

Trustee's Report

Implementation Statement covering 1 January 2021 to 31 December 2021

1. Background

The Trustee of the M-real UK Retirement Benefit Scheme (the "Trustee" and "Scheme" respectively) are required to produce an annual statement to set out how, and the extent to which, the Trustee have followed the Scheme's Statement of Investment Principles ("SIP") during the previous Scheme year. This statement also includes the details of any reviews of the SIP during the year, any changes that were made and reasons for the changes. This is the second implementation statement produced by the Trustee.

A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, also needs to be included within this statement.

This statement should be read in conjunction with the SIP, which has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found at:

<http://staging.pensions-directory.co.uk/documents?personalisation=m-real>

2. Voting and Engagement

The Trustee is keen that their investment managers are signatories of the UK Stewardship Code and UN Principles of Responsible Investment, which the Trustee can confirm is the case.

The Trustee has elected to invest in pooled funds and the Trustee has delegated to their investment manager the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee has not used proxy voting services over the year. However, the Trustee will consider these policies in all future selections.

The Scheme's funds are:

- LGIM Synthetic Leveraged Credit Fund
- LGIM All Stocks Gilts Index Fund
- LGIM Over 15 Years Gilt Index Fund
- LGIM Over 5 Years Index Linked Gilts Index Fund
- LGIM 5 to 15 Years Index Linked Index Fund
- LGIM Cash Fund

The Trustee was unable to include voting information for any of the Scheme's funds as the underlying investments do not have voting rights as such, however they will continue to work with their advisers and investment managers with the aim of providing more information in future statements.

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3a. Description of Legal & General Investment Management's voting processes

L&G uses Institutional Shareholder Services' ('ISS') 'ProxyExchange' electronic voting platforms to electronically vote clients' shares. All voting decisions are made by L&G and they do not outsource any part of the strategic decisions. L&G's use of ISS recommendations is purely to augment their own research and proprietary environmental, social and governance (ESG) assessment tools.

To ensure their proxy provider votes in accordance with their position on ESG, L&G have put in place a minimum standards custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what they consider are minimum best practice standards which L&G believe all companies globally should observe, irrespective of local regulation or practice. In 2018, L&G updated their Global Principles document which sets out minimum standards for governance across all companies globally.

In addition, L&G have also set specific custom voting policies at an individual market level for those markets in which they adopt a stricter stance. All of L&G's custom voting policies are developed in accordance with their publicly disclosed position on ESG in L&G's Principles document and country specific policies.

L&G retain the ability in all markets to override any vote decisions, which are based on their 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 their voting judgement.

L&G has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.