

Muller Retirement and Death Benefits Scheme – Implementation Statement for the year ended 5 April 2023

1. Purpose

This Implementation Statement reports on how, and the extent to which, the policies as set out in the Scheme's Statement of Investment Principles ("SIP") have been complied with during the year ended 5 April 2023. This has been reviewed with respect to voting and stewardship policies, conflicts of interest and engagement. These include the exercise of rights (including voting) and undertaking of engagement activities in respect of the Scheme's investments. In addition, this statement also provides a summary of the voting behaviour and most significant votes cast during the reporting year.

2. Background

Under the regulatory now in force, Trustees of Occupational Pension Schemes are required to state their policy on the exercise of the rights attaching to the investments, and on undertaking engagement activities in respect of the investments. Trustees are also required to report on how and the extent to which they have followed this policy and on significant votes.

This statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as amended and the guidance published by the Pensions Regulator.

This Statement has been prepared by the Trustee, with the assistance of their Investment Consultant (Quantum Advisory).

References herein to the actions, review work or determinations of the Trustee refer to activity that has been carried out by either the Trustee, or the Investment Adviser on the Trustee's behalf.

3. Executive summary

Over the Scheme year, the Trustee:

- Through their investment advisers, reviewed the voting and engagement activity of the funds that invest in equities. The Trustee is generally content that the Scheme's investment managers have appropriately carried out their stewardship duties.
- Have updated the Scheme's Statement of investment principles to reflect the updated strategy that was implemented during 2022.
- Is of the opinion that they have complied with the relevant policies and procedures as identified in the SIP.
- Have remained aware of the relevant policies and procedures as identified in the SIP and received input from their Investment Adviser to aid ongoing compliance.

The stewardship activities for funds that do not hold equities have not been reviewed as part of this exercise, as the Trustee believes there is less scope to influence the practices within such arrangements. However, the general stewardship practices of non-equity managers have been reviewed to ensure that

that they engage with companies, especially with those which it lends. This ensures that the voice of the bond holder is reflected in conversations.

4. Reviews of the SIP over the Scheme year

The SIP was last reviewed in December 2022.

The Trustee confirms that:

- The SIP was updated during the Scheme year to reflect the updated investment strategy that was implemented during 2022.
- The SIP will be reviewed in future, to ensure any amendments to investment policy resulting from a review of investment strategy that is ongoing are reflected. The Trustee will seek advice from the Investment Adviser on the SIP and the suitability of the investments.

5. Investment Manager's voting and stewardship policies and activity

Trustee' voting and stewardship policies

The Trustee, through their investment advisers, consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers.

The Trustee is unable to direct how votes are exercised and have not used a proxy voting services provider over the Year. The Trustee have given the investment managers full discretion concerning voting and engagement decisions.

As part of this exercise, the Trustee, through their Investment Adviser, have reviewed the voting activities and stewardship policies of the funds. This is to ensure that investment managers engage in voting behaviour that is consistent with the Scheme's stewardship priorities as set out in the SIP.

Should the voting activities and stewardship policies of an invested fund not appropriately align with the Scheme's stewardship priorities, the Scheme will escalate these concerns with the investment manager and if necessary review its position within the fund.

Over the scheme year, the voting activities of the following funds have been reviewed:

- Legal & General Investment Management ("LGIM") Future World Global Equity Index - GBP Hedged
- LGIM Future World Global Equity
- Partners Group Generations Fund
- Baillie Gifford Diversified Growth

Manager's voting and stewardship policies and procedures

Details of the managers voting and stewardship policies can be found in Appendix 1. In this review, the extent to which the investment managers make use of any proxy advisory and voting services was reviewed, in addition to the alignment to the scheme's stewardship priorities. The Trustee, through its investment advisor, are satisfied with the voting and policies/procedures of the investment managers. The Trustee aims to undertake a review of the Scheme's stewardship priorities over the coming Scheme year and will aim to review whether or not the investment managers' stewardship priorities are aligned with these.

Voting statistics

The table below sets out the key statistics on voting eligibility and action over the year.

Statistic	LGIM Future World Global Equity and LGIM Future World Global Equity Index - GBP Hedged	Partners Group Generations ¹	Baillie Gifford Diversified Growth
Number of equity holdings	3,024	63	54
Meetings eligible to vote at	5,067	69	97
Resolutions eligible to vote on	54,368	959	1,061
Proportion of eligible resolutions voted on (%)	99.9	100.0	97.9
Votes with management (%)	80.4	95.0	95.8
Votes against management (%)	18.6	2.3	3.3
Votes abstained from (%)	1.0	2.3	1.0
Meetings where at least one vote was against management (%)	63.3	20.0	22.7
Votes contrary to the recommendation of the proxy adviser (%)	10.5	1.0	N/A

Source: Scheme's underlying investment managers. ¹Partners Group Generation Fund only produces PLSA data biannually, therefore the data shown is to December 2022.

The Trustee is generally satisfied with the level of voting activity that has been undertaken.

The Partners Generations fund is an alternative investment fund whereby the Partners Group often hold controlling positions in its invested companies. As a result of this, the Partners Generations fund tends to have a lower proportion of votes against management due to their ability to influence management decisions.

Significant votes over the reporting year

The Trustee, through their investment advisers, reviewed the significant votes cast by the investment managers and assessed these votes against the Scheme's stewardship priorities. Where the managers significant votes do not align with the Scheme's stewardship priorities the managers voting behaviour will be queried.

The Trustee have interpreted "most significant votes" to mean their choices from an extended list of "most significant votes" provided by each of the investment managers following the PLSA guidance provided.

Where possible, the Trustee, through their investment advisor, have selected significant votes which incorporate financially material ESG factors. Votes have also been selected, where possible, to include

different ESG considerations. The Scheme's classification of a significant vote generally aligned with the reviewed funds over the Scheme year.

A cross section of the most significant votes cast is contained in Appendix 2.

6. Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

LGIM

LGIM have refrained from directly commenting on which of the conflicts of interest, detailed above, they are impacted by within the selected funds. This refusal for a direct comment on the selected funds was raised by the Trustee. In place of providing a direct response, LGIM referred Trustee to their conflicts of interest policy, which includes several examples of conflicts and how these might be managed.

This is available here:

<https://www.lgim.com/api/epi/documentlibrary/view?id=1116980ea5bf43fa9801c212be73f487&old=literature.html?cid=> The Trustee have received a copy of the conflicts of interest policy.

Partners Group

With regards to Partners Group's listed exposure, to the best of their knowledge, they are not affected by points 1, 3, 4 and 5. With regards to point 2, Partners Group notes that for direct investments in private equity and private infrastructure they typically look to acquire companies where they have a majority equity position, and control of that business (70-90%+ equity). With this, Partners Group appoint their senior employees (such as senior investment professionals) to take positions on the boards of the companies. In addition, Partners Group would also appoint operating Directors. The Trustee are of the view this is appropriate for this asset class.

Baillie Gifford

Baillie Gifford has provided the following responses to the above conflicts of interest.

1. Baillie Gifford provides services to a wide variety of clients and has a large number of suppliers/service providers, which may include issuers of securities that Baillie Gifford may recommend for purchase or sale. In both cases it is Baillie Gifford's general policy not to consider that an issuer is their client, service provider, or supplier when making investment decisions. Baillie

Gifford believes it would not be in the interests of clients generally to exclude such issuers from a client portfolio unless the client instructs Baillie Gifford to the contrary.

2. Baillie Gifford have disclosed that James Anderson, Baillie Gifford partner, serves as the Non-Executive Chair of Kinnevik AB, as well as being a member of the Nomination Committee. James has recused himself from any investment discussions and decisions about Kinnevik and its underlying investments.

In addition, at Schibsted ASA, Kinnevik AB and Adevinta ASA, Spencer Adair, Lawrence Burns and Chris Davies respectively, Baillie Gifford partners and/or fund managers are members of the Nomination Committee. It is market practice in Scandinavia for representatives of a company's largest shareholders to make up the committee.

Within Baillie Gifford, any decisions with material relevance are made in conjunction with multiple members of the portfolio construction group ensuring robust discussion and debate. As the Nomination Committee is not a board committee, members do not have a vote on substantive company policies or actions. We support the opportunity to be more closely involved in the governance and stewardship of one of our clients' holdings.

3. None disclosed to Compliance.
4. Clients sign up to individual strategies' philosophies which may result in different voting decisions. Therefore, voting according to each strategy's philosophy is in line with clients' expectations, so this is not deemed a conflict of interest.
5. For pooled fund clients, Baillie Gifford hold voting rights on all shares and do not provide clients with the ability to vote differently. Thus, for pooled clients this conflict does not apply.

Appendix 1 – Investment manager voting policies and procedures

LGIM voting policies and process

LGIM's Investment Stewardship team make all voting decisions, in accordance with LGIM's 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.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of IVIS to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any voting decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their 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.

Partners Group voting policies and process

Where Partners Group's client accounts contain listed equity securities in dedicated programs/allocation buckets ("Liquid Private Markets investments") and Partners Group has discretion to vote on a proxy stemming from such securities (a "Proxy Request"), Partners Group will make a decision on such Proxy Requests to protect and promote the economic value of the securities held in such client accounts.

Proxy Requests related to Liquid Private Markets investments may be administered by third party service providers (currently, Glass Lewis). These service providers will follow Partners Group's Proxy Voting Directive in all instances. Should a voting recommendation by a service provider be against the recommendation by the respective company's management, Partners Group will vote manually on those proposals.

In certain circumstances, Partners Group receives Proxy Requests for publicly traded securities. When such Proxy Requests arise, the recipient, typically the respective investment team or Partners Group Guernsey serving as administrator, will forward it to be reviewed and evaluated by Transactions Services together with the relevant investment team and/or the relevant Investment Committee. Partners Group have a group form which seeks to ensure that all Proxy Requests, included in the broader term 'corporate actions', are reviewed and processed in a timely manner.

Baillie Gifford voting policies and process

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. Baillie Gifford do not regularly engage with clients prior to submitting votes.

Baillie Gifford believe that voting should be investment led, because how they vote is an important part of the long-term investment process. The ability to vote on their clients' shares also strengthens their position when engaging with investee companies.

Baillie Gifford do not outsource any part of the responsibility for voting to third-party suppliers. They utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their ESG Principles and Guidelines and endeavour to vote every one of their clients' holdings in all markets. Whilst they are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource any of their stewardship activities or rely upon their recommendations when deciding how to vote. All client voting decisions are made in-house. Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies. They also have specialist proxy advisors in the Chinese and Indian markets to provide more nuanced market specific information.

Appendix 2 – Most significant votes

The tables below set out a cross section of significant votes undertaken by the investment managers of the funds held by the Scheme. Information on further significant votes undertaken by the Scheme’s investment managers has been reviewed by the Trustee through their investment adviser.

LGIM Future World Global Equity and LGIM Future World Global Equity Index - GBP Hedged

Company Name	Amazon.com, Inc.	Alphabet Inc.
Date of Vote	May 2022	June 2022
Summary of the resolution	Elect Director Daniel P. Huttenlocher	Report on Physical Risks of Climate Change
Stewardship priority	Governance	Environment
Size of the holding (% of portfolio)	1.7	0.9
How the firm voted	Against	For
Was the vote against management and was this communicated beforehand?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.
On which criteria has the vote been deemed as ‘significant’?	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and public call for high quality and credible transition plans to be subject to a shareholder vote.
Outcome of the vote	The vote passed (93.3% for)	The vote did not pass (17.7% for)
Does the trustee/ asset manager intend to escalate stewardship efforts?	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Source: LGIM

Partners Group Generations

Partners Group did not provide details of votes undertaken as a result of the equity holdings as these were deemed to not constitute a large enough size of the Fund. However, Partners Group were able to provide examples of ESG efforts where they control the Board. We have provided two examples below.

Axia Women's Health

Axia Women's Health has improved its quality of care and clinical outcomes, providing a superior and convenient patient experience, exhibiting a reduction in hospital days per patient to 2.1 days, alongside a 10.9% reduction in c-section rates, and a 67.8 net promoter score.

The company has also launched its first sophisticated employee engagement survey with 73% participation and will use the results to craft specific employee engagement initiatives.

Furthermore, Axia Women's Health has established a Risk & Audit committee (including cybersecurity), while ensuring ownership and accountability at executive and board level, and establishing a cyber baseline with regular reporting.

Pharmathen

In May 2022, Pharmathen launched a sustainability assessment with EcoVadis. The results will be incorporated into Pharmathen's ESG Strategy. The company has a strong ESG culture as reflected in its core mission of making a positive impact on the lives of people by ensuring that they enjoy better health.

Source: Partners Group

Baillie Gifford Diversified Growth

Company Name	CBRE GROUP, INC.	LYFT, INC.
Date of Vote	May 2022	June 2022
Summary of the resolution	Lower the shareholder threshold to call a special meeting	Request for additional reporting on lobbying activities
Stewardship priority	Governance	Social
Size of the holding (% of portfolio)	6.2	0.9
How the firm voted	Against	For
Was the vote against management and was this communicated beforehand?	The vote was against management but was not communicated beforehand.	The vote intention was not communicated beforehand.
On which criteria has the vote been deemed as 'significant'?	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Outcome of the vote	The vote did not pass	The vote did not pass
Does the trustee/ asset manager intend to escalate stewardship efforts?	Baillie Gifford intend to follow up with the company to speak about governance developments.	Lyft has updated its policy on lobbying to add information on board oversight, management governance and a brief trade association policy but it does not meet the oversight and disclosure standards set. Therefore, Baillie Gifford believe Lyft can go further with disclosures.

Source: Baillie Gifford