

Implementation Statement, covering 1 April 2021 to 31 March 2022 (the “Plan Year”)

The Trustee of the Morrison Pension and Life Assurance Plan (the “Plan”) 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.

The Statement does not include the Plan’s Additional Voluntary Contribution (“AVC”) arrangements, as the AVCs are not considered significant in relation to the overall investments of the Plan.

The SIPs in place during the Scheme Year were:

- the SIP dated September 2020 for the period between 1 April 2021 to September 2021; and
- the SIP dated September 2021 for the period between September 2021 and 31 March 2022.

The latest version of the SIP is available here: <https://www.awg.com/siteassets/reports/mplap-statement-of-investment-principles-2021.pdf>

1. Introduction

The SIP was reviewed and updated during the Plan Year in September 2021. This SIP was updated to reflect the change in investment strategy implemented in the second half of 2020 and early 2021. This involved a reduction of the Plan’s strategic allocation to growth assets from 55.8% to 25.0%, and a corresponding increase to matching assets from 44.2% to 75.0%.

There were no changes to the voting and engagement policies in the SIP. 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 Plan’s voting and engagement policies, in each of the Plan’s SIPs during the Plan Year, for the relevant period that each SIP was in force, 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 a number of steps to review the Plan’s existing managers and funds over the period, 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 Plan’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

Over the Plan Year the Trustee carried out several actions (set out below) to monitor its managers’ approaches to climate change, ESG and stewardship as financially material considerations and further its own understanding of these issues within the Plan’s investments:

- Between August and September 2021, the Trustee received three training sessions from LCP (its investment adviser) covering responsible investment; climate change and net zero; and stewardship to keep up with the latest developments and best practice in this area.
- In October 2021 the Trustee, through LCP, began collecting data on climate-related metrics from its investment managers and monitoring these metrics on a quarterly basis as part of the regular quarterly reporting provided by LCP. In January 2022, this exercise was expanded to a list of 12 sustainability related metrics consistent with the list published by the Investment Consultants Sustainability Working Group (ICSWG). As part of this LCP communicated to the Plan’s public equity / debt investment managers the ICSWG’s expectation that they should be able to report on the 12 metrics, or be working towards being able to report on them as soon as possible. For other asset classes, they communicated the expectation that investment managers should be able to report equivalent metrics, to the extent relevant.

- In January 2022, the Trustee agreed a policy on “Sustainable Investing”. This sets out the Trustee’s belief that sustainability factors such as the Environment (including Climate Change), Social impacts and Governance (ESG) factors can be financially material risks to the Plan. The policy also sets out how these risks are to be managed, along with specific policies on Climate and Stewardship. This policy builds on the Trustee’s existing policies within its SIP and is set out in a separate document.
- In January 2022, the Trustee also agreed a commitment to aim for the Plan’s assets to have net-zero carbon emissions by no later than 2040. UK government bond exposure is currently excluded from this commitment given the UK government targets a net-zero date of 2050, as it is a critical component in managing the Plan’s interest rate and inflation risks.
- On a quarterly basis, the Trustee reviews LCP’s sustainable investment (SI) scores for the Plan’s existing managers and funds, along with LCP’s qualitative SI assessments for each fund and red flags for any managers of concern. These scores cover each manager’s 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 2022. The Trustee monitors this information, as well as progress that managers have made in signing up to industry wide initiatives including the UK Stewardship Code 2020 and the Net Zero Asset Managers Initiative, on an ongoing basis as part of the regular quarterly reporting provided by LCP.
- Additionally, the Trustee received quarterly updates on ESG and Stewardship related issues from LCP during the Plan Year. It also received ad-hoc briefings on key industry developments including regulatory updates.

3. Description of voting behaviour during the Plan 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 Trustees itself has not used proxy voting services over the year.

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

- LGIM UK Equity Index Fund
- LGIM Future World Fund
- Schroder Life Global Emerging Markets Fund
- Schroder Life Diversified Growth Fund
- First Sentier Global Listed Infrastructure Fund
- Newton Real Return Fund

In addition to the above, the Trustee contacted the Plan’s other asset managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the year. Commentary provided from these managers is set out in Section 3.4.

3.1 Description of the voting processes

3.1.1 LGIM

LGIM’s voting and engagement activities are driven by 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 the Investment Stewardship team. LGIM also takes into account client feedback received at regular meetings and / or ad hoc comments or enquiries.

All 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 voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM’s stewardship approach flows smoothly

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 vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. Its use of ISS recommendations is purely to augment its 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 that it receives from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes in accordance with LGIM's position on ESG, it has put in place a custom voting policy with specific voting instructions. LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its 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 that require further action.

3.1.1 Schroders

As active owners, Schroders recognises its responsibility to make considered use of voting rights. It therefore votes on all resolutions at all AGMs/EGMs globally, unless restricted from doing so (eg as a result of share blocking). Schroders aims to take a consistent approach to voting globally, subject to regulatory restrictions, which is in line with its published ESG policy.

The overriding principle governing Schroders voting is to act in the best interests of its clients. Where proposals are not consistent with the interests of shareholders and clients, Schroders is not afraid to vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example, where a company has taken steps to address shareholder issues.

Schroders evaluates voting resolutions arising at investee companies and, where it has the authority to do so, votes on them in line with its fiduciary responsibilities and in what Schroders deems to be in the interests of clients. The Corporate Governance specialists assess each proposal, applying Schroders' voting policy and guidelines (as outlined in the Environmental, Social, and Governance Policy) to each agenda item.

In applying the policy, Schroders considers a range of factors, including the circumstances of each company, long-term performance, governance, strategy, and the local corporate governance code. Specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Schroders' research is also integral to the process; this is conducted by both financial and Sustainable Investment analysts.

3.1.2 First Sentier

First Sentier's Global Listed Infrastructure team does not have a formal policy in relation to consulting with clients before exercising proxy voting rights.

First Sentier's Global Listed Infrastructure investment team votes on all issues at company meetings where it has the authority to do so. First Sentier believes that voting rights are a valuable asset which should be managed with the same care and diligence as any other asset. Ultimately shareholders' ability to influence management depends on shareholders' willingness to exercise those rights.

Recommendations are sought from a selection of independent corporate governance research providers; however, First Sentier's investment teams retain full control of their voting decisions. When First Sentier intends to vote against a proposal, it may choose to make representations to a company prior to the vote, so that appropriate consultation may take place with a view to achieving a satisfactory solution.

First Sentier has an approval and escalation process for proxy votes, and maintains records when it votes against management or against the recommendations of the proxy voting advisors (Glass Lewis).

3.1.3 Newton

Where Newton plans to vote against management on an issue, it often engages with the company in order to provide an opportunity for its concerns to be allayed. In such situations, it would not be a surprise should Newton vote against. Newton only communicates its voting intentions ahead of the meeting direct to the company and not to third parties. Newton does alert a company regarding an action it has taken at their annual general meeting (AGM) through an email, to explain its thought process. Newton then often holds a call with the board/investor

relations teams to gain a better understanding of the situation and communicate further. This can often be in tandem with the sponsoring global industry analyst.

Overall, Newton prefers to retain discretion in relation to exercising its clients' voting rights and has established policies and procedures to ensure the exercise of global voting rights. Newton believes the value of its clients' portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights. Newton's understanding of a company's fundamental business enables it to assess the appropriate balance between the strict application of corporate governance policies and taking into account a company's unique situation.

Newton's Head of Responsible Investment (RI) is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. Newton does not maintain a strict proxy voting policy. Instead, Newton prefer to take into account a company's individual circumstances, investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices.

Voting decisions are approved by either the Deputy Chief Investment Officer or a senior investment team member (such as the Head of Global Research). For the avoidance of doubt, all voting decisions are made by Newton.

It is only in the event of a material potential conflict of interest between Newton, the investee company and/or a client that the recommendations of the voting service used (ISS) will take precedence.

3.2 Summary of voting behaviour over the Plan Year

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

	LGIM UK Equity Index Fund	LGIM Future World Fund	First Sentier Global Listed Infrastructure Fund	Newton Real Return Fund	Schroder Life Diversified Growth Fund	Schroder Life Emerging Market Fund
Total size of fund at 31 March 2022	£18,537m	£6,571m	£1,687m	£5,227m	£2,801m	£259m
Approximate value of Plan's assets (% of total assets) as at 31 March 2022	£3.0m (1.2%)	£5.9m (2.4%)	£12.0m (4.8%)	£9.6m (3.9%)	£9.9m (4.0%)	£2.1m (0.8%)
Number of equity holdings as at 31 March 2022	566	1,569	45	79	1,394	N/A
Number of meetings eligible to vote	772	2,621	53	98	1,932	170
Number of resolutions eligible to vote	10,813	32,190	668	1,476	22,236	1,849
% of resolutions voted	100.0%	99.8%	100.0%	99.2%	95.2%	96.6%
% of resolutions voted with management	93.1%	80.8%	87.0%	83.9%	90.4%	94.0%
% of resolutions voted against management	6.9%	18.2%	10.0%	16.1%	9.0%	6.0%
% of resolutions abstained	0.0%	1.0%	3.0%	0.0%	0.6%	5.4%
% of meetings with at least one vote against management	43.6%	70.5%	36.0%	47.0%	39.5%	33.5%
% of resolutions, on which there was a vote, was the vote contrary to the recommendation of a proxy adviser	5.4%	12.1%	5.0%	11.7%	2.8%	3.5%

Figures may not sum due to rounding.

3.3 Most significant votes over the year

Commentary on the most significant votes over the period is set out below. We have interpreted "most significant votes" to be the votes that corresponded to the largest holdings of each of the Funds. These votes are selected from a subset of the votes that were provided by managers. Where managers have provided less than three significant votes, we have listed them all.

Vote	1	2	3	4	5	6	7	8	9	10	11	12
Fund	LGIM UK Equity Index Fund	LGIM UK Equity Index Fund	LGIM Future World Fund	LGIM Future World Fund	First Sentier Global Listed Infrastructure Fund	First Sentier Global Listed Infrastructure Fund	Newton Real Return Fund	Newton Real Return Fund	Schroder Life Diversified Growth Fund	Schroder Life Diversified Growth Fund	Schroder Life Emerging Market Fund	Schroder Life Emerging Market Fund
Company name	Informa Plc	The Sage Group Plc	Microsoft Corporation	Apple Inc	American Tower	AENA	AstraZeneca Plc	Linde Plc	Amazon Inc	JPMorgan Chase & Co.	Kalbin	Ternium
Summary of the voting matter	To approve remuneration policy and re-election of committee members	To re-elect a director	To elect director	Report on Civil Rights Audit	Shareholder proposal regarding the ownership threshold required to call a special meeting	Vote on climate action plan	To approve executive remuneration policy, elect members of the remuneration committee and new share plan	To elect director, ratify named Executive Officers' compensation and ratify auditors	Report on Customers' Use of its Surveillance and Computer Vision Products Capabilities or Cloud Products Contribute to Human Rights Violations	Report on Racial Equity Audit	Board Election	Board Election
Vote cast	Against	Against	Against	For	For	Against	Against all	Against all	For	For	Against	Against
Summary of reason for voting decision	Lack of action on persistent concerns from shareholders over the senior executive remuneration policy	Lack of progress on gender diversity	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight	LGIM supports proposals relating to diversity and inclusion policies as it considers these issues to be a material risk to companies	Supporting minority shareholder rights	Proposed plan lags best practice, despite improvement	Inadequate justification for significant increase to variable pay awards granted to senior executives	Concerns that remuneration policy lacked alignment with performance, benefits awarded to the CEO (eg personal aircraft use) and lack of independence of the auditor	Given the negative media attention and lawsuits around the use of Rekognition software, etc an independent report would provide investors with an assessment of the effectiveness of the company's policies.	The company's reputation has been damaged due to recent controversies relating to the issue. Schroder is supportive of an audit that would help the company identify and address any remaining gaps or areas of development in its current approach.	Lack of independence and gender diversity on the board	75% of the board have tenures over 15 years, as well as a lack of gender diversity.
Outcome	3 out of 4 passed	Passed	Passed	Passed	Failed	Passed	Passed	Passed	Failed	Failed	Passed	Passed

3.4 Votes in relation to assets other than listed equity

Barings stated that where its fund holds equities, these holdings are often as a result of restructurings of a company and the holding will usually be in unlisted equities. As a result, usual proxy voting mechanisms are not applicable.

4. Overview of managers Responsible Investment initiatives

The following of the Plan's managers are signatories to the **UK Stewardship Code 2020**: LGIM, Barings, First Sentier, Newton, Schroders.

The following of the Plan's managers are signatories to the **United Nations' Principles for Responsible Investment**: LGIM, Barings, First Sentier, Newton, Schroders, Permira.