Implementation Statement, covering 1 November 2019 to 31 October 2020

The Trustee of the Northgate Public Services Pension Scheme (the "Scheme") 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 year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its 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 year. The last time these policies were formally reviewed was in August 2019, to reflect the Trustee's policies in these areas. These sections were drafted on the understanding that the Trustee:

- delegates the consideration of financially materially factors to their investment managers. This includes climate change and other Environmental, Social and Governance (ESG) considerations, and stewardship (ie voting and engagement);

- will consider these issues in the selection of investment managers and how their managers take these factors into account from time to time;

- will encourage their managers to improve their practices where appropriate; and

- does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries) in the selection, retention and realisation of investments.

As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments. The Trustee reviewed the Scheme's existing managers and funds over the period, as described in Section 2 below.

2. Voting and engagement

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

In September 2020, the Trustee reviewed LCP's responsible investment (RI) scores for the Scheme's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2020.

The Trustee was satisfied with the results of the review and no further action was taken.

3. Description of voting behaviour during the year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise 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 year.

In this section we have sought to include voting data on the Scheme's funds that hold equities as follows:

- L&G passive global equity fund;
- Capital emerging-market multi-asset portfolio;

- BlackRock diversified growth fund; and
- M&G Alpha Opportunities Fund

3.1 Description of each manager's voting processes

L&G

Every year, L&G holds a stakeholder roundtable event where clients are invited to express their views directly to the members of L&G's Investment Stewardship team. The views expressed by attendees during this event form a key consideration in developing L&G's voting and engagement policies. L&G also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All voting 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. In this way, L&G's aims to ensure that its stewardship approach is consistent throughout the engagement and voting process, and that engagement is fully integrated into the voting decision process, which aims to provide consistent messaging to companies.

L&G's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") "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 are to supplement L&G's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure L&G's proxy provider votes are in accordance with its 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 are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

L&G retains the ability in all markets to override any vote decisions, which are 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 explanation in the annual report) that allows L&G to apply a qualitative overlay to its voting judgement. L&G has monitoring controls in place to ensure its votes are fully and effectively executed in accordance with its voting policies by the service provider. This includes a regular manual check of the votes inputted into the platform, and an electronic alert service to inform L&G of rejected votes which require further action.

Capital

Capital does not consult with clients before voting Capital Group funds. Capital votes according to its internal proxy voting guidelines and does not follow any outside entity's guidelines.

All US proxies are voted. Proxies for companies outside the US are also voted, provided there is sufficient time and information available. After a proxy is received, a summary of the proposals contained in the proxy is prepared. A discussion of any potential conflicts of interest also is included in the summary. For proxies of securities managed by a particular investment division of CRMC, the initial voting recommendation is made by one or more of the division's investment analysts that are familiar with the company and industry. A second recommendation is made by a proxy co-ordinator (an investment analyst with experience in corporate governance and proxy voting matters) or another individual within the appropriate investment division, based on knowledge of these Principles and familiarity with proxy-related issues. The proxy summary and voting recommendations are made available to the appropriate proxy voting committee for a final voting decision. Proxies for the funds are voted by the appropriate investment committee of CRMC's equity investment divisions under delegated authority. (References to "proxy committees" include the various investment committees.). Therefore, if more than one fund invests in the same company, certain funds may vote differently on the same proposal.

Capital relies primarily on its own proprietary research in evaluating companies. To provide supplementary analysis of resolutions at shareholder meetings, Capital will often review proxy research from third party vendors. However, voting decisions are made according to Capital's internal voting policies and its analysts' recommendations and it does not automatically follow proxy adviser recommendations.

BlackRock

Voting decisions are made by members of the BlackRock Investment Stewardship team with input from the wider investment team as required, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines.

BlackRock takes a case-by-case approach to the items put to a shareholder vote. Analysis is informed by internally-developed proxy voting guidelines, its pre-vote engagement with the company, its research, and any situational factors for a particular company.

BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, BlackRock will review the resolutions to assess the extent of the restrictions on voting against the potential benefits. BlackRock generally prefers to engage with the company in the first instance where there are concerns and give management time to address the issue.

BlackRock will vote in favour of proposals where it supports the approach taken by a company's management or where it has engaged on matters of concern and anticipates management will address them. BlackRock will vote against management proposals where it believes the board or management may not have adequately acted to advance the interests of long-term investors. BlackRock ordinarily refrains from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option (in accordance with company by-laws) for voting against management, there is a lack of disclosure regarding the proposal to be voted, or an abstention is the only way to implement its voting intention.

Whilst BlackRock does subscribe to research from the proxy advisory firms, ISS and Glass, Lewis & Co ("Glass Lewis"), this is just one among many inputs into its voting decision process. BlackRock primarily uses proxy research firms to transform corporate governance information and analysis into a concise, easily reviewable format to help BlackRock's investment stewardship analysts readily identify and prioritise those companies where its own additional research and engagement would be beneficial. Other sources of information BlackRock uses include the company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, the views of its active investors, public information and ESG research.

M&G

M&G does not consult with clients on voting. The credit analyst and the portfolio manager discuss each vote and make a decision. Occasionally, M&G uses the proxy voting firms ISS and Broadbridge.

3.2 Summary of voting behaviour over the year

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

	Legal & General	Capital	BlackRock	M&G
Fund name	Global Equity Fixed Weight 50:50 GBP Hedged Index Fund	Emerging Markets Total Opportunities Fund	Dynamic Diversified Growth Fund	Alpha Opportunities Fund
Total size of fund as at 31 October 2020	£3,829m*	£801m	£4,399m	£9,009m
Value of Scheme assets as at 31 October 2020	£10.7m	£10.3m	£11.8m	£8.1m
Number of equity holdings as at 31 October 2020	2,865*	107	639	0
Number of meetings eligible to vote	3,039*	177	987	n/a
Number of resolutions eligible to vote	39,082*	1,561	12,698	n/a
% of resolutions voted	100%*	100%	97%	n/a
% of the resolutions voted with management	84%*	89%	93%	n/a
% of resolutions voted against management	16%*	8%	6%	n/a
% of resolutions abstained from voting	0%*	3%	1%	n/a
% of meetings with at least one vote against management	69%*	45%	n/a**	n/a
% of resolutions voted with a vote contrary to the recommendation of the proxy advisor	12%*	n/a	n/a**	n/a

* L&G is currently only able to provide voting data for quarterly periods. Therefore, the L&G voting data covers the period from 1 October 2019 to 30 September 2020 rather than the Scheme year (1 November 2019 to 31 October 2020).
** BlackRock is not currently able to provide this information.

3.3 Most significant votes over the year

Each of the Scheme's managers that invest in equities have provided commentary on the most significant votes undertaken within their respective funds over the period. We have selected a subset provided by the managers for each fund based on a combination of factors, including managers' views on which were the most significant votes, the amount the Scheme has invested in the fund, the potential financial impact of the vote, the potential stewardship impact of the vote, and whether the vote was particularly controversial (for example, if it was high profile).

Legal & General

Barclays, May 2020: approve Barclays' commitment in tackling climate change

The resolution proposed by Barclays set out its long-term plans and had the backing of ShareAction and co-filers. L&G are grateful to the Investor Forum for the significant role it played in co-ordinating this outcome.

L&G plans 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.

There had been significant interest from LGIM's clients in the run up to the Barclays AGM, and LGIM undertook discussions and negotiations with Barclays in private during that period.

Amazon, May 2020: 12 shareholder proposals, including separation of CEO and board chair roles, desire for directors to participate in engagement meetings, details about the data transparency committed to in its Climate Pledge, and establishment of working culture, employee health and safety

Of the 12 shareholder proposals, L&G supported 10, with L&G's decision-making being driven by the desire for improved disclosure and governance structures.

In addition to facing a full slate of proxy proposals, in the two months leading up to the annual meeting, Amazon was on the front lines of a pandemic response. The company was already on the backfoot owing to the harsh workplace practices alleged by the author of an article in the New York Times published in 2015, which depicted a bruising culture. The news of a string of workers catching COVID-19, the company's response, and subsequent details, had all become major news and an important topic for L&G's engagements leading up to the proxy vote. L&G's team has had multiple engagements with Amazon over the past 12 months. The topics of its engagements touched upon most aspects of ESG, with an emphasis on social topics.

Amazon employees have consistently reported not feeling safe at work, that paid sick leave is not adequate, and that the company only provides an incentive of $2 per hour to work during the pandemic. Also cited is an ongoing culture of retaliation, censorship, and fear. L&G discussed with Amazon the lengths that the company is going to in adapting their working environment, with claims of industry-leading safety protocols, increased pay, and adjusted absentee policies. However, some of their responses seemed to have backfired. For example, a policy to inform all workers in a facility if COVID-19 is detected, has definitely caused increased media attention.

ExxonMobil, May 2020: approve electing Director Darren W. Woods

L&G voted against this proposal. In June 2019, under L&G's annual "Climate Impact Pledge" ranking of corporate climate leaders and laggards, L&G announced that it would be removing ExxonMobil from its Future World fund range and would be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, L&G also announced that it would be supporting shareholder proposals for an independent chair and a report on the company's political lobbying.

Capital

CCR SA, April 2020: approve fixing number of directors at 13 and proposed Board directors

Capital voted against in both votes, as it believed the increase in Board size was not justified, and the nominees were not in the best interests of the shareholders.

Abbott Laboratories, April 2020: approve adopting simple majority vote

Capital engaged with the company ahead of the annual general meeting on the topic of this shareholder proposal. Capital outlined its voting policy to generally vote against proposals that diminish shareholder rights, such as supermajority vote requirements. Capital believes that the supermajority vote requirement impeded shareholder action on ballot items that may be critical to shareholder interests.

Capital voted against an additional shareholder proposal for reporting on lobbying payments and policies, as it believed that the company had already implemented substantial proportions of the suggestions included in the proposal.

BlackRock

Royal Dutch Shell, May 2020: approve request for Royal Dutch Shell to set and publish targets for greenhouse gas emissions

BlackRock voted against the shareholder resolution. The shareholder proposal requested that Shell set and publish targets across Scope 1, 2 and 3, aligned with the Paris Agreement. The proponent argued that Shell's ambition to reduce its net carbon intensity by 50% by 2050 in a growing energy system would not ultimately lead to the level of absolute emissions reduction necessary to achieve the goals of the Paris Agreement. The proponent asked for more "aspirational" targets.

In determining its vote, BlackRock took into consideration that it believes Shell had some of the most ambitious climate targets in the industry on all relevant scopes (1,2,3), and that the company makes strong TCFD disclosures. Furthermore, the shareholder resolution refers to Shell's previous climate commitments, which are now out of date and have been superseded by renewed and stronger commitments. As a result of Shell's responsiveness, BlackRock considers the request made in the resolution to have substantively been delivered.

Exxon Mobil, May 2020: approve requests to elect Director Angel F. Braly, elect Director Kenneth C. Frazier and require an Independent Board Chair

BlackRock voted against electing Director Angela F. Braly due to insufficient progress on Climate-Related Financial Disclosures ("TCFD") aligned reporting and related action.

BlackRock voted against Director Kenneth C. Frazier due to insufficient progress on TCFD aligned reporting and related action and for failure to provide investors with confidence that the board is composed of the appropriate mix of skillsets and can exercise sufficient independence from the management team to effectively guide the company in assessing material risks to the business.

BlackRock voted for the Independent Chair proposal because it believes that the board would benefit from a more robust independent leadership structure.

Chevron, May 2020: approve report on climate lobbying aligned with Paris Agreement goals

BlackRock voted for this proposal. BlackRock believes that greater transparency into the company's approach to political spending and lobbying, as aligned with its stated support for the Paris Agreement, will help articulate consistency between private and public messaging in the context of managing climate risk and transitioning to a lower carbon economy.

M&G

Vallourec, September 2020

M&G consented to a French mediator being appointed to facilitate a financial restructuring of the company. M&G believed this would be beneficial to maximise bondholder recoveries through a restructuring.

Marston's Issuer plc, May 2020

There were four votes related to COVID-19 impact. M&G believed that without the covenant relief provided by a vote in favour of the covenant waivers, a default event would have been likely in the short term.