

Miele Pension and Life Assurance Scheme Implementation Statement

Purpose

This statement provides information on how, and the extent to which, the Trustees' policies in relation to the exercising of rights (including voting rights), attached to the Scheme's investments, and engagement activities have been followed during the year ended 31 December 2020 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

In Q1 2019, the Trustees received training on Environmental, Social and Governance ("ESG") issues from their Investment Adviser, XPS Investment ("XPS") and discussed their beliefs around those issues. This enabled the Trustees to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers' own equivalent policies. The Trustees' new policy was documented in the updated Statement of Investment Principles dated 28 September 2020.

The Trustees' updated policy

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Scheme. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns. The Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

The Trustees have considered their approach to environmental, social, and corporate governance ("ESG") factors for the long term time horizon of the Scheme and believe there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers. The Trustees require the Scheme's Investment Managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers. The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation, then the Trustees may consider terminating the relationship with that Investment Manager.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually. Stewardship and ESG matters are therefore regularly discussed at Trustees' meetings.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees were satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree, whilst acknowledging that improvements could be made.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to public equities and investments in equities will also form part of the strategy for the multi asset fund in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is presented in the rest of this document. These summaries have been provided by the investment managers and any reference to our, we etc relates to the manager:

M&G Investments

Voting Information
M&G Investments Episode Income Fund
The manager voted on 98.16% of resolutions of which they were eligible out of 1302 eligible votes.
Investment Manager Client Consultation Policy on Voting
Voting decisions are taken in the best interests of clients and decision-making takes into account a wide range of factors. Whilst we do not solicit clients' views, we would take them into account should they be known to us.
Investment Manager Process to determine how to Vote
An active and informed voting policy is an integral part of our investment philosophy. In our view, voting should never be divorced from the underlying investment management activity. By exercising our votes, we seek both to add value to our clients and to protect our interests as shareholders. We consider the issues, meet the management if necessary, and vote accordingly.

How does this manager determine what constitutes a 'Significant' Vote?

Under the Shareholder Rights Directive II, M&G is required to report on its stewardship activities, including proxy voting and the identification of significant votes. We have therefore determined our own definition of significant votes following internal discussion and consideration of external guidance. For the purposes of reporting to clients under the requirements of pensions regulations we have typically disregarded our 3% shareholding criterion.

Does the manager utilise a Proxy Voting System? If so, please detail

We use research provided by ISS and the Investment Association; and we use the ProxyEdge from ISS voting platform for managing our proxy activity.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Apple inc	Freedom of expression and access to information	For	Not in a position to provide
Not in a position to provide			
HSBC	Approve Remuneration Report	Against	Not in a position to provide
Not in a position to provide			
Banco Bilbao Vizcaya Argentaria SA	Approve Discharge of Board	Abstain	Not in a position to provide
Not in a position to provide			
Ford Motor Company	Approve Recapitalization Plan for all Stock to Have One-vote per Share	For	Not in a position to provide
Not in a position to provide			
JPMorgan Chase & Co.	Shareholder resolution requesting that the Board issue a report "describing how JPMorgan Chase plans to	For	Not in a position to provide

	respond to rising reputational risks for the Company and questions about its role in society related to involvement in Canadian oil sands production, oil sands pipeline companies, and Arctic oil and gas exploration and production."		
Not in a position to provide			

Voting Information

M&G Investments Global Equity Passive Fund

The manager voted on 59.29% of resolutions of which they were eligible out of 31072 eligible votes.

Investment Manager Client Consultation Policy on Voting

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Tyson Foods, Inc.	Report on Deforestation Impacts in Company's Supply Chain	For	Not in a position to provide
Not in a position to provide			
Pandora AS	Reelect Christian Frigast (Vice Chair) as Director	Abstain	Not in a position to provide
Not in a position to provide			
Apple inc	Freedom of expression and access to information	For	Not in a position to provide
Not in a position to provide			
Royal Dutch Shell Plc	Shareholder resolution requesting Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	For	Not in a position to provide
Not in a position to provide			
Total SA	Instruct Company to Set and Publish Targets for Greenhouse Gas (GHG) Emissions Aligned with the Goal of the Paris Climate Agreement and Amend Article 19 of Bylaws Accordingly	Abstain	Not in a position to provide
Not in a position to provide			