Appendix II: Implementation Statement

Covering 1 April 2021 to 31 March 2022

The Trustee of the Sedgemoor Group Pension Fund (the "Fund") 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, 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 – Last review of the voting and engagement policies

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

The Trustee has, in its opinion, followed the Fund's voting and engagement policies during the Fund 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 steps to review the Fund's new and existing managers and funds over the Fund Year, 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 Fund's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Every two years, the Trustee reviews LCP's responsible investment (RI) scores for the Fund's investment 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 environmental, social and corporate governance ("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 Trustee last reviewed the scores and red flags in June 2022 following LCP's Responsible Investment Survey 2022.

The Trustee switched their equity allocation from its passive regional equity funds into a new pooled fund, the LGIM Low Carbon Transition Developed Markets Equity Index Fund on 6 August 2021. In selecting and appointing this fund, the Trustee considered the ESG and Stewardship credentials of the fund, as well as the benefits of a climate-aware investment approach.

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

- Legal & General Investment Management Low Carbon Transition Developed Market Equity Index Fund; and
- Baillie Gifford Diversified Growth Fund.

Appendix II: Implementation Statement

3. Description of voting behaviour during the year

3.1 Description of the voting processes

LGIM

LGIM's voting and engagement activities are driven by Environment, Social and Governance (ESG) professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its 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 LGIM's Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop LGIM's voting and engagement policies and define strategic priorities in the years ahead. LGIM also takes into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All voting decisions are made by LGIM'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 helps ensure LGIM's stewardship approach is consistent throughout the engagement and voting process, and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. The use of ISS's recommendations is to augment LGIM'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 LGIM's proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

LGIM 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 LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls 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 input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Baillie Gifford

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. It does not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then Baillie Gifford will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Appendix II: Implementation Statement

3. Description of voting behaviour during the year

3.1 Description of the voting processes (continued)

Baillie Gifford believes that voting should be investment led, because how it votes is an important part of the long-term investment process, which is why it is a strong preference to be given this responsibility by its clients. The ability to vote on its clients' shares also strengthens their position when engaging with investee companies.

Baillie Gifford's Governance and Sustainability team oversees its voting analysis and execution in conjunction with its investment managers. Baillie Gifford does not outsource any part of the responsibility for voting to third-party suppliers. Baillie Gifford utilises research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with its Governance & Sustainability Principles and Guidelines and it endeavours to vote every one of their clients' holdings in all markets.

3.2 Summary of voting behaviour over the year

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

	LGIM Low Carbon Transition Developed Market Equity Index Fund – GBP Currency-Hedged	Baillie Gifford Diversified Growth Fund
Total size of fund at end of the Fund Year (£m)	2,057.5	5,420.7
Value of Fund assets at end of the Fund Year (£m)	3.0	5.8
Number of equity holdings at end of the Fund Year	1548	94
Number of meetings eligible to vote	1441	133
Number of resolutions eligible to vote	18,387	1,537
% of resolutions voted	99.9%	88.1%
Of the resolutions on which voted, % voted with management	79.6%	96.0%
Of the resolutions on which voted, % voted against management	20.1%	3.4%
Of the resolutions on which voted, % abstained from voting	0.3%	0.6%
Of the meetings in which the manager voted, % with at least one vote against management	77.1%	18.1%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	13.8%	N/A

3. Description of voting behaviour during the year

3.3 Most significant votes over the year

Commentary on the most significant votes over the Fund Year, from the Fund's asset managers who hold listed equities, is set out below. Where managers have provided a large number of significant votes, we have selected a subset of these votes in order to show a variety of rationale.

Legal & General Investment Management

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- A high-profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- A vote with significant client interest, either directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM notes a significant increase in requests from clients on a particular vote;
- A sanction vote as a result of a direct or collaborative engagement; or
- A vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's five-year ESG priority engagement themes.

- **Amazon.com, Inc., May 2021. Vote:** Against. **Outcome of the vote**: Passed

  Summary of resolution: Resolution 1a Elect Director Jeffrey P. Bezos

  Rationale: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 it is voting against all combined board chair/CEO roles. Furthermore, LGIM has published a guide for boards on the separation of the roles of chair and CEO (available on its website), and has reinforced its position on leadership structures across its stewardship activities – e.g. via individual corporate engagements and director conferences.

  Criteria against which this vote has been assessed as "most significant": LGIM considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

- **Intel Corporation, May 2021. Vote:** For. **Outcome of the vote**: Not passed

  Summary of resolution: Resolution 5 Report on Global Median Gender/Racial Pay Gap

  Rationale: Transparency: A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. LGIM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf. For 10 years, LGIM has been using its position to engage with companies on this issue. As part of its efforts to influence its investee companies on having greater gender balance, LGIM expects all companies in which it invests globally to have at least one female on their board. Please note LGIM has stronger requirements in the UK, North American, European and Japanese markets, in line with its engagement in these markets. For further details, please refer to LGIM's vote policies on its website.

  Criteria against which this vote has been assessed as "most significant": LGIM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on clients' behalf.

- **Accenture plc, January 2022. Vote:** Against. **Outcome of the vote**: Passed

3. Description of voting behaviour during the year

3.3 Most significant votes over the year

Summary of resolution: Resolution 1g - Elect Director Arun Sarin

Rationale: Board mandates: A vote against is applied as LGIM expects a CEO (or Chair/CEO) or Non-Executive Director not to hold too many external positions to ensure they can undertake their duties effectively. Joint Chair/CEO: A vote against is applied as LGIM expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.

Criteria against which this vote has been assessed as "most significant": LGIM considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

- **AT & T, April 2021. Vote:** Against. **Outcome of the vote**: Passed

  Summary of resolution: Resolution 3 - Advisory Vote to Ratify Named Executive Officers' Compensation

  Rationale: LGIM identified serious issues with the structure and quantum of AT&T's executive remuneration. In particular, the $48 million sign-on equity award to the incoming CEO of its Warner Media division and a $9 million retention grant to the General Counsel of $9 million USD. The awards and payments made by AT&T did not meet LGIM's expectations of fair and balanced remuneration both in respect to their magnitude and the lack of performance criteria.

  Criteria against which this vote has been assessed as "most significant": LGIM considers this vote to be significant as a majority of investors (51.7%) voted against the advisory resolution, sending a strong signal to management that its remuneration policy needs revision.

- **McDonald's Corporation, May 2021. Vote:** For. **Outcome of the vote**: Not passed

  Summary of resolution: Resolution 5 Report on Antibiotics and Public Health Costs

  Rationale: LGIM voted in favour as it believes the proposed study will contribute to informing shareholders and other stakeholders of the negative externalities created by the sustained use of antibiotics in the company's supply chain and its impact on global health, with a particular focus on the systemic implications. Antimicrobial resistance (AMR) is a key focus of the engagement strategy of LGIM's Investment Stewardship team. LGIM believes that, without coordinated action today, AMR could prompt the next global health crisis, with a potentially dramatic impact on the planet, its people, and global GDP. Whilst LGIM applauds the company's efforts over the past few years on reducing the use of antibiotics in its supply chain for chicken and beef as well as pork, it believes AMR is a financially material issue for the company and other stakeholders, and wants to signal the importance of this topic to the company's board of directors.

  Criteria against which this vote has been assessed as "most significant": LGIM consider this vote to be significant as it took the rare step of publicly pre-declaring the vote before the shareholder meeting. Publicly pre-declaring its vote intention is an important tool for LGIM's engagement activities. LGIM decides to pre-declare its vote intention for a number of reasons, including as part of its escalation strategy, where it considers the vote to be contentious, or as part of a specific engagement programme.

3. Description of voting behaviour during the year

3.3 Most significant votes over the year

- **Novozymes A/S, March 2022. Vote:** Abstain. **Outcome of the vote**: N/A

  Summary of resolution: Resolution 6 - Reelect Jorgen Buhl Rasmussen (Chair) as Director

  Rationale: A vote ABSTAIN for candidate Joergen Buhl Rasmussen (Item 6) is warranted due to the lack of gender diversity on the board.

  Criteria against which this vote has been assessed as "most significant": LGIM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on clients' behalf.

- **Recruit Holdings Co., Ltd., June 2021. Vote:** Against. **Outcome of the vote**: Passed

  Summary of resolution: Resolution 5 Amend Articles to Allow Virtual Only Shareholder Meetings

  Rationale: A vote AGAINST this proposal is warranted because: - Japanese companies are able to hold virtual meetings using temporary regulatory relief (without amending articles) for two years, but the passage of this proposal will authorize the company to hold virtual meetings permanently, without further need to consult shareholders, even after the current health crisis is resolved. - The proposed language fails to specify situations under which virtual meetings will be held, raising concerns that meaningful exchange between the company and shareholders could be hindered, especially in controversial situations such as when shareholder proposals are submitted, a proxy fight is waged, or a corporate scandal occurs.

  Criteria against which this vote has been assessed as "most significant": This was a high-profile vote where the company proposed a change in articles to allow virtual-only AGMs beyond the temporary regulatory relief effective for 2 years from June 2021.

- **Volkswagen AG, July 2021. Vote:** Against. **Outcome of the vote**: Passed

  Summary of resolution: Resolution 3.1 to 4.21 - Approve Discharge of Management Board and Supervisory Board members

  Rationale: Discharge of responsibility management board and supervisory board. A vote against the annual formal discharge of the management board and supervisory board is applied. Whilst LGIM notes the progress made by the company in its strategy towards the transition to a lower emission world, it remains concerned regarding the handling of the diesel emissions scandal of 2015 by the management and supervisory boards and the overall governance structure of the company. In particular, LGIM notes a lack of transparency regarding the handling of the crisis, including any lessons learnt by the boards, how sufficient internal control mechanisms have been put in place, and any progress made around improvement of corporate culture.

  Criteria against which this vote has been assessed as "most significant": A vote against the discharge of responsibility of both the management and supervisory boards is a rare step in LGIM's escalation policy.

- **Nomura Holdings, Inc., June 2021. Vote:** Against. **Outcome of the vote**: Passed

  Summary of resolution: Resolution 1.7 Elect Director Shimazaki, Noriaki

3. Description of voting behaviour during the year

3.3 Most significant votes over the year

Rationale: Risk management: A vote AGAINST this nominee is warranted at this time as the audit committee chair, Noriaki Shimazaki, should be held responsible for the company's risk management failures brought to light by the losses from the Archegos collapse.

Criteria against which this vote has been assessed as "most significant": This was a high-profile vote to hold the board accountable for the company's risk management failures brought to light by the losses from the Archegos collapse.

- **Toshiba Corp., June 2021. Vote:** Against. **Outcome of the vote**: Not passed

  Summary of resolution: Resolution 1.2 Elect Director Nagayama, Osamu

  Rationale: A vote AGAINST this nominee is warranted because: - Nagayama is the nomination committee chair and the chairman of the board. Therefore, he bears the greatest responsibility in nominating candidates, and has ultimate responsibility for the conduct of the board. While LGIM notes the Board's actions since the concerns regarding the conduct of the 2020 AGM has come to light, it holds the Board Chairman ultimately accountable. Please note that a vote against was also cast under LGIM's Future World Protection List vote policy: A vote against is applied as the company meets the criteria for inclusion in LGIM's Future World Protection List. Companies are incorporated into the List if they fail to meet minimum standards of globally accepted business practices. This includes: companies involved in the manufacture and production of controversial weapons; perennial violators of the United Nations Global Compact (UNGC).

  Criteria against which this vote has been assessed as "most significant": This was a high-profile vote which followed the publication of a third-party investigation report on the company's questionable communications with shareholders.

- **Informa Plc, June 2021. Vote:** Against Resolutions 3, 5, 7, and 11. **Outcome of the vote**: Resolutions 3, 5 and 7 Passed; 11 Not passed.

  Summary of resolution: Resolution 3, Re-elect Stephen Davidson as Director Resolution 5, Re-elect Mary McDowell as Director Resolution 7, Re-elect Helen Owers as Director Resolution 11, Approve Remuneration Report

  Rationale: The company's prior three Remuneration Policy votes – in 2018, June 2020, and at a General Meeting that was called in December 2020 – each received high levels of dissent, with 35% or more of votes cast against. At the December 2020 meeting, the Remuneration Policy and the Equity Revitalisation Plan (EVP) received over 40% of votes against. The EVP was structured to award the CEO restricted shares to a value of 600% of salary. LGIM has noted its concerns with the company's remuneration practices for many years. Due to continued dissatisfaction, LGIM again voted against the proposed Policy at the December 2020 meeting. However, despite significant shareholder dissent at the 2018 and 2020 meetings, the company implemented the awards under the plan, a few weeks after the December meeting. Additionally, the Remuneration Committee has adjusted the performance conditions for the FY2018 long-term incentive plan (LTIP) awards while the plan is running, resulting in awards vesting where they would otherwise have lapsed. Due to consistent problems with the implementation of the company's Remuneration Policy and the most recent events as described above, LGIM has voted against the Chair of the Remuneration Committee for the past three years. Given the company has implemented plans that received significant dissent from shareholders without addressing persistent concerns, LGIM has taken the decision to escalate its vote further to all incumbent Remuneration Committee members, namely Stephen Davidson (Remuneration Committee Chair), Mary McDowell and Helen Owers.

3. Description of voting behaviour during the year

3.3 Most significant votes over the year

Criteria against which this vote has been assessed as "most significant": LGIM consider this vote to be significant as it took the rare step of publicly pre-declaring the vote before the shareholder meeting. Publicly pre-declaring its vote intention is an important tool for LGIM's engagement activities. LGIM decides to pre-declare its vote intention for a number of reasons, including as part of its escalation strategy, where it considers the vote to be contentious, or as part of a specific engagement programme.

- **Sumitomo Corporation, June 2021. Vote:** For. **Outcome of the vote**: Not passed

  Summary of resolution: Shareholder Resolution 5 – Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement

  Rationale: Having reviewed Sumitomo Corporation's disclosures and engaged in dialogue with the company, LGIM decided to vote in favour of Shareholder Resolution 5, as described above. LGIM noted the company's efforts on the climate transition, in particular the enhanced commitments announced over the past couple of months. However, it continues to have concerns regarding the alignment of interim pathways with a 1.5 degree scenario. LGIM believes its support for the shareholder resolution will help signal the importance of the climate emergency for LGIM as a large investor and its expectations for companies to align urgently with the goals of the Paris Agreement. LGIM looks forward to engaging further and hopes to see the company provide increased transparency around its short and medium-term targets and expedite its efforts to give shareholders comfort that it is on track to achieve its 2050 carbon neutrality commitment.

  Criteria against which this vote has been assessed as "most significant": LGIM considers this vote to be significant as it took the rare step of publicly pre-declaring the vote before the shareholder meeting. Publicly pre-declaring its vote intention is an important tool for LGIM's engagement activities. LGIM decides to pre-declare its vote intention for a number of reasons, including as part of its escalation strategy, where it considers the vote to be contentious, or as part of a specific engagement programme. In addition, LGIM views climate change as a financially material issue for its clients, with implications for the assets it manages on their behalf. This was also a high-profile proposal in Japan, where climate-related shareholder proposals are still rare.

- **Kobe Bussan Co., Ltd., January 2022. Vote:** Against. **Outcome of the vote**:

  Summary of resolution: Resolution 3.1 - Elect Director Numata, Hirokazu

  Rationale: Accountability: A vote against has been applied as the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board. Independence: A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors. Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.

  Criteria against which this vote has been assessed as "most significant": LGIM considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

3. Description of voting behaviour during the year

3.3 Most significant votes over the year

- **JDE Peet's NV, 17 June 2021. Vote:** Against. **Outcome of the vote**: N/A

  Summary of resolution: Resolution 2b Approve Remuneration Report; Resolution 2c To adopt Financial Statements

  Rationale: JDE Peet's NV provides various coffee and tea products and solutions to serve consumers around the world. It has been listed on the Amsterdam Euronext exchange since May 2020.

  Item 2b – Approve Remuneration Report: The company introduced its remuneration policy for a shareholder vote in November 2020. LGIM voted against the pay policy because it was essentially asking shareholders to support the company adopting a non-transparent approach to executive remuneration. This extended to allowing the company to provide sign-on awards without having to provide insight into the terms of the award and without placing any restrictions on such awards. LGIM has identified several concerns with the policy: • Lack of sufficient information regarding bonus targets to enable investors to consider whether payments are justified. There is no disclosure about the weighting attached to each of the three performance measures; no information is provided about the actual targets under these measures or the level of achievement under each target. • The buy-out award given to the incoming CEO. While LGIM is supportive of offering compensation for awards lost (so long as they are on a like-for-like basis to what has been forgone at the previous employer), there is a lack of disclosure to demonstrate that the compensation payment of €10 million was appropriate. Furthermore, the CEO's previous role was as partner of JAB Holdings Company, which is JDE Peet's controlling shareholder; this raises concerns about the need for the payment. In addition, the €10 million compensation payment was invested into a share plan that doubles its value without any additional performance requirements, thus falling short of LGIM's expectation that executive pay should be linked to performance. It also has a concern in relation to the treatment of the departing CEO's compensation payment, amounting to €1.75 million, due to a lack of disclosure to assess whether it was fully justified.

  Item 2c – Adopt the Financial Statements: JDE Peet's NV is captured under LGIM's Climate Impact Pledge engagement programme. The company has failed to meet LGIM's minimum standards and therefore LGIM would normally sanction the chairman of the company. But as no directors are up for re-election, LGIM is voting against the annual report to voice its concerns on the company's management of climate risks. LGIM is pre-declaring these votes as it believes the remuneration practices at this company demonstrate a clear disregard for minority shareholder views when it comes to executive pay. Furthermore, this disregard and the lack of policies and procedures to tackle climate change could potentially be an indicator of poor governance at the company.

  Criteria against which this vote has been assessed as "most significant": LGIM consider this vote to be significant as it took the rare step of publicly pre-declaring the vote before the shareholder meeting. Publicly pre-declaring its vote intention is an important tool for LGIM's engagement activities. LGIM decides to pre-declare its vote intention for a number of reasons, including as part of its escalation strategy, where it considers the vote to be contentious, or as part of a specific engagement programme.

3. Description of voting behaviour during the year

3.3 Most significant votes over the year

Baillie Gifford

Baillie Gifford considers several criteria when determining which votes are significant. It provided a list of potentially significant voting situations:

- Baillie Gifford's holding had a material impact on the outcome of the meeting;
- The resolution received 20% or more opposition and Baillie Gifford opposed;
- Egregious remuneration;
- Controversial equity issuance;
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders;
- Where there has been a significant audit failing;
- Where Baillie Gifford has opposed mergers and acquisitions;
- Where Baillie Gifford has opposed the financial statements/annual report; or
- Where Baillie Gifford has opposed the election of directors and executives.

- **Rio Tinto Plc, April 2021. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Remuneration – Report.

  Rationale: Baillie Gifford opposed the remuneration report as it did not agree with the decisions taken by the Remuneration Committee in the last year regarding executive severance payments and the vesting of long-term incentive awards.

  Criteria against which this vote has been assessed as "most significant": Baillie Gifford deems the resolution to be significant because it opposed remuneration.

- **Vonovia SE, April 2021. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Amendment of Share Capital

  Rationale: Baillie Gifford opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders. In advance of the AGM, Baillie Gifford contacted the company to see if they could provide an assurance they would not issue shares below Net Tangible Asset (NTA). The company were not able to provide that assurance therefore Baillie Gifford did not feel it was in its clients' interest to support the two equity issuance resolutions.

  Criteria against which this vote has been assessed as "most significant": Baillie Gifford deems the resolution to be significant because it opposed remuneration.

3. Description of voting behaviour during the year

3.3 Most significant votes over the year

- **Six Flags Entertainment Corporation, May 2021. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Remuneration – Say on Pay

  Rationale: Baillie Gifford opposed the executive's remuneration. It did so for a multitude of reasons, however its primary concern was the size of the long-term incentive award paid to the CEO. In light of COVID-19, when reviewing proposals relating to executive compensation Baillie Gifford assesses whether executive pay is aligned with the experience of employees and shareholders. Baillie Gifford felt it could not justify supporting a sizeable long-term incentive award for the CEO, which was equal to the previous year, when framed against a background of company-wide salary reductions and employee lay-offs. Although this proposal was passed, 41% of shareholders opposed it.

  Criteria against which this vote has been assessed as "most significant": Baillie Gifford deems the resolution to be significant as it received greater than 20% opposition.

- **Galaxy Entertainment Group Ltd, May 2021. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Incentive Plan

  Rationale: Baillie Gifford opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders. Its principal concern was with the poor disclosure of how performance is calculated, and awards granted under the Share Option Scheme, as well as the potential conflict of having the plan administrators eligible to participate in the plan. The resolution received a significant dissent with a 22% opposition.

  Criteria against which this vote has been assessed as "most significant": Baillie Gifford deems the resolution to be significant as it received greater than 20% opposition.

- **Greggs Plc, May 2021. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Remuneration – Report

  Rationale: In line with the Investment Association's guidance, Baillie Gifford expects companies to align the pension contributions of their executive team with that of the wider workforce by the stated deadline - end of 2022. Greggs stated in their annual report that the pensions of their current executives would not be aligned until the end of 2026 which Baillie Gifford does not believe to be acceptable.

  Criteria against which this vote has been assessed as "most significant": Baillie Gifford deems the resolution to be significant because it opposed remuneration.

- **JC Decaux SA, May 2021. Vote:** Against. **Outcome of the vote**: Passed.

  Summary of resolution: Amendment of Share Capital

  Rationale: Baillie Gifford opposed six resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders. The company requested an authority to issue up to 71% of issued share capital with or without pre-emption rights. This is much larger than authorities usually seen in Europe and could be dilutive to shareholders.

  Criteria against which this vote has been assessed as "most significant": Baillie Gifford deems the resolution to be significant as it received greater than 20% opposition.

Appendix II: Implementation Statement

3. Description of voting behaviour during the year

3.3 Most significant votes over the year

- **Booking Holdings Inc., June 2021. Vote:** For. **Outcome of the vote**: Passed.

  Summary of resolution: Shareholder Resolution – Climate

  Rationale: Baillie Gifford supported a shareholder resolution requesting a climate transition report as it believes better disclosure is in shareholders' best interests.

  Criteria against which this vote has been assessed as "most significant": Baillie Gifford deems the resolution to be significant because it was submitted by shareholders and received greater than 20% support.