

Implementation Statement

Martin-Baker Pension Scheme

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 2024:



How the Trustee’s policies on exercising rights (including voting rights) and engagement activities have been followed over the year;



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.



Conclusions

Based on the information received, the Trustees believe that the investment managers have acted in accordance with the Scheme’s policies on exercising rights (including voting rights) and engagement activities.

The Trustees are supportive of the engagement activities taken by the applicable investment managers over the period to encourage positive governance changes in the companies in which the investment managers hold debts.

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 August 2024 and has been made available online here:

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

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

The Trustees decided not to set stewardship priorities for the Scheme. The Scheme solely invests through pooled investment vehicles where the Scheme’s asset only represents a small proportion of the capital invested in the funds. The Trustees understand that they are constrained by the policies of the managers.

The Scheme currently does not hold any assets with voting rights attached. Given the Scheme’s progress towards buying-out its liabilities with an insurer, the Trustees have decided not to set stewardship priorities. However, the Trustees takes the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually.

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.

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

Asset class	Fund name
Property	M&G Investments Property Fund
Corporate bonds	M&G Investments Long Dated Corporate Bond Fund
Gilts and cash	L&G Over 5 Year Index-Linked Gilts Index Fund
	L&G Under 15 Year Index-Linked Gilts Index Fund
	L&G Over 15 Year Gilts Index Fund
	L&G Buy and Maintain Credit Fund
	L&G Sterling Liquidity 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.
- 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.

Prepared by the Trustees of the Martin-Baker Pension Scheme

November 2024

Voting data

There were no voting rights attached to any of the investments the Scheme held over the period covered by this statement, and so no voting data (including data on significant votes) is available for the period.

Fund level engagement

The table below provides a summary of the engagement activities undertaken by M&G and L&G on behalf of the bond funds over the year to 30 September 2023. Engagement activities are limited for the Scheme's gilt and cash 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	M&G	L&G
Fund name	Long Dated Corporate Bond Fund	Buy and Maintain Credit Fund
Number of engagements on behalf of the holdings in this fund in the year	3	413
Number of entities engaged at a firm level in the year	192	4,193

Examples of firm level engagement activity undertaken over the year to 30 September 2024

The table below provides an example engagement undertaken by M&G on behalf of the Long Dated Corporate Bond Fund, in addition to an example engagement undertaken by L&G at the firm-level.

Manager and mandate	Example engagement
Legal and General*	<p>Anglo American: In 2024, L&G engaged with Anglo American to advocate for a strategic restructuring of the company's portfolio. The focus was on prioritising copper and high-grade iron ore to enhance the value proposition of Anglo's world-class assets. This shift aimed to capitalise on commodities that are expected to benefit from the global energy transition while minimising exposure to those with uncertain long-term demand. Additionally, L&G sought to strengthen Anglo American's balance sheet through asset disposals to support the growth of its copper business.</p> <p>L&G initially presented its restructuring ideas to Anglo American in April 2024, shortly before BHP made a takeover offer for the company. L&G opposed the BHP offer, arguing it did not provide adequate value for shareholders and could hinder global copper growth. This stance was communicated publicly and to key executives at both companies. Subsequently, L&G was consulted by Anglo American on its defence strategy, leading to multiple discussions with senior management and board members during a critical decision-making period.</p> <p>On May 14, 2024, Anglo American announced a significant restructuring plan, which included exiting its platinum, diamond, metallurgical coal, and nickel businesses, as well as pausing investments in its Woodsmith mine. The board later rejected BHP's acquisition offer. The restructuring process is anticipated to take 18 to 24 months.</p> <p>As a result of this engagement, L&G has established a collaborative relationship with Anglo American's management and board. They plan to continue monitoring the progress of the portfolio restructuring and engage further on operational excellence, decarbonization efforts, and low-carbon ventures.</p>

Manager and mandate	Example engagement
M&G Investments	<p>Comcast Corp: M&G engaged with the North American multinational communications company Comcast Corp, encouraging the company to achieve at least 33% women on the Board.</p> <p>M&G sent a letter to the company commending their commitment to and progress on Board diversity to date. Specifically, M&G encouraged the company to aim to have at least 33% women on the Board. In the letter M&G stated that they would be happy to set up a meeting to discuss their expectations and have a wider discussion around their diversity and inclusion practices. M&G also specifically asked questions on whether the company has plans to produce a gender pay gap report and to update them on progress of workforce diversity targets.</p>

**L&G only provide firm-level examples, rather than fund-specific examples*