Implementation Statement, covering the Scheme Year from 1 April 2023 to 31 March 2024 (the "Scheme Year")

The Trustee of the Mitie Group plc Pension Scheme (the "Scheme") is required to produce an annual statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 1-3 below.

Please note that this statement is in respect of Part B of the Scheme only. A separate statement covers Part A.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on and uses the same headings as the Scheme's latest SIP, which was reviewed and updated during the Scheme Year, but these changes were not formally adopted until March 2024. The latest SIP can be found online here.

1. Introduction

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year, in relation to its fiduciary management arrangement with Schroders.

In light of the decision to appoint Schroders as Fiduciary Manager (consistent with Part A), and the onboarding and asset transition process which took place over the period from April 2023 to February 2024, which included redeeming all existing investments, the Trustees did not engage with the previous fund managers on stewardship during the year. However, the Trustee has requested details of voting behaviour from the relevant, previous, fund managers in respect of the period before assets were transitioned to the Fiduciary Manager.

The SIP was reviewed towards the end of the Scheme Year on to reflect the new investment strategy and the appointment of Schroders for Part B of the Scheme in February 2024. The SIP was formally adopted after the Scheme Year End in May 2024. The voting and engagement policies in the SIP were reviewed and updated as part of this exercise to reflect DWP's latest stewardship guidance. Further detail and the reasons for these changes are set out in Section 2.

2. Voting and engagement

The Trustee has delegated to the investment managers, and in particular Schroders since its appointment as fiduciary manager, the exercise of rights attaching to investments, including voting rights, and engagement. It expects Schroders to undertake monitoring and engagement in line with its policies, and considering the long-term financial interests of the beneficiaries.

In revising the SIP, the Trustee agreed to align its stewardship priorities with those of its fiduciary manager Schroders, which are as follows: Climate Change, Natural Capital & Biodiversity and Human Rights. The Trustee expects that Schroders will provide it with reporting on the results of their engagement and voting activities regularly, going forwards.

3. Description of voting behaviour during the Scheme Year

As mentioned above, the Trustee appointed Schroders as the Scheme's fiduciary manager and assets were transitioned in February 2024.

All of the Trustee's holdings in listed equities were within pooled funds and the Trustee had delegated to its investment managers the exercise of voting rights. Therefore, the Trustee was not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year.

We have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- L&G Low Carbon Transition Global Equity Index Fund
- L&G Low Carbon Transition Global Equity Index Fund – Hedged
- L&G Infrastructure Equity Fund
- Baillie Gifford Multi Asset Growth Fund

In addition to the above, the Trustee contacted the Scheme's asset managers that did not hold listed equities, to ask if any of the assets held by the Scheme over the period had voting opportunities. With the exception of the Aegon European ABS Fund, none of the other funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities. More detail is provided in Section 3.4 below.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. These policies are set out below:

L&G

All decisions are made by L&G's Investment Stewardship team and in accordance with its 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 its stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the voting decision process, therefore sending consistent messaging to companies.

L&G's Investment Stewardship team uses proxy provider, ISS's ProxyExchange electronic voting platform to electronically vote clients' shares. However, all voting decisions are made by L&G and the use of ISS recommendations is solely to augment its 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 are received from ISS for UK companies when making specific voting decisions.

To ensure that the proxy provider votes in accordance with L&G's position on ESG, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G consider are minimum best practice standards, irrespective of local regulation or practice.

L&G also retains the ability in all markets to override any vote decisions, which is based on its 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 L&G to apply a qualitative overlay to its voting judgement. L&G has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

In determining significant votes, L&G'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 L&G's annual Stakeholder roundtable event, or where L&G notes 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 L&G engagement campaign, in line with its Investment Stewardship's 5-year ESG priority engagement themes.

Baillie Gifford

All voting decisions are made by Baillie Gifford's ESG team in conjunction with investment managers. Baillie Gifford does not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then it will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Baillie Gifford's ESG team oversees its voting analysis and execution in conjunction with its investment managers. Unlike many of its peers, Baillie Gifford does not outsource any part of the responsibility for voting to third-party suppliers. Baillie Gifford utilises research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with its ESG Principles and Guidelines and it endeavours to vote every one of its clients' holdings in all markets.

The list below is not exhaustive, but exemplifies potentially significant voting situations:

- Baillie Gifford's holding had a material impact on the outcome of the meeting;
- The resolution received 20% or more opposition and Baillie Gifford opposed;
- Egregious remuneration;
- Controversial equity issuance;
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders;
- Where there has been a significant audit failing;
- Where Baillie Gifford has opposed mergers and acquisitions
- Where Baillie Gifford has opposed the financial statements/annual report
- Where Baillie Gifford has opposed the election of directors and executives
- Where Baillie Gifford identifies material 'E' 'S' or 'G' issues that result in it opposing management

Schroders (Fiduciary Manager)

Since the transition to Fiduciary Management, the Trustee has delegated responsibility for voting on its behalf to the Fiduciary Manager and Underlying Investment Managers. Most voting rights associated with the Scheme's investments pertain to the underlying securities within the pooled funds managed by the Underlying Investment Managers. In a general meeting of a company issuing these securities, the Underlying Investment Managers exercise their voting rights according to their own policies, which the Fiduciary Manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustee, in line with the Trustee's stewardship policy.

The following criteria must be met for a vote to be considered "significant":

1. Must be defined as significant by the Fiduciary Manager; and
2. Must relate to the stewardship themes Trustee has aligned, documented in Fiduciary Manager's Engagement Blueprint.

The BNY Mellon (Schroder Solution) Global Equity Fund constitutes more than 30% of the Scheme's Growth Asset portfolio and thus constitutes the majority of the Scheme's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, within the Scheme's Growth Asset portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection and proxy voting. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Scheme.

Of the votes that satisfy these criteria, the Trustee has selected votes that it deems most material to the long-term value of the investments. These votes are hereby defined as "most significant votes".

3.2 Summary of voting behaviour

We have set out a summary of voting behaviour over the period below. We note that the investment managers are only able to provide information covering the whole Scheme Year to 31 March 2024 rather than to the disinvestment date in February 2024. However, the value of Scheme assets shown below represents the disinvestment value on their respective disinvestment dates.

	Fund 1	Fund 2	Fund 3	Fund 4
Manager name	L&G	L&G	L&G	Baillie Gifford

Fund name	Low Carbon Equity	Low Carbon Equity - Hedged	Infrastructure Equity	Multi-Asset Growth
Total size of fund at end of the Scheme Year	£4,618m	£1,370m	£1,497m	£608m
Value of Scheme assets at date of disinvestment*	£1.8m	£1.8m	£1.7m	£2.5m
Number of equity holdings at end of the Scheme Year	2,838		86	50
Number of meetings eligible to vote	4,698		92	51
Number of resolutions eligible to vote	46,620		1,238	517
% of resolutions voted	99.9%		100.0%	91.5%
Of the resolutions on which voted, % voted with management	78.9%		74.1%	96.8%
Of the resolutions on which voted, % voted against management	20.8%		25.9%	2.5%
Of the resolutions on which voted, % abstained from voting	0.3%		0.0%	0.6%
Of the meetings in which the manager voted, % with at least one vote against management	65.3%		85.9%	15.7%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	12.0%		21.2%	N/A

*L&G and Baillie Gifford assets were disinvested on 31 January 2024 and 12 February 2024 respectively.

3.3 Most significant votes

Commentary on the most significant votes over the period to when assets transitioned to Schroders, from the Scheme's asset managers that held listed equities, is set out below.

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

The Trustee has reported on two significant votes each for the L&G low carbon equity fund, the L&G infrastructure equity fund and one for the Baillie Gifford multi-asset growth fund. If members wish to obtain more investment manager voting and engagement information, this is available upon request from the Trustee.

L&G Low Carbon Transition Global Equity Index Fund and **L&G Low Carbon Transition Global Equity Index Fund – Hedged**

1. Morgan Stanley, May 2023

- **Summary of resolution:** Adopt Time-Bound Policy to Phase Out Underwriting and Lending for New Fossil Fuel Development
- **Relevant stewardship priority:** Climate Change
- **Approx size of the holding at the date of the vote** 0.22%
- **Why this vote is considered to be most significant:** Relates to one of the Trustee's stewardship priorities.
- **Company management recommendation:** Against **Fund manager vote:** For
- **Rationale:** Last year L&G supported several shareholder resolutions at the North American banks that sought to halt the financing of new oil and gas projects. As investors advocating for a just and orderly energy transition, which satisfies all aspects of the current energy crisis (energy security, affordability and sustainability), L&G continues to emphasise that the boards of financial institutions need to closely consider

their strategy and risk appetite towards fossil fuels into the near future. As such, L&G believes that many of the proposals that ask the board to devise their own time-bound phase-out strategy are supportable. Moreover, in the North American market, these resolutions tend to be advisory rather than binding, further alleviating concerns of micro-management.

- **Was the vote communicated to the company ahead of the vote:** Yes
- **Outcome of the vote and next steps**: Against. L&G will continue to engage with the company and monitor progress. L&G has noted the broad market trend showing a fall in support for climate-related shareholder resolutions at financial companies compared to the vote outcomes in 2022.

2. McDonald's Corporation, May 2023

- **Summary of resolution:** Adopt Policy to Phase Out Use of Medically-Important Antibiotics in Beef and Pork Supply Chain
- **Relevant stewardship priority:** Natural Capital and Biodiversity
- **Approx size of the holding at the date of the vote** 0.39%
- **Why this vote is considered to be most significant:** Relates to one of the Trustee's stewardship priorities. L&G also considers antimicrobial resistance ('AMR') to be a systemic risk.
- **Company management recommendation:** Against **Fund manager vote:** For
- **Rationale:** Antimicrobial resistance ('AMR') is a key area of focus within L&G's approach to health, and it considers AMR to be a systemic risk. The resolution asks McDonald's to adopt a company-wide policy to phase out the use of medically important antibiotics for disease prevention purposes in its beef and pork supply chains and to set targets with timelines, metrics for measuring implementation, and third-party verification.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps**: Against. L&G will continue to engage with the company and monitor progress.

L&G Infrastructure Equity Fund

1. **Ferrovial SA, April 2023**

- **Summary of resolution:** Reporting on Climate Transition Plan
- **Relevant stewardship priority:** Climate Change
- **Approx size of the holding at the date of the vote** 3.0%
- **Why this vote is considered to be most significant:** Relates to one of the Trustee's stewardship priorities. The holding also represents a significant portion of the fund.
- **Company management recommendation:** For **Fund manager vote:** Against
- **Rationale:** While the company's efforts are to be commended, a vote against is applied as L&G expects net zero commitments, rather than carbon neutrality commitments.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps**: Against. L&G will continue to engage with the company, publicly advocate its position on this issue, and monitor company and market-level progress.

2. **Aena SME SA, April 2023**

- **Summary of resolution:** Advisory Vote on Company's 2022 Updated Report on Climate Action Plan
- **Relevant stewardship priority:** Climate Change
- **Approx size of the holding at the date of the vote** 2.4%
- **Why this vote is considered to be most significant:** Relates to one of the Trustee's stewardship priorities. The holding also represents a significant portion of the fund.
- **Company management recommendation:** For **Fund manager vote:** Against
- **Rationale:** 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.

- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps**: Against. L&G will continue to engage with the company and monitor progress.

Baillie Gifford Multi-Asset Growth Fund

1. Nextera Energy, Inc., May 2023

- **Summary of resolution:** Request for board diversity and qualifications matrix
- **Relevant stewardship priority:** Climate change (climate-related skills on board)
- **Approx size of the holding at the date of the vote** 0.1%
- **Why this vote is considered to be most significant:** Relates to one of the Trustee's stewardship priorities.
- **Company management recommendation:** Against **Fund manager vote:** For
- **Rationale:** Baillie Gifford supported the resolution because it believes that shareholders would benefit from individualised information on the skills and qualifications of directors, as well as disclosure on climate-related skills and qualifications.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps**: Against. Baillie Gifford will communicate its decision to support the shareholder resolution with the company and will explain its rationale for doing so. Baillie Gifford will monitor for any similar disclosure the company may choose to institute, as although the resolution failed to secure enough support to pass, it did receive support from more than 48% of shareholders.

BNY Mellon (Schroders Solutions) Global Equity

1. Apple, February 2024

Relevant stewardship priority: Human Capital

A shareholder proposal was put forward at February 2024 AGM, that requires Apple to extend disclosure of employee diversity report, particularly on Racial and Gender Pay Gap topic.

Best practice pay equity consists of two parts:

1. unadjusted median pay gaps, assessing equal opportunity to high paying roles,
2. statistically adjusted gaps, assessing pay between minorities and non-minorities, men and women, performing similar roles.

Apple reports only statistically adjusted pay gaps but does not report unadjusted median pay gaps which addresses structurally bias women and minorities face regarding job opportunity and pay.

A shareholder proposal was put forward for Apple to report on median pay gaps across race and gender.

The Fiduciary Manager voted for the proposal and against the Management Board as the shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives.

The shareholder proposal was rejected.

2. Starbucks, March 2024

Relevant stewardship priority: Corporate governance

Due to regulatory requirement, companies require a consultation with shareholders on the remuneration packages of executive managers ('say on pay'). As part of this, a non-binding advisory vote was proposed by the board on executive compensation packages for named senior managers. The Fiduciary Manager voted against the proposal and management recommendation due to excessive use of Earnings Per Share (EPS) in variable pay plans and the threshold target of the relative total shareholder return metric is set below median performance. Additionally, performance is not measured over three-year performance periods.

The board proposal was approved by shareholders.

3.4 Votes in relation to assets other than listed equity

The following comments were provided by the Scheme's asset managers which don't hold listed equities, but invest in assets that had voting opportunities during the Scheme Year:

The **Aegon European ABS Fund** had two voting opportunities over the year:

1. Resolution to extend the term of bond in return for a higher coupon and other favourable terms; and
2. Resolution to adjust the legal documentation to comply with the new regulation to transition the reference rate from Libor to Sonia.

Aegon voted for and with management on both occasions, and the resolutions were accepted.

The **L&G Buy & Maintain Credit Fund** had two voting opportunities over the year. L&G has not provided detail of the resolutions, but it did not deem either of the votes as significant and voted with management on both occasions.

None of the other funds that the Scheme is invested in over the Scheme Year (**L&G Sterling Liquidity Fund**, **Columbia Threadneedle Dynamic LDI Funds** and **Columbia Threadneedle Sterling Liquidity Fund**) held any assets with voting opportunities.