

Taylor Maxwell Group Limited Pension and Assurance Scheme Implementation Statement for the year ended 31 March 2022

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Taylor Maxwell Group Limited Pension and Assurance Scheme ("the Scheme") have followed the policies documented in their Statement of Investment Principles ("SIP") during the year ended 31 March 2022 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Latest review of the Statement of Investment Principles

The Scheme's SIP was updated in January 2022 to reflect the transfer of the Scheme's DB assets from Legal and General Investment Management Limited (LGIM) to Aviva Annuity UK Limited as part of the buy-out arrangement which took place in July 2021.

Investment related activity

Asset allocations

In understanding that asset allocation plays an important role in achieving investment objectives and good member outcomes, The Trustees' long-term objectives are to provide members with investment options that will enable them to optimise the real return on investments in order to build a fund which will be used at retirement to invest in an income drawdown product, purchase an annuity and/or be taken as a cash lump sum.

The Trustees are required to review the strategy of the default investment arrangements offered by the Scheme at least every three years or immediately following any significant change in investment policy. During the reporting year, there have been no changes to the asset allocations within the various lifestyle strategies offered to members. This is despite a review of the default strategy taking place in June 2021.

Manager selections

Following advice from XPS, the assets within the DB Section of the Scheme were transferred from LGIM to Aviva Annuity UK Limited in July 2021, as part of the buy-out arrangement.

Excess cash, above the price required to transfer the benefits, has been placed in the LGIM Sterling Liquidity Fund and is currently being used to meet Scheme cashflow needs as and when required.

CMA Objectives

Objectives were put in place for XPS Investment Limited in line with the 10 June 2019 CMA Order. This order required Trustees to set objectives for existing and new investment consultant appointments from 10 December 2019 in order to receive investment advice after that date.

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 the SIP. If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt 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.

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.

Responsible investment

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers, as the Trustees acknowledge that they cannot directly influence the policies and practises of the companies in which the pooled funds invest. 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.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers. Furthermore, the Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

The Trustees will seek advice from the Investment Adviser on the extent to which its views on ESG and climate change risks may be considered in any future investment manager selection exercises.

The Trustees' investment policies

The Trustees had various investment policies for the Scheme on the topics listed in the table below; the table also provides commentary on how and the extent to which the various policies were followed during the reporting year.

Policy	How the policy was followed	The extent to which the policy was followed
<p>Kinds of investments to be held</p> <p>DB Section: The Trustees no longer aim to grow their assets to ensure the Scheme is able to meet benefit payments as they fall due following the buy-out arrangement. There is excess cash held in the LGIM Sterling Liquidity Fund to meet Scheme cashflow requirements.</p> <p>DC Section: The Trustees have agreed with the Company to maintain a policy of offering equity funds, multi-asset funds, multi-asset funds, property fund, bond funds, credit funds and a cash fund.</p>	<p>The range of investment options available incorporates both real and monetary assets. The self-select range includes options in all the asset classes in the policy.</p>	<p>The Trustees are satisfied that they followed the policy in full.</p>
<p>Balance between different investments</p> <p>The amounts allocated to any individual asset class will be influenced by the choices made by the members.</p> <p>The Trustees' policy is to ensure that the investment options made available to members hold a suitably diversified range of securities, avoiding an undue concentration of assets.</p>	<p>Members' choices were maintained throughout the year.</p>	<p>The Trustees are satisfied that the policy has been followed in respect of all investment options available to members.</p>

<p>Risks (measurement and management)</p> <p>The Trustees have several policies in respect of risk management and measurement.</p>	<p>The range of investment options made available to members includes bond funds, a cash fund, and a property fund.</p> <p>Performance and monitoring information is available from LGIM on a regular basis.</p>	<p>The Trustees are satisfied that they followed this policy in full by securing member benefits within the DB Section with an insurer and offering more risk-averse options for members in the DC Section.</p>
<p>Investment restrictions</p> <p>The Trustees have implemented several investment restrictions, namely,</p> <p><i>The Trustees or Investment Managers may not hold in excess of 5% of the Scheme's assets in investments related to the principal employer,</i></p> <p><i>Borrowing on a temporary basis is permitted, but only if deemed absolute necessary, or where the Trustees have received advice that overall risk exposure could be reduced by borrowing,</i></p> <p><i>Investments in derivative instruments may be made only insofar as to reduce risk or facilitate efficient portfolio management.</i></p>	<p>In the lead up to the bulk transfer, the Scheme utilised leveraged LDI funds to reduce risk by securing the funding position.</p> <p>The DC Section is invested in multi-asset pooled investment vehicles which utilise derivative products to enhance return and mitigate risk.</p>	<p>The Trustees are satisfied that they followed this policy in full over the reporting year.</p>
<p>Expected return</p> <p>DC Scheme: The Trustees' policy is to make available a range of investment funds with different risk-reward characteristics that will allow members to maintain the real value of their fund.</p> <p>DB Scheme: Now that the assets have been transferred to an insurer, the Scheme no longer needs to grow its assets to improve the funding level.</p>	<p>The Trustees made a range of investment options available to members which include lifestyling options. Standalone funds are also available for members who want to take more or less risk.</p>	<p>The Trustees are satisfied that they followed the policy in full over the reporting period.</p>
<p>ESG</p> <p>The Trustees' policy is to delegate the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers.</p>	<p>The Investment Managers have responsibility for the ongoing monitoring and management of ESG risks and those related to climate change.</p>	<p>The Trustees are satisfied that it followed the policy in full over the period.</p>
<p>Non-financial matters</p>		

<p>The Trustees' policy is to act in the best interests of the beneficiaries of the Scheme when presenting an array of investment options. However, the Trustees have neither sought nor taken into account the beneficiaries' views on risks, including (but not limited to) ethical, social, and environmental issues.</p>	<p>The Trustees seek professional advice in relation to the management of the assets of the Scheme to ensure any decisions it makes are in the best interests of Scheme's beneficiaries.</p>	<p>The Trustees are satisfied that they followed the policy in full in relation to the investment decisions it took over the period.</p>
<p>Voting rights</p> <p>The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.</p>	<p>The underlying investment managers vote in accordance with their internal voting policies.</p>	<p>The Trustees are satisfied that it followed the policy in full over the period.</p>
<p>Review process</p> <p>The Trustees appoint Investment Managers with the expectation that they will be long-term appointments. The Trustees review the managers against their responsibilities and targets within the Scheme. The Trustees review the Investment Managers on criteria such as, ownership, leadership, client service, key features, philosophy and approach to investing, asset allocation, performance, fees, and ESG integration.</p> <p>Investment Managers may also attend Trustee meeting as requested.</p>	<p>The Trustees, with the help of their investment advisor, reviewed the default strategy within the DC Section in June 2021 against this criterion.</p>	<p>The Trustees are satisfied that they followed this policy in reviewing the funds and investment options on offer in the DC Section, but they are yet to meaningfully engage with the Investment Manager.</p>
<p>Portfolio turnover</p> <p>The Trustees require the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.</p>	<p>The Trustees have not engaged with the Investment Manager on this topic.</p>	<p>The Trustees acknowledge that the policy has not been followed during the reporting year.</p>

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to public equities, in UK and overseas market. Investments in equities will also form part of the strategy for the multi-asset funds in which the Scheme invests.

The Scheme currently has primary exposure to equities through two equity funds, namely, LGIM Global Equity (70:30) Index Fund, and LGIM UK Equity Index Fund. The Scheme also has exposure to two multi-asset funds; LGIM Dynamic Diversified Growth Fund, and LGIM Multi-Asset (formerly consensus) Fund, which also invest in equities as part of their mandate. A summary of the voting behaviour and most significant votes cast by each of the investment manager organisations for the relevant funds is shown below.

Please note the voting information was provided by LGIM; this is reflected by any use of “we” throughout, and views may not necessarily match those of the Trustees.

DC assets

Legal and General Investment Management

Investment Manager Client Consultation Policy on Voting

LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. LGIM’s voting policies are reviewed annually and take into account feedback from their 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. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote

All decisions are made by LGIM’s Investment Stewardship team and in accordance with their 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 the 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.

How does this manager determine what constitutes a ‘Significant’ Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of ‘significant vote’ by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and/or summaries of LGIM’s vote positions to clients for what they deemed were ‘material votes’. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to ‘significant vote’ information.

In determining significant votes, LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
 - Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

LGIM provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. For any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on their website at:

<https://vds.issgovernance.com/vds/#/MjU2NQ==/>

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

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 they do not outsource any part of the strategic decisions. LGIM’s use of ISS recommendations is purely to augment their 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 LGIM receive from ISS for UK companies when making specific voting decisions.

To ensure LGIM’s proxy provider votes in accordance with their 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 they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) 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 LGIM of rejected votes which require further action.

Voting Information

LGIM Global Equity (70:30) Fund

The manager voted on 99.9% of resolutions of which they were eligible out of 72,767 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Apple Inc	Resolution 9: Report on Civil Rights Audit	LGIM supported the resolution	The resolution passed (53.6%)
A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Microsoft Corporation	Elect Director Satya Nadella	LGIM voted against the resolution	The resolution passed (94.7%)
LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.			
Amazon.com, Inc	Resolution 1a: Elect Director Jeffrey P. Bezos	LGIM voted against the resolution	The resolution passed (95.1%)
LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Informa Plc	Resolution 3: Re-elect Stephen Davidson as Director Resolution 5: Re-elect Mary McDowell as Director Resolution 7: Re-elect Helen Owers as Director Resolution 11: Approve Remuneration Report	LGIM voted against each resolution (against management)	Resolutions 3 (53.4%), 5 (80.0%), and 7 (78.1%) passed, but Resolution 11 (38.3%) failed
The company's prior three Remuneration Policy votes each received high levels of dissent, particularly from LGIM who have voted against the Chair of the Remuneration Committee given consistent implementation problems. The EVP was structured to award the CEO restricted shares to a value of 600% of salary. Despite significant shareholder dissent, the company implemented the awards under the plan. Given the company has implemented plans that received significant dissent from shareholders without addressing persistent concerns, LGIM has escalated their vote further to all incumbent Remuneration Committee members. LGIM will continue to seek to engage with the company and monitor progress.			
JPMorgan Chase & Co	Resolution 1c: Elect Director Todd A. Combs	LGIM voted against the resolution	The resolution passed (96.1%)
LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			

Voting Information

L&G UK Equity Index Fund			
The manager voted on 100.0% of resolutions of which they were eligible out of 10,813 eligible votes.			
Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Informa Plc	Resolution 3: Re-elect Stephen Davidson as Director Resolution 5: Re-elect Mary McDowell as Director Resolution 7: Re-elect Helen Owers as Director Resolution 11: Approve Remuneration Report	LGIM voted against each resolution (against management)	Resolutions 3 (53.4%), 5 (80.0%), and 7 (78.1%) passed, but Resolution 11 (38.3%) failed
The company's prior three Remuneration Policy votes each received high levels of dissent, particularly from LGIM who have voted against the Chair of the Remuneration Committee given consistent implementation problems. The EVP was structured to award the CEO restricted shares to a value of 600% of salary. Despite significant shareholder dissent, the company implemented the awards under the plan. Given the company has implemented plans that received significant dissent from shareholders without addressing persistent concerns, LGIM has escalated their vote further to all incumbent Remuneration Committee members. LGIM will continue to seek to engage with the company and monitor progress.			
The Sage Group Plc	Resolution 11: Re-elect Drummond Hall as Director	LGIM voted against the resolution	The resolution passed (94.4%)
A vote against is applied because of a lack of progress on gender diversity on the board. LGIM expects boards to have at least one-third female representation on the board, and for the last 10 years, LGIM have been using their position to engage with companies on this issue. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
JD Sports Fashion Plc	Resolution 4: Re-elect Peter Cowgill as Director	LGIM voted against the resolution	The resolution passed (84.8%)
LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
EVRAZ Plc	Resolution 3: Re-elect Alexander Abramov as Director	LGIM voted against the resolution	The resolution passed (82.8%)
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. For 10 years, LGIM have been using their position to engage with companies on this issue. As part of their efforts to influence their investee companies on having greater gender balance, LGIM apply voting sanctions to those FTSE 350 companies that do not have a minimum of 30% women on the board. LGIM also apply			

voting sanctions to the FTSE 100 companies that do not have 30% women on their executive committee. For smaller companies, LGIM expect at least one woman at board level. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Wizz Air Holdings Plc	Resolution 6: Re-elect William Franke as Director	LGIM voted against the resolution	The resolution passed (88.2%)
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			

Voting Information

LGIM Dynamic Diversified Fund

The manager voted on 99.8% of resolutions of which they were eligible out of 71,614 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Microsoft Corporation	Elect Director Satya Nadella	LGIM voted against the resolution	The resolution passed (94.7%)
LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.			
Apple Inc	Resolution 9: Report on Civil Rights Audit	LGIM supported the resolution	The resolution passed (53.6%)
A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Prologis, Inc	Resolution 1.a: Elect Director Hamid R. Moghadam	LGIM voted against the resolution	The resolution passed (93.5%)
LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
The Southern Company	Resolution 1e: Elect Director Thomas A. Fanning	LGIM voted against the resolution	The resolution passed (91.8%)

LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Amazon.com, Inc	Resolution 1a: Elect Director Jeffrey P. Bezos	LGIM voted against the resolution	The resolution passed (95.1%)
LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			

Voting Information

LGIM Multi-Asset (Formerly Consensus) Fund

The manager voted on 99.8% of resolutions of which they were eligible out of 88,741 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Apple Inc	Resolution 9: Report on Civil Rights Audit	LGIM supported the resolution	The resolution passed (53.6%)
A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Microsoft Corporation	Elect Director Satya Nadella	LGIM voted against the resolution	The resolution passed (94.7%)
LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.			
NextEra Energy, Inc	Resolution 1h: Elect Director James L. Robo	LGIM voted against the resolution	The resolution passed (88.1%)
LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Union Pacific Corporation	Resolution 1d: Elect Director Lance M. Fritz	LGIM voted against the resolution	The resolution passed (90.5%)

<p>LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>			
<p>Prologis, Inc</p>	<p>Resolution 1.a: Elect Director Hamid R. Moghadam</p>	<p>LGIM voted against the resolution</p>	<p>The resolution passed (93.5%)</p>
<p>LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>			

Signed: _____, Chair of Trustees

Date: _____