

Implementation Statement

Martin-Baker Pension Scheme

Scheme year ended 30 September 2022

Purpose of this statement

This implementation statement has been produced by the Trustees of the Martin-Baker Pension Scheme (“the Scheme”) to set out the following information over the year to 30 September 2022:

- how the Trustee’s policies on exercising rights (including voting rights) and engagement activities have been followed over the year; and
- the voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme’s investment managers. As at 30 September 2022, the following investment managers were appointed by the Trustees to carry out the day-to-day investment of the Scheme assets:

- Legal and General Investment Management (“L&G”)
- Abrdn
- M&G Investments

Set out below is a table of the Scheme’s funds:

Asset class	Fund name
Equities	L&G Global Equity (60:40) Index Fund
Diversified growth	Abrdn Diversified Growth Fund
Property	M&G Investments Property Fund
Corporate bonds	M&G Investments Long Dated Corporate Bond Fund
Gilts	L&G Over 5 Year Index-Linked Gilts Index Fund

Based on the information provided by the Scheme's investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- The Trustees undertook an initial review of the stewardship and engagement activities of the current managers at their 5 November 2019 meeting, and were satisfied that their policies were reasonable and no remedial action was required at that time.
- The Trustees receive Environmental, Social and Governance (ESG) reports from their investment managers and review the reports when received. Any areas of concern would be raised with the relevant investment manager.
- The Trustees considered the appointment of a new manager for a multi-asset mandate over the year and stewardship and voting policies were considered as part of the manager selection exercise, alongside all other material factors.
- Annually the Trustees receive and review voting information and engagement policies from the asset managers, which they review to ensure alignment with their own policies. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests. This exercise was undertaken in November 2022.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities as follows:

"The Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses."

The SIP was last reviewed in November 2022 and has been made available online here:

<http://www.martinbakerpensions.com/statement-of-investment-principles/>

There were no changes to the stewardship policy over the year.

The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund manager is in alignment with the Scheme's stewardship policies.

**Prepared by the Trustees of the Martin-Baker Pension Scheme
November 2022**

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 30 September 2022. The property, corporate bond and gilt funds with M&G and L&G have no voting rights and limited ability to engage with key stakeholders given the nature of the mandates.

Manager	Abrdn	L&G
Fund name	Diversified Growth Fund	Global Equity (60:40) Index Fund
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
No. of eligible meetings	610	3,231
No. of eligible votes	8,640	41,030
% of resolutions voted	97.3%	99.8%
% of resolutions abstained¹	0.6%	0.1%
% of resolutions voted with management¹	86.2%	82.0%
% of resolutions voted against management¹	13.2%	17.9%
Proxy voting advisor employed	ISS where Abrdn have a bespoke policy in place	L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G
% of resolutions voted against proxy voter recommendation	9.7%	12.1%

¹ As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a “significant” vote, so for this Implementation Statement the Trustee has asked the investment managers to determine what they believe to be a “significant vote”.

Abrdn and L&G have provided votes which they believe to be significant, and in the interest of concise reporting the tables below show 9 of these votes for each fund. Both managers publish their voting record online:

- Abrdn: <https://www.abrdn.com/en/uk/investor/responsible-investing/voting>
- L&G: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

A summary of the significant votes provided is set out below.

Abrdn, Diversified Growth Fund, table 1 of 3

	Vote 1	Vote 2	Vote 3
Company name	Lundin Energy AB	Rio Tinto Plc	Walmart Inc.
Summary of the resolution	Re-elect Ian H. Lundin and Alex Schneider as Directors	Accept Financial Statements and Statutory Reports	Report on Impacts of Restrictive Reproductive Healthcare Legislation
How the manager voted	Abstain	Abstain	Abstain
Rationale for the voting decision	<p>In November 2021, the Swedish Prosecution Authority announced that Ian Lundin and Alex Schneider had been indicted in a long running investigation into the company’s complicity in war crimes in Southern Sudan between 1997-2003. While the case is yet to go to court, Abrdn engaged with the company to discuss their positions on the board. Abrdn recommended to the Nomination Committee that Ian step down from the Committee to limit the conflict of interest, that a new Chair be elected as soon as practicable and that further consideration be given to whether it was tenable for Ian or Alex to remain on the board while charged given the reputational risk and the time commitment needed for the case. Soon after this engagement, the company announced the proposed combination of Lundin’s oil and gas business with Aker BP. The company has recently</p>	<p>Abrdn are supportive of the work that the company has undertaken in both issuing the Broderick Report, facilitating engagement with its executive team & Chair, and the action plan put in place to address the areas in the report. However, in light of the severity and nature of the report’s findings, they believe that it would not be reflective of their clients’ interests to support the financial statements and statutory reports. On this basis Abrdn abstained on this resolution.</p>	<p>While Abrdn recognize the potential risks that a change in legislation could pose, the nature of the proposal makes it unclear as to how the company could quantify and report on such risks. The company currently provides access to affordable healthcare coverage options for its salaried, full-time, part-time, and temporary associates, and a number of other benefits. Abrdn encourage it to take the steps it deems necessary to uphold this commitment and be prepared for potential legislative change.</p>

	Vote 1	Vote 2	Vote 3
	announced the board composition of the renewables business, and Abrdn note that neither Ian nor Alex will sit on the board. Given the need for continuity until the transaction is complete, Abrdn consider an abstention to be appropriate.		
	Abrdn deems these votes significant because they:		
Criteria on which the vote is considered "significant"	<ul style="list-style-type: none"> • Focus on votes which received public and press interest with a focus on their large, active holdings • Focus on votes which reflect significant governance concerns regarding the company • Are resolutions proposed by Abrdn 		

Abrdn, Diversified Growth Fund, table 2 of 3

	Vote 4	Vote 5	Vote 6
Company name	The TJX Companies, Inc.	Onex Corporation	Brookfield Asset Management Inc.
Summary of the resolution	Report on Risk Due to Restrictions on Reproductive Rights	Report on Indigenous Community with Certified External Indigenous-Led Standards of Practice	Set Emission Reduction Targets
How the manager voted	Abstain	For	Against
Rationale for the voting decision	While Abrdn recognize the potential risks that a change in legislation could pose, the nature of the proposal makes it unclear as to how the company could quantify and report on such risks. The company currently provides a range of health benefits and has stated its commitment to inclusion and diversity. Abrdn encourage it to take the steps it deems necessary to uphold this commitment and be prepared for potential legislative change.	Abrdn are supportive of the diversity and inclusion council the company has initiated. However, they do not feel that this fully covers the practices required to ensure the company has a positive impact on indigenous communities within its spheres of influence. A vote in favour of this resolution will encourage more robust standards.	Abrdn welcome Brookfield's participation in the Net-Zero Asset Management initiative and its commitment to setting targets aligned with the initiative's aims. They believe that this course, given the business' core activities, is more appropriate than aligning to the Net-Zero Asset Owner Alliance. Therefore Abrdn do not believe support for the proposal is warranted at this time.
Criteria on which the vote is considered "significant"	<p>Abrdn deems these votes significant because they:</p> <ul style="list-style-type: none"> • Focus on votes which received public and press interest with a focus on their large, active holdings • Focus on votes which reflect significant governance concerns regarding the company 	<p>Abrdn deems these votes significant because they:</p> <ul style="list-style-type: none"> • Votes on shareholder E&S proposals where Abrdn have engaged with the proponent or company on the resolution • Votes on management-presented E&S proposals • Focus on shareholder proposals where Abrdn have voted contrary to management recommendations 	

Vote 4

Vote 5

Vote 6

- Are resolutions proposed by Abrdn

Abrdn, Diversified Growth Fund, table 3 of 3

Vote 7

Vote 8

Vote 9

Company name	Campbell Soup Company	Campbell Soup Company	American Water Works Company, Inc.
Summary of the resolution	Adopt Simple Majority Vote	Allow Shareholder Meetings to be Held in Virtual Format	Report on Third-Party Racial Equity Audit
How the manager voted	For	For	For
Rationale for the voting decision	Elimination of the supermajority vote requirement would enhance shareholder rights.	The proposal would allow the company the flexibility to extend its policy which provides for hybrid annual shareholder meetings to include special shareholder meetings, ensuring shareholders have a means to attend shareholder meetings in circumstances where in-person attendance is limited or not permitted, without eliminating in-person attendance.	The Company has introduced a number of diversity and inclusion initiatives and has plans for more in future. Abrdn support the company in these efforts and believe the proposed report would help shareholders and management to assess their efficacy and identify specific areas for improvement.
Criteria on which the vote is considered "significant"	<p>Abrdn deems these votes significant because they:</p> <ul style="list-style-type: none"> • Votes on shareholder E&S proposals where Abrdn have engaged with the proponent or company on the resolution • Votes on management-presented E&S proposals • Focus on shareholder proposals where Abrdn have voted contrary to management recommendations 		

L&G, Global Equity (60:40) Index Fund, table 1 of 3

Vote 1

Vote 2

Vote 3

Company name	Royal Dutch Shell Plc	BP Plc	Apple Inc.
Summary of the resolution	Approve the Shell Energy Transition Progress Update	Approve Net Zero - From Ambition to Action Report	Report on Civil Rights Audit
How the manager voted	Against	For	For
Rationale for the voting decision	L&G acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as	While L&G note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, L&G expects companies to set a credible	A vote in favour is applied as L&G supports proposals related to diversity and inclusion policies as they consider these

	Vote 1	Vote 2	Vote 3
	well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, they remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened.	issues to be a material risk to companies.
Implications of the outcome	L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	L&G considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	L&G considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	L&G views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

L&G, Global Equity (60:40) Index Fund, table 2 of 3

	Vote 4	Vote 5	Vote 6
Company name	Microsoft Corporation	Amazon.com, Inc.	Spirax-Sarco Engineering PLC
Summary of the resolution	Elect Director Satya Nadella	Elect Director Daniel P. Huttenlocher	Re-elect Jamie Pike as Director
How the manager voted	Against	Against	Against
Rationale for the voting decision	L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight	A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	A vote against is applied as the company has an all-male Executive Committee.
Implications of the outcome	L&G will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.		
Criteria on which the vote is considered "significant"	A vote linked to an L&G engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes	L&G pre-declared its vote intention for this resolution, demonstrating its significance.	L&G views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

L&G, Global Equity (60:40) Index Fund, table 3 of 3

	Vote 7	Vote 8	Vote 9
Company name	Informa Plc	Meta Platforms, Inc.	NatWest Group Plc
Summary of the resolution	Re-elect Helen Owers and Stephen Davidson as Director; Approve Remuneration Report; Approve Remuneration Policy	Require Independent Board Chair	Approve Climate Strategy
How the manager voted	Against all four resolutions	For	Against
Rationale for the voting decision	<p>L&G has noted concerns about the company’s remuneration practices for many years. The Remuneration Policy was put to a vote again at this AGM, with the main changes being the re-introduction of the performance-based Long-Term Incentive Plan (‘LTIP’), which was to be approved through a separate resolution, and will come into force from 2024. Although this is a positive change, the post-exit shareholding requirements under the policy do not meet L&G’s minimum standards and, with regard to pensions, it is unclear whether reductions will align with the wider workforce.</p>	<p>A vote in favour is applied as L&G expects companies to establish the role of independent Board Chair.</p>	<p>A vote against is applied as L&G expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.</p>
Implications of the outcome	L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered “significant”	<p>L&G considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of Remuneration (escalation of engagement by vote).</p>	<p>L&G considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).</p>	<p>L&G considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p>

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's gilts funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown. The engagement information of the M&G Property Fund is also not shown because the Fund is in the process of winding-up.

Manager	Legal and General	Abrdn	M&G Investments
Fund name	Global Equity (60:40) Index Fund	Diversified Growth Fund	Long Dated Corporate Bond Fund
Number of entities engaged on behalf of the holdings in this fund in the year	381	Not available	9
Number of entities engaged at firm level in the year	576	2,585*	134

* Abrdn provides updates on engagement statistics on annual basis. The total number of engagements quoted related to the 12-month period to 31 December 2021.

Examples of firm level engagement activity undertaken over the year to 30 September 2022

Legal and General

Sainsbury's

L&G co-filed a shareholder resolution with ShareAction, calling on Sainsbury's to become a living-wage accredited employer by its AGM in 2023. Although Sainsbury's is currently paying higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to become living-wage accredited.

L&G decided to co-file this resolution because of Sainsbury's decision to split its London employees into 'inner' and 'outer' London, with those in 'outer' London paid less than the real living wage of £11.05 per hour ('outer' London employees were offered £10.50 per hour). Although the hourly rate differential appears small, when multiplied by the total hours worked, this would make a material impact on affected employees' ability to meet the demands of the cost-of-living crisis as inflation costs soar and the economy struggles to recover from the effects of the COVID-19 pandemic.

L&G were delighted to see that on 8 April 2022, Sainsbury's announced that it would increase the wages of their 'outer' London employees to match their 'inner' London employees.

Abrdn

Megaport (Australia)

At the company's AGM in October 2021, the company sought shareholder approval to grant 100,000 options to three non-executive directors (NEDs). Abrdn do not generally support the grant of options to NEDs as this is not

in line with local market guidance and the grants may impact the directors' independent judgement. Abridn engaged with the company to express their concerns and voted against the proposals. These resolutions failed, with 57% of votes against.

M&G Investments

HSBC

M&G met with the head of IR and the global head of climate aligned finance of global banking group HSBC to outline the requirements of M&G's coal position statement, to explain what they would like to see included in the bank's targets, and to encourage it to consider additional commitments at the upcoming review of its own coal policy.

They outlined that they would like to see a timeline to zero coal being financed by 2030/2040, with quantitative targets set for the short and medium term. They also highlighted the need for the policy to include the mining of thermal coal, existing coal operations, as well as new, and lending to businesses which have coal within their portfolio. HSBC seemed receptive to the dialogue and were grateful to have the conversation at this point in its policy review.