name	Global Equity (50:50) Index Fund
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
Number of company meetings the manager was eligible to vote at over the year	3,641
Number of resolutions the manager was eligible to vote on over the year	44,680
Percentage of resolutions the manager voted on	99.97%

Manager	LGIM
Percentage of resolutions the manager abstained from	0.15%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	83.56%
Percentage of resolutions voted *against* management, as a percentage of the total number of resolutions voted on	16.29%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	0.44%

Significant votes

For the first year of implementation statements we have delegated to the investment manager(s) to define what a "significant vote" is. A summary of the data they have provided is set out below.

LGIM – Global Equity Fixed Weights (50:50) Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Qantas Airways Limited	Whitehaven Coal	Imperial Brands plc
Date of vote	23 October 2020	22 November 2020	3 February 2021
Summary of the resolution	Resolution 3 - Participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 – Remuneration Report	Capital Protection	Resolution 2 – Remuneration Report Resolution 3 – Remuneration Policy
How the manager voted	Resolution 3 – Against Resolution 4 - For	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Given our engagement, LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.

	Vote 1	Vote 2	Vote 3
Rationale for the voting decision	The COVID crisis has had an impact on the company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. We supported the remuneration report given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, our concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs. We voted against resolution 3 to signal our concerns.	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. LGIM 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.	The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. A higher base salary has a consequential ripple effect on short- and long-term incentives, as well as pension contributions. Further, the company did not apply best practice in relation to post-exit shareholding guidelines as outlined by both LGIM and the Investment Association. Prior to the AGM, we engaged with the company outlining what our concerns over the remuneration structure were. We also indicated that we publish specific remuneration guidelines for UK-listed companies and keep remuneration consultants up to date with our thinking.
Outcome of the vote	Resolution 3 – 90% of shareholders supported. Resolution 4 – 91% of shareholders supported.	The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour.	Resolution 2 received 40.26% votes against, and 59.73% votes of support. Resolution 3 received 4.71% of votes against, and 95.28% support.
Implications of the outcome	We will continue our engagement with the company.	LGIM will continue to monitor this company.	LGIM continues to engage with companies on remuneration both directly and via IVIS, the corporate governance research arm of The Investment Association. LGIM annually publishes remuneration guidelines for UK listed companies.
Criteria on which the vote is considered "significant"	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.	The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism.	We are concerned over the ratcheting up of executive pay; and we believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives' post-exit shareholding guidelines to be set.

	Vote 4	Vote 5	Vote 6
Company name	Barclays	ExxonMobil	AmerisourceBergen Corporation
Date of vote	7 May 2020	27 May 2020	11 March 2021
Summary of the resolution	Resolution 29 – Commitment in Tackling Climate Change Resolution 30 – ShareAction Requisitioned Resolution	Elect Director Darren W. Woods	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	Resolution 29 – For Resolution 30 – For	Against	Against
If the vote was against management, did the manager communicate their 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.		
Rationale for the voting decision	The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome.	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.	During the same year the Company recorded a $6.6 billion charge related to opioid lawsuits, its CEO's total compensation was approximately 25% higher than the previous year. By excluding the settlement costs, the Compensation Committee ensured executive pay was not impacted by an operating loss of $5.1bn (on unadjusted basis). LGIM has in previous years voted against executives' pay packages due to concerns over the remuneration structure not comprising a sufficient proportion of awards assessed against the company's performance. We voted against the resolution to signal our concern over the overall increased compensation package during a year that the company recorded a $6.6bn charge related to opioid lawsuits and a total operating loss of $5.1 billion.
Outcome of the vote	Resolution 29 – supported by 99.9% of shareholders Resolution 30 – supported by 23.9% of shareholders.	93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods. Approximately 30% of shareholders supported the proposals for independence and lobbying.	The resolution encountered a significant amount of oppose votes from shareholders, with 48.36% voting against the resolution and 51.63% supporting the proposal.
Implications of the outcome	Our focus will now be to help Barclays on the detail of their plans and targets, more detail of	We believe this sends an important signal, and will continue to engage, both	LGIM continues to engage with US companies on their pay structures and has published

	Vote 4	Vote 5	Vote 6
	which is to be published this year. We plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change.	individually and in collaboration with other investors, to push for change at the company. Our voting intentions were the subject of over 40 articles in major news outlets across the world, including Reuters, Bloomberg, Les Échos and Nikkei, with a number of asset owners in Europe and North America also declaring their intentions to vote against the company.	specific pay principles for US companies.
Criteria on which the vote is considered "significant"	Since the beginning of the year there has been significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM. We thank our clients for their patience and understanding while we undertook sensitive discussions and negotiations in private. We consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as our clients.	We voted against the chair of the board as part of LGIM's 'Climate Impact Pledge' escalation sanction.	LGIM considers it imperative that pay structures are aligned with company performance and that certain expenses over which directors have control and influence should not be allowed to be excluded in the calculation of their pay, in particular if these would be detrimental to the executive director(s) in question.

	Vote 7	Vote 8	Vote 9
Company name	Lagardère	Plus500 ltd.	Hollywood Bowl Group
Date of vote	5 May 2020	16 September 2020	27 January 2021
Summary of the resolution	New directors to the Supervisory Board, as well as remove all the incumbent directors.	Approve Special Bonus Payment to CFO Elad Even-Chen.	Resolution 2: Approve Remuneration Report Resolution 3: re-elect Nick Backhouse as Director Resolution 7: re-elect Ivan Schofield as Director Resolution 8: re-elect Claire Tiney as Director
How the manager voted	LGIM voted in favour of five of the Amber-proposed candidates and voted off five of the incumbent Lagardère SB directors.	Against	We voted against the remuneration report and escalated our concerns by a vote against all the members of the remuneration committee.
If the vote was against management, did the manager communicate their	LGIM publicly communicates its vote instructions in monthly regional vote reports on its	Given our concerns, LGIM directly notified the company of its vote intentions before the shareholder meeting.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.

	Vote 7	Vote 8	Vote 9
intent to the company ahead of the vote?	website with the rationale for all votes against management.		
Rationale for the voting decision	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. 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. LGIM engaged with both Amber Capital, where we were able to speak to the proposed new SB Chair, and also Lagardère, 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.	Plus500 proposed a number of pay-related proposals for shareholder approval. Amongst these, the board recommended the approval of a substantial discretionary bonus offered to the CFO of around $1.2 million, for his successful work with Israeli tax authorities over a number of years, resulting in a significant tax-saving for shareholders. The bonus is in addition to his annual variable pay and outside the normal bonus structure. LGIM does not support one-off discretionary bonuses (or transaction bonuses) as these are not within the approved policy to reward the achievement of pre-set targets. Instead, a preferential tax treatment will benefit future performance and will therefore be rewarded within annual bonus and long-term incentives in future performance years.	The bowling alley operator has been financially impacted by the COVID-19 pandemic. This resulted in staff being furloughed and the company not paying dividends to shareholders. Despite this, the remuneration committee decided to exercise its discretion to allow for the performance period of the 2017 Long-Term Incentive Plan (LTIP) award to be reduced from September 2020 to February 2020, to avoid having to factor-in the financial consequences of the pandemic into the incentive plan. This resulted in the pro-rated LTIP vesting at 81% of salary. The remuneration committee did not consult with LGIM before taking the decision to retrospectively reduce the performance period of the LTIP. We applied our policy and sanctioned this practice by a vote against the remuneration report. Given the seriousness of our concerns and the precedent this could set, we decided to escalate our vote sanction by a rare vote against all members of the remuneration committee.
Outcome of the vote	Even though shareholders did not give majority support to Amber's candidates, its proposed resolutions received approx. between 30-40% support, a clear indication that many shareholders have concerns with the board.	Given the level of shareholder dissent, Resolution 17 was withdrawn ahead of the AGM, while all the other resolutions were passed. Plus500 intends to again propose the resolution for shareholder approval at the EGM to cover 2021 director pay (as is required under Israeli law).	47.7% of shareholders opposed the remuneration report (Resolution 2) and 15.8% the re-election of the chair of the remuneration committee (Resolution 8). The other members of the remuneration committee (Resolution 3 and 7) were only opposed by 4.2% and 4.0% of shareholders respectively.
Implications of the outcome	LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.	LGIM will continue to monitor this company.	LGIM will continue to monitor the company.
Criteria on which the vote is considered "significant"	LGIM noted significant media and public interest on this vote	There was a level of media interest regarding the	We took the rare step of escalating our vote against all

	Vote 7	Vote 8	Vote 9
	given the proposed revocation of the company's board.	withdrawal of the resolution. This, combined with the other shortcomings of this company in relation to the expectations of a company listed in London, make this a significant vote. Shareholder dissent to the resolution was sufficiently high that the proposal was withdrawn ahead of the AGM; this will result in the company being included in the UK Investment Association's Public Register.	members of the remuneration committee given the seriousness of our concerns. This highlights the importance of ensuring that executive remuneration remains in line with stakeholder experience.

Fund level engagement

Manager	LGIM
Fund name	Global Equity 50:50 Index
	Over 5 year Index-Linked Gilts
	AAA-AA-A Bond - Over 15 Year Index
	LGIM Cash Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	Data not available
Number of engagements undertaken at a firm level in the year	974
Examples of engagements undertaken with holdings in the fund	ESG disclosure, climate change, gender and ethnic diversity, and remuneration.