

Trustees' Report

Implementation Statement

Covering 6 April 2021 to 5 April 2022

1. Background

The Trustees of the Legrand UK Limited Pension Scheme (the "Scheme") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Scheme's Statement of Investment Principles ("SIP") during the previous Scheme year. This statement also includes the details of any reviews of the SIP during the year, any changes that were made and reasons for the changes.

A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, also needs to be included within this statement.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found at:

<https://www.legrand.co.uk/media/95826/legrand-statement-of-investment-principles-sep-2020.pdf>

2. Voting and Engagement

The Trustees are keen that their managers are signatories to the UK Stewardship Code, which they are.

All of the Trustees' holdings are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees have not used proxy voting services over the year.

The Scheme's was invested in the following funds during the Scheme year:

- LGIM Global Equity Fixed Weights (60:40) Index Fund
- Schroders Diversified Growth Fund
- Invesco Global Targeted Returns Fund
- BNY Mellon Global Dynamic Bond Fund
- Payden & Rygel Absolute Return Bond Fund
- BMO Nominal Dynamic LDI Fund
- BMO Real Dynamic LDI Fund
- BMO Sterling Liquidity Fund

The underlined funds are predominantly fixed income and do not hold physical equities and hence there are no voting rights and voting data for the Trustees to report on.

Trustees' Report

Implementation Statement (continued)

2. Voting and Engagement (continued)

1a. Description of Legal & General Investment Management's voting processes

LGIM describe their voting process as follows:

"All decisions are made by LGIM's Investment Stewardship team and in accordance with our 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 our 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 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 our clients. Our voting policies are reviewed annually and take into account feedback from our 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 we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

LGIM's Investment Stewardship team uses ISS's 'Proxy Exchange' 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. Their use of ISS recommendations is 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 they receive from ISS for UK companies when making specific voting decisions.

To ensure their 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 LGIM's 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.

It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager.

Trustees' Report

Implementation Statement (continued)

2. Voting and Engagement (continued)

1a. Description of Legal & General Investment Management's voting processes (continued)

The meetings have a standing agenda, which includes setting out our expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations."

Summary of voting behaviour over the year

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

	Summary Info*
Manager name	Legal & General Investment Management
Fund name	Global Equity Fixed Weight (60:40) Index
Approximate value of trustees' assets	c.£18.6m as at 31 March 2022
Number of equity holdings at year end	2,785
Number of meetings eligible to vote	3,175
Number of resolutions eligible to vote	39,493
% of resolutions voted	99.88%
% of resolutions voted with management	82.85%
% of resolutions voted against management	16.95%
% of resolutions abstained	0.20%
% of meetings with at least one vote against managements	69.45%
% of resolutions voted contrary to the proxy adviser recommendation	11.74%

* Only available for the year ending 31 March 2022

Trustees' Report

Implementation Statement (continued)

2. Voting and Engagement (continued)

1b. Most significant votes over the year

LGIM describes its process for determining the 'most significant' votes as follows:

"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 LGIM 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 consultation (PLSA). 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 will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications."

For more information on how LGIM use the services of proxy providers, please refer to the following document available on their website:

<https://www.lgim.com/landg-assets/lgim/document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf>

Trustees' Report

Implementation Statement (continued)

2. Voting and Engagement (continued)

1b. Most significant votes over the year (continued)

Most significant votes for the LGIM Global Equity Fixed Weight (60:40) Index

	Vote 1	Vote 2
Company name	Apple Inc.	Microsoft Corporation
Date of vote	2022-03-04	2021-11-30
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.844551	0.806019
Summary of the resolution	Resolution 9 - Report on Civil Rights Audit	Elect Director Satya Nadella
How you voted	For	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight
Outcome of the vote	53.6%	94.7%
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	A vote linked to an LGIM engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes

2a. Description of Schroders' voting processes

Schroders describe their voting process as follows:

"As active owners, we recognise our responsibility to make considered use of voting rights. We therefore vote on all resolutions at all AGMs/EGMs globally unless we are restricted from doing so (e.g. as a result of share blocking). We aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with our published ESG policy.

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

Trustees' Report

Implementation Statement (continued)

2. Voting and Engagement (continued)

2a. Description of Schroders' voting processes (continued)

We evaluate voting resolutions arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. Our Corporate Governance specialists assess each proposal, applying our voting policy and guidelines (as outlined in our Environmental, Social and Governance Policy) to each agenda item. In applying the policy, we consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts. For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

We also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders. In 2020, we voted on approximately 99% of total resolutions, and instructed a vote against management at 36% of meetings. In total, we voted on 6,518 meetings.

Institutional Shareholder Services (ISS) act as our one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through their Internet-based platform Proxy Exchange. Schroder's receives ISS's research on resolutions. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. For our smallest holdings in the US, Hong Kong, Japan, Australia and New Zealand, ISS implements a custom Schroders voting policy for us, with only a few resolutions referred to Schroders for a final decision.

ISS automatically votes all our holdings of which we own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in our voting decisions as well as creating a more formalised approach to our voting process."

Summary of voting behaviour over the year

A summary of voting behaviour over the period is provided in the tables below:

Manager name	Summary Info*
Fund name	Schroders Life
Approximate value of trustees' assets	Schroder Life Diversified Growth Fund
Number of equity holdings at year end	c.£14.8m as at 31 March 2022
Number of meetings eligible to vote	1394
Number of resolutions eligible to vote	1932
% of resolutions voted	22,236
% of resolutions voted with management	95.2%
% of resolutions voted against management	90.4%
% of resolutions abstained	46.6%
% of meetings with at least one vote against management	0.6%
	9.0%

* only available for the year ending 31 March 2022

Trustees' Report

Implementation Statement (continued)

2. Voting and Engagement (continued)

2b. Most significant votes over the year

Schroders "most significant" votes are defined as follows:

"We believe that all votes against management should be classified as a significant vote. However, we believe resolutions related to certain topics carry particular significance. We therefore rank the significance of our votes against management, firstly by management say on climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of our holding".

Schroders do not provide details of significant votes as per above justification.

3a. Description of Invesco's voting processes

Invesco describe their voting process as follows:

"Invesco has adopted and implemented a Policy Statement on Global Corporate Governance and Proxy Voting ("Policy") which it believes describes policies and procedures reasonably designed to ensure that proxies are voted in the best interests of its clients. This Policy is intended to help Invesco's clients understand our commitment to responsible investing and proxy voting, as well as the good governance principles that inform our approach to engagement and voting at shareholder meetings.

Invesco views proxy voting as an integral part of its investment management responsibilities. The proxy voting process at Invesco focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. The voting decision lies with our portfolio managers and analysts with input and support from our Global ESG team and Proxy Operations functions. The final voting decisions may incorporate the unique circumstances affecting companies, regional best practices and any dialogue we have had with company management. Our proprietary proxy voting platform ("PROXYintel") facilitates implementation of voting decisions and rationales across global investment teams. Our good governance principles, governance structure and processes are designed to ensure that proxy votes are cast in accordance with clients' best interests. The Policy is publicly available on our website: <https://www.invesco.com/corporate/about-us/esg>.

Invesco may supplement its internal research with information from third-parties, such as proxy advisory firms. Globally Invesco leverages research from Institutional Shareholder Services Inc. ("ISS") and Glass Lewis ("GL") and we use the Investment Association IVIS in the UK for research for UK securities. Invesco generally retains full and independent discretion with respect to proxy voting decisions. Globally, we receive research reports including vote recommendations from ISS and Glass Lewis for company shareholder meetings across our holdings. To assist with the operational aspects of the proxy voting process including vote disclosure to meet regulatory requirements, Invesco retains the services of ISS and leverages our proprietary proxy voting platform ("PROXYintel") to further streamline the process. Invesco also engages ISS's governance research and voting services to implement our internally developed custom voting guidelines with specific voting recommendations on environmental, social and governance (ESG) issues applied globally.

Trustees' Report

Implementation Statement (continued)

2. Voting and Engagement (continued)

3a. Description of Invesco's voting processes (continued)

Our custom voting guidelines are reviewed annually and seek to support Invesco's Good Governance Principles on best practice standards in corporate governance and long-term investment stewardship. For more information on Invesco's use of third-party proxy advisory firms, please see our Policy Statement on Global Corporate Governance and Proxy Voting publicly available on our website.

Invesco publicly discloses our proxy voting records and voting decisions in compliance with the UK Stewardship Code and the European Shareholder Rights Directive (SRD II) on our webpage here: <https://vds.issgovernance.com/vds/#/Mzk3MA==/>.

Summary of voting behaviour over the year

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

Summary Info*	
Manager name	Invesco
Fund name	Invesco Global Targeted Returns Fund
Approximate value of trustees' assets	c.£10.5m as at 31 March 2022
Number of equity holdings at year end	241
Number of meetings eligible to vote	329
Number of resolutions eligible to vote	4,942
% of resolutions voted	99.12%
% of resolutions voted with management	92.06%
% of resolutions voted against management	7.94%
% of resolutions abstained	0.25%
% of meetings with at least one vote against managements	43.34%
% of resolutions voted contrary to the proxy adviser recommendation	4.93%

* Only available for the year ending 31 March 2022

Trustees' Report

Implementation Statement (continued)

3. Voting and Engagement (continued)

3b. Most significant votes over the year

Invesco has interpreted "most significant votes" as follows:

"As part of the firm's Shareholder Rights Directive II implementation, the criteria defined by Invesco for a vote to be considered 'significant' is based on the following: (i) materiality of the position, (ii) the content of the resolution and (iii) inclusion on Invesco's ESG watchlist."

Most significant votes for the Invesco Global Targeted Returns Fund

	Vote 1	Vote 2
Company name	SBM Offshore NV	Wolters Kluwer NV
Date of vote	24-Mar-2021	06-Apr-2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	>1% IVZ Ownership	>1% IVZ Ownership
Summary of the resolution	Authorize Board to Exclude Pre-emptive Rights from Share Issuances	Authorize Board to Exclude Pre-emptive Rights from Share Issuances
How you voted	For (In Line With Management)	For (In Line With Management)
Where you voted against management, did you communicate your intent to the company ahead of the vote?	NA	NA
Rationale for the voting decision	A vote FOR this proposal is warranted because it is in line with commonly used safeguards regarding volume and duration.	A vote AGAINST this resolution is warranted, as the request to amend the company's constitution is potentially broad with no regulatory framework to oversee shareholder proposals. The company believes its current engagement process provides valuable feedback to the company on its strategies, affairs and outlook which provides the company with the information and flexibility to adjust both its strategy and its external reporting of that strategy and operations to respond appropriately to the prevailing expectations of its shareholders and stakeholders.
Outcome of the vote	Pass	Pass
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The outcome of the vote meets our voting intention. Therefore, we didn't take further action beyond our continuous engagement and dialogue with the company, as appropriate.	The outcome of the vote meets our voting intention. Therefore, we didn't take further action beyond our continuous engagement and dialogue with the company, as appropriate.
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	>1% IVZ Ownership and Includes Key ESG proposal	>1% IVZ Ownership and Includes Key ESG proposal