

Annual Implementation Statement – for the year to 5 April 2021

Bayerische Landesbank Retirement and Death Benefits Plan (the “Plan”) DB and DC Sections

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustees has been followed during the year to 5 April 2021. This statement 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 guidance published by the Pensions Regulator. The table later in the document sets out how, and the extent to which, the policies in the DB and DC Sections of the SIP have been followed.

Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the DB Section included in the SIP are as follows:

- To make sure that the Trustees can meet their obligations to the beneficiaries of the Plan.
- To pay due regard to the Employer’s requirements for the Plan to remain fully funded and do to avoid the need for additional contribution payments.

The Trustees’ objective for the DB Section is to maintain a self-sufficiency basis (defined as “gilts +0.25% p.a.”) for the life of the Plan. The funding position should allow for the potential impact of longevity risk.

For the DC Section, the objectives for the Plan are as follows:

- To give the members a suitable range of funds to secure suitable risk adjusted returns, through a Lifestyle strategy.
- To source a range of funds, which deliver returns in line with their benchmark indices, which offer members continued value for money.

Review of the SIP

During the year the Trustees reviewed the Plan’s SIP. A revised SIP was signed in August 2020 in order reflect new requirements under The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 relating to the following:

- How the Trustees take account of financially material considerations, including Environmental, Social and Governance (“ESG”) considerations, and explicitly climate change.
- The approach to the stewardship of the investments, including engagement with investee firms and the exercise of voting rights.
- The extent to which non-financial matters are taken into account and the approach to the stewardship of investments.

Assessment of how the policies in the SIP have been followed for the year to 5 April 2021

The information provided in the table below highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees’ policies in the SIP, relating to the DB and DC Sections of the Plan. In the opinion of the Trustees, the SIP has been followed during the year. The SIP is attached as an Appendix and sets out the policies referenced below.

	Requirement	Policy	In the year to 5 April 2021
1	Securing compliance with the legal requirements about choosing investments	<p>The Trustees have consulted a suitably qualified person and have obtained written professional advice from their investment consultant, Smith & Williamson Financial Services Limited.</p> <p>SIP section 1</p>	<p><i>DB section</i> Over the period to 31 March 2021, the Trustees added the Standard Life UK Government Bond Index fund to the Plan's portfolio.</p> <p><i>DC section</i> Over the period to 31 March 2021, the Trustees added the LGIM Dynamic Diversified fund to the range of fund available to members, but the fund was not added to the Lifestyle program.</p>
2	Kind of investments to be held	<p><i>DB section</i> The Trustees have chosen to invest the majority of the assets, bonds and equities in 'index' or 'tracker' type funds in order to minimise the relative risk versus the benchmark indices so far as possible. The bond investment funds are actively managed. The Trustees will hedge the overseas currencies back into Sterling to mitigate the currency risks in the case of the bond assets.</p> <p>SIP section 2</p> <p><i>DC section</i> Having considered advice, the Trustees have set the investment policy such that it is suitable for providing members with pension and cash benefits at retirement.</p>	<p><i>DB section</i> The basis of the Trustees' strategy is to divide the Plan's assets between Equities and Bonds, which comprise of assets such as UK gilts, UK index-linked gilts and UK corporate bonds. The Trustees regard the basic distribution of the assets to be appropriate for the Plan's objectives and liability profile.</p> <p>The Trustees are comfortable that the Plan's assets were invested in regulated markets during the year.</p> <p><i>DC section</i> Apart from the addition of the L&G Dynamic Diversified fund as an additional fund option to the members, there has been no change.</p>

		<p>The Trustees have selected four unitised investment options for members:</p> <ul style="list-style-type: none"> • Diversified Growth Fund • Equity Fund • Pre-Retirement Fund • Cash Fund. <p>The equity fund is an 'index' or 'tracker' type fund, which have been chosen in order to minimise relative risk so far as possible.</p> <p>The active funds, the Cash, the Pre-Retirement and Diversified Growth Funds were chosen to secure specific investment objectives. The prime goal is secure relative outperformance with the least risk.</p> <p>SIP section 3</p>	
3	The balance between different kind of investments	<p><i>DB section</i></p> <p>Investment risk is substantially reduced by diversification of investments both within particular asset classes and by economy. The chosen investment fund represents a suitably diverse investment policy.</p> <p>The details of the asset allocation are set</p>	<p><i>DB section</i></p> <p>On a quarterly basis, the Plan’s investment manager will report on the Plan’s assets versus the strategic benchmark weightings. Investment/ disinvestment requests are used to help keep the asset allocation near to the target weightings.</p> <p>The Trustees are comfortable that the strategic allocation remained appropriate during the year under review. During the year</p>

		<p>out in the SIP</p> <p>SIP section 2</p> <p><i>DC section</i> The Trustees have selected the L&G Global Equity Fixed weight 60:40 Index Fund as the main default fund until five years of the normal retirement age. Thereafter the member can select a lifestyling strategy where the Cash and the Pre-Retirement funds are introduced as default funds.</p> <p>The Diversified Growth Fund is not a default fund.</p> <p>SIP section 3</p>	<p>the Plan increased the allocation to government bonds, which has reduced the risk profile of the Plan versus the value of the liabilities.</p> <p><i>DC section</i> The Trustees are comfortable with the funds available for the members.</p>
4	<p>Risks including the ways in which risks are to be measured and managed</p>	<p><i>DB section</i> The majority of the Plan's liabilities are linked to price inflation. The policy is therefore to invest the majority of assets in investments that are expected to provide a return in line with price inflation in the long term. There is a minority of assets expected to provide a return ahead of price inflation.</p> <p>SIP section 2</p>	<p><i>DB section</i> As detailed in the SIP, the Trustees consider both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation and the choice of fund managers / funds / asset classes.</p> <p>The allocation to the inflation plus returns, equities, has reduced over the reporting period.</p>

		<p><i>DC section</i> The Trustees have adopted a lifestyling arrangement that is designed to match a member’s liability profile as they approach retirement. Members have been given the option of self-selecting a specific retirement date within the lifestyling framework or a specific investment allocation.</p> <p>The investment risk is ultimately borne by the member. However, the Trustees aim to select investments which minimise risks within each asset class.</p> <p>The equity funds passively track the relevant index. There is no active stock selection and the risks associated with a bad choice of investment manager are therefore removed.</p> <p>There is active stock selection involved in all the other funds. There is manager risk in each case, but the mandate for every fund is designed to mitigate the manager risk.</p> <p>SIP section 3</p>	<p><i>DC section</i> The Trustees monitor all the funds individually to ensure that they continue behave in line with expectations in relation to the bottom line returns and their risk characteristics.</p>
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5	Expected return on investments	<p><i>DB section</i> The Trustees expect the return on the investments held as passive funds to match quite closely the return on the appropriate benchmark index.</p> <p>The returns on the active fund is expected to meet the annual performance target, 0.50% per annum above the benchmark index, over any reasonable period.</p> <p>SIP section 2</p> <p><i>DC section</i> The Trustees expect the return on the investments to match quite closely the return on the appropriate index. Based on past performance the long-term equity and the Diversified Growth Fund return is expected to exceed inflation and salary growth.</p> <p>SIP section 3</p>	<p><i>DB section</i> The investment performance report is reviewed by the Trustees on a quarterly basis, and includes information on how each pooled fund is delivering relative to its respective benchmark.</p> <p><i>DC section</i> The fund performance is reviewed regularly on how each pooled fund has delivered returns relative to its respective benchmark.</p>
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6	Realisation of investments	<p><i>DB and DC sections</i></p> <p>The Trustees have selected assets to meet the Plan’s need for liquidity of the Plan’s assets, in that all the assets, bar the cash on the Plan’s bank account, are in pooled funds managed by Standard Life and L&G Investment Management. Both managers are regulated under the Financial Services and Markets Act 2000.</p>	<p><i>DB and DC sections</i></p> <p>Contributions and disinvestments of monies to meet the cash flow requirements during the year were undertaken.</p> <p>All the transactions were completed and settled on time.</p>
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	<p><i>DB and DC sections</i></p> <p>The Trustees have considered financially material factors such as environmental, social and governance (‘ESG’) issues as part of the investment process to determine the investment strategy over the length of time during which the benefits are provided by the Plan to the members. The Trustees believe that financially material considerations (including climate change) are allowed for in the asset liability modelling that is carried out when setting the investment strategy.</p> <p>To invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. The Trustees acknowledge that it cannot</p>	<p><i>DC and DC sections</i></p> <p>All of the pooled funds remained highly rated during the year, where relevant (the Trustees acknowledge that some of the fixed income pooled funds do not have an ESG rating assigned by the investment manager due to the nature of the asset class).</p> <p>The Trustees are comfortable with the ratings applied to the funds, and continue to closely monitor these ratings and any significant developments at the investment manager. When implementing a new fund or manager, the Trustees consider the ESG rating of the fund/manager.</p> <p>The Plan’s SIP includes the Trustees’ policy on Environmental, Social and Governance (‘ESG’) factors, stewardship and climate change. This policy sets out the Trustees’ beliefs on ESG and climate change and the processes followed by the Trustees in order to monitor ESG related risks and opportunities. In order to establish these beliefs and produce this policy, the Trustees considered</p>

		<p>directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the fund managers and investment consultant are expected to take account of financially material considerations when carrying out their respective roles.</p> <p>The Trustees accept that the Plan’s assets are subject to the investment manager’s own philosophy and processes to ESG issues. The Trustees will assess that this corresponds with its responsibilities to the beneficiaries of the Plan with the help of its investment consultant.</p>	<p>their beliefs during the year under review with a view to undertaking further training on responsible investment in due course. The Trustees keep their policies under regular review with the SIP subject to review at least triennially.</p> <p>Since the end of the year, the Trustees have switched its equity assets to a passive fund with an ESG mandate.</p>
8	<p>The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments</p>	<p><i>DB and DC sections</i></p> <p>The Trustees have not considered non-financially material matters in the selection, retention and realisation of investments.</p> <p>SIP section 6</p>	<p><i>DB and DC sections</i></p> <p>None during the reporting period.</p>

<p>9</p>	<p>The exercise of the rights (including voting rights) attaching to the investments</p>	<p><i>DB and DC sections</i></p> <p>The Trustees’ policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustees’ behalf, having regard to the best financial interests of the beneficiaries.</p> <p>The investment manager should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment managers’ voting policies, with the help of its investment consultant, and decide if they are appropriate.</p> <p>The Trustees also expect the fund manager to engage with investee companies on the capital structure and management of conflicts of interest.</p> <p>SIP section 6</p>	<p>The Trustees have delegated the exercise of voting rights to the Plan’s investment manager. As such, this activity is expected to be undertaken on behalf of the Trustees. The Trustees do not use the direct services of a proxyvoter, however the investment manager may enlist the service of a proxy voted when required.</p> <p><i>DB section</i></p> <p>The Trustees have equity exposure through the following funds;</p> <ul style="list-style-type: none"> • Standard Life Vanguard FTSE All Share Index • Standard Life Vanguard 50:50 Global Passive <p>In addition, the Plan held the Long Corporate Bond fund, which takes into account the ESG characteristics of the issuers as a part of a wider investment process.</p> <p><i>DC section</i></p> <p>The Trustees have equity exposure through the following funds;</p> <ul style="list-style-type: none"> • L&G 60:40 Global Equity fund • L&G Dynamic Diversified fund <p>In addition, the Plan held the L&G Pre-Retirement fund, which takes into account the ESG characteristics of the issuers as a part of the wider investment process.</p> <p>Appendix A sets out the ESG reporting on all the funds, such as the reporting record, as well as details of any significant votes, as defined by Standard Life and L&G.</p> <p>Both institutions are widely regarded as being good shareholders</p>
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			<p>through their engagement with companies, either as shareholders or bond holders. There is insufficient information to provide a quantitative analysis to score each institutions, and this will not be forthcoming until the industry agrees of benchmarks.</p> <p>During the year under review, the Trustees did not actively challenge the investment manager on its voting activity.</p> <p>Over the prior 12 months, the key voting activity on behalf of the Trustees by the fund managers is set out in Appendix A.</p>
10	<p>Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters)</p>	<p><i>DB and DC sections</i></p> <p>The Trustees will monitor the fund managers’ engagement and voting activity on an annual basis as it believes that this can improve long term performance. The Trustees expect its managers to make every effort to engage with investee companies but acknowledges that their influence may be more limited in some asset classes, such as bonds, as they do not have voting rights.</p> <p>SIP section 6</p>	<p>As the Plan invests solely in pooled funds, the Trustees require their investment manager to engage with the investee companies on their behalf. The Trustees wish to encourage best practice in terms of corporate activism. They therefore encourage their investment manager to discharge its responsibilities in respect of investee companies in accordance with relevant legislation and codes.</p> <p>At present, if the investment manager meets with the Trustees, the Trustees ask the investment manager to highlight key engagement activity and the impact the actions have had on the portfolio.</p> <p>No specific activity took place during the year under review. The Trustees are looking to enhance their reporting on manager engagement going forward.</p>

Appendix A

A summary of the corporate engagement by the fund managers.

Aberdeen Standard Life Long Dated Corporate Bond fund

Aberdeen Standard Life considers Environmental, Social and Governance criteria as a part of a wider investment process when considering investment into a company's bonds and the size of the holdings.

In addition the fund manager will engage with the issuers around a number of ESG topics, and the details of that engagement is set out in the table below.

Company Name	Date	Officer of company	Topic 1	Topic 2	Topic 3	Topic 4	Topic 5
Standard Chartered Bank	26-Jun-20	Chairman	Business Conduct (inc. Bribery & Corruption)	Human Rights	Reporting & Disclosure		
Vodafone	22-May-20	Board member	Board Matters	Human Rights	N/A		
AT & T inc	11-Sep-20	Investor Relations	Board Matters	Labour	Business Conduct (inc. Bribery & Corruption)	Social Issues	Cyber Security
Barclays Bank	21-Sep-20	Divisional Head	Board Matters	Climate Change	Voting Issues	Risk/Risk Management Structure	Remuneration
Centrica	24-Sep-20	Investor Relations	Strategy (inc. Targets, KPIs, Innovation & R&D)	Labour	Climate Change	Environment	N/A
Apple	9-Dec-20	Investor Relations	Social Issues	Practices/Issues & Human Capital	Human Rights	Environment	N/A
Lloyds Bank	7-Dec-20	Investor Relations	Business Conduct (inc. Bribery & Corruption)	Climate Change	Diversity	N/A	N/A
Standard Chartered Bank	23-Nov-20	Chairman	Strategy (inc. Targets, KPIs, Innovation & R&D)	Board Matters	Business Conduct (inc. Bribery & Corruption)	Remuneration	Corporate Structure
Citigroup	11-Nov-20	Divisional Head	Business Conduct (inc. Bribery & Corruption)	Corporate Structure	Board Matters	Social Issues	N/A
Lloyds Bank	11-Nov-20	Board member	Board Matters	Culture	Remuneration		
Prudential	4-Oct-20	Divisional Head	Strategy (inc. Targets, KPIs, Innovation & R&D)	Cyber Security	Labour		
Barclays Bank	11-Mar-21	No details	Corporate behaviour		Practices/Issues & Human Capital		
Centrica	2-Feb-21	No details	Climate	Labour	Human rights		
Engie	11-Mar-21	No details	Climate	Practices/Issues & Human Capital	Environment	Corporate behaviour	Corporate governance
Orsted	9-Feb-21	No details	Climate	Environment			
Pfizer	13-Jan-21	No details	Corporate governance				
Prudential	15-Mar-21	No details	Corporate behaviour	Corporate governance			
Tritax Big Box REIT	11-Mar-20	No details	Climate				

Aberdeen Standard Life Global Equity 50:50 Tracker and the Vanguard FTSE All Share Index

Voting Statistics (Applicable for the reporting period)	Standard Life Vanguard FTSE All Share Index.		Standard Life Global Equity 50:50 Tracker	
	Reponse - numbers	Response - %	Reponse - numbers	Response - %
How many meetings were you eligible to vote at?	773		2,362	
How many resolutions were you eligible to vote on?	10,660		32,456	
What % of resolutions did you vote on for which you were eligible?	10,660		32,374	
Of the resolutions on which you voted, what % did you vote with management?	10,554	99.0%	31,569	97.5%
Of the resolutions on which you voted, what % did you vote against management?	106	1.0%	805	2.5%
Of the resolutions on which you voted, what % did you abstain from voting?	8	0.1%	24	0.1%
In what % of meetings, for which you did vote, did you vote at least once against management?	62	8.0%	406	17.2%
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	23	0.2%	170	0.5%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Vanguard Investment Stewardship utilizes the Institutional Shareholder Services (ISS) ProxyExchange platform for the execution of our votes. They have developed a robust custom policy that ISS has implemented on our behalf along with rigorous controls and oversight mechanisms to ensure the accurate application of the Vanguard policy.		Vanguard Investment Stewardship and BlackRock utilizes the Institutional Shareholder Services (ISS) ProxyExchange platform for the execution of our votes. Vanguard and BlackRock have developed their own robust custom policy that ISS has implemented on our behalf along with rigorous controls and oversight mechanisms to ensure the accurate application of their policies. Full information is available from each institution.	

Details of the material votes against management are as below

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Company Name	Not applicable	Not applicable
Date of vote	Vanguard - they do not take any significant votes	Vanguard, the manager of most of the equity market sleeves in the fund and BlackRock, the manager of the Canadian equity sleeve of the fund
Summary of the resolution		
How the fund manager voted		
Outcome of the vote		
On which criteria have the fund manager assessed this vote as "most significant"		

L&G Global Equity 60:40 Index Fund and the L&G Dynamic Diversified fund

Voting Statistics (Applicable for the reporting period)	LGIM Global Equity Fixed Weight 60:40 Index fund		LGIM Dynamic Diversified	
	Reponse - numbers	Response - %	Reponse - numbers	Response - %
How many meetings were you eligible to vote at?	3,641		3,951	
How many resolutions were you eligible to vote on?	44,680		83,262	
What % of resolutions did you vote on for which you were eligible?	44,667		83,179	
Of the resolutions on which you voted, what % did you vote with management?	37,323	83.6%	69,953	84.1%
Of the resolutions on which you voted, what % did you vote against management?	7,276	16.3%	12,643	15.2%
Of the resolutions on which you voted, what % did you abstain from voting?	8	0.2%	8	0.7%
In what % of meetings, for which you did vote, did you vote at least once against management?	199	5.5%	213	5.4%
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	197	0.4%	250	0.3%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	<p>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 we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. For more details, please refer to the Voting Policies section of this document.</p>		<p>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 we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. For more details, please refer to the Voting Policies section of this document.</p>	

Details of the material votes against management are as below

Total number of material votes 26 27

Here are details of two significant votes against the management.

Company Name	Quantas Airways	Pearson
Date of vote	23-Oct-20	30-Sep-20
Summary of the resolution	Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.	Resolution 1: amend remuneration policy
How the fund manager voted	LGIM voted against resolution 3 and supported resolution 4.	LGIM voted against the amendment to the remuneration policy
Outcome of the vote	About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration, in our view.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO
On which criteria have the fund manager assessed this vote as "most significant"	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.	Pearson has had strategy difficulties in recent years and is a large and well-known UK company. Given the unusual approach taken by the company and LGIM's outstanding concerns, they deem this vote to be significant

Company Name	Whitehaven Coal	SIG plc
Date of vote	22-Nov-20	31-Jul-20
Summary of the resolution	Resolution 6 Approve capital protection. Shareholders LGIM voted for the resolution.	Resolution 5: Approve payment to S. Francis
How the fund manager voted	LGIM voted for the resolution.	LGIM voted against the resolution
Outcome of the vote	The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour. However, the environmental profile of the company continues to remain in the spotlight: in late 2020 the company pleaded guilty to 19 charges for breaching mining laws that resulted in 'significant environmental harm'. As the company is on LGIM's Future World Protection List of exclusions, many of our ESG-focused funds – and select exchange-traded funds – were not invested in the company.	The resolution passed. However, 44% of shareholders did not support it
On which criteria have the fund manager assessed this vote as "most significant"	The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism.	The vote is high-profile and controversial

Even though L&G integrate ESG criteria into the selection of corporate bonds, they do not report on their engagement with the companies whose bonds the Pre-Retirement fund holds, which is at odds with the practice of Aberdeen Standard Life.

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