Annual Implementation Statement

MILLENNIUM & COPTHORNE DB PENSION PLAN

6 April 2020 to 5 April 2021 (the "Plan Year")

Introduction:

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year from 6 April 2020 to 05 April 2021 (the "Plan Year"). This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Plans (Investment and Disclosure) (Amendment and Modification) Regulations 2019 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 Millennium & Copthorne DB Section Plan ("the Plan") SIP have been followed.

This statement also describes the voting behaviour [carried out by the Plan's investment managers on the Trustee's behalf] during the Plan Year (including the most significant votes cast by the Trustee or on its behalf) and describes any use of the services of a proxy during the Plan Year.

A copy of this implementation statement is available via the link below:

https://www.millenniumhotels.com/en/corporate/uk-pension-plan/

This statement flows directly from and should be read in conjunction the Plan's SIP (in place at the Plan Year end signed on September 2020) and which is available via the link below:

https://www.millenniumhotels.com/en/corporate/uk-pension-plan/

Review of the SIP

The SIP dated September 2019 applied from the start of the Plan Year until the Trustee put in place the revised SIP dated September 2020, which applied for the rest of the Plan Year. The revised SIP added further details to the Plan's policies regarding the assessment, duration of arrangements, and incentivising of investment managers. The review also expanded the Plan's policies on stewardship, voting and engagement. The Trustee considered both of these SIPs when preparing the implementation statement.

Investment Objectives of the Plan:

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan's DB section are included in the SIP and are as follows:

- To achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.
- To maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan.

Assessment of how the policies in the SIP have been followed for the Plan Year

The information provided in the table below highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP, relating to the DB Section of the Plan.

In the opinion of the Trustee, following the review carried out as part of preparing this statement, the SIP has been followed during the Plan Year. We explain in the statement the Trustee's reasoning for this conclusion.

On 31 March 2021 the Trustee's agreement with JLT Investment Management ("JLT IM") was terminated and a new agreement was subsequently negotiated with Mercer to provide investment consultancy services to the Trustee on an advisory basis. Responsibilities previously carried out by JLT IM are now being undertaken by Mercer or the Trustee. A revised SIP is being produced at the time of writing, which explains how the new arrangements are implemented.

	Requirement	Policy	Summary description and evaluation of work undertaken in the Plan Year
1	Securing compliance with the legal requirements about choosing investments	*The Trustee has obtained and considered written advice from a suitably qualified individual, employed by its investment consultants, Mercer Ltd ("Mercer"), whom it believes to have a degree of knowledge and experience that is appropriate for the management of its investments* SIP section 1 *The Trustee has appointed Mercer as the independent investment adviser to the Plan. Mercer provides advice as and when the Trustee requires it, as well as raising any investment-related issues, of which it believes the Trustee should be aware.* SIP section 3.2	No new investments were implemented over the Plan Year.
2	Kind of investments to be held	*The Trustee has determined the investment strategy after considering the Plan's liability profile and requirements of the Statutory Funding Objective, the Trustee's own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustee has also received written advice from its Investment Adviser.* *The Trustee recognises the benefits of diversification across growth asset classes,*	The basis of the Trustee's strategy is to divide the Plan's assets between a "growth" portfolio, comprising assets such as diversified growth funds (DGFs), equities and property, and a "stabilising" portfolio, comprising assets such as bonds and liability driven investments ("LDI"). The Trustee is comfortable that the Plan's assets were invested in line with their policies during the year.

		as well as within them, in reducing the risk that results from investing in any one particular market. Where it considers it advisable to do so, the Trustee has appointed investment managers to select and manage the allocations across growth asset classes, in particular where it would not be practical (or appropriate) for the Trustee to commit the resources necessary to make these decisions themselves. SIP section 4.1 *The use of derivatives is permitted by the guidelines that apply to the pooled funds* SIP section 4.3	
3	The balance between different kind of investments	The Trustee has established a strategic investment benchmark for the Plan, taking into account the potential risks outlined in the SIP. The Trustee has adopted an investment strategy with a 70% allocation to Growth Assets ("DGFs" and Multi-Asset funds) and a 30% allocation to Stabilising Assets (liability driven investments). SIP Appendix 1	From time to time, the Plan's investment managers will rebalance the Plan's assets back to the central benchmark should they significantly stray from the defined benchmark allocation. Investment/ disinvestment requests are used to help keep the asset allocation within the defined allocation. The Trustee is comfortable that the strategic allocation remained appropriate during the year under review.
4	Risks including the ways in which risks are to be measured and managed	*The Trustee recognises a number of risks involved in the investment of the Plan. The Trustee has considered risks which they believe may be financially material to the Plan over its anticipated lifetime.*	As detailed in the SIP, the Trustee considers both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation and the choice of fund managers / funds / asset classes. The Trustee reviews the investment performance report provided by its investment advisor on a quarterly basis, which includes the investment adviser's research rating on the pooled funds' investment strategy and ESG incorporation. The reports also

		These considerations are taken into account in the selection, retention and realisation of investments. SIP section 5.0	provide investment performance of the funds compared to benchmark and details of the Plan's asset allocation. .
5	Expected return on investments	*The Trustee's primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.* SIP section 2.0	The investment performance report is reviewed by the Trustee on a quarterly basis, and includes information on how each pooled fund is performing relative to its respective benchmark and how the overall Plan assets are performing compared to the benchmark. Over the year to 31 March 2021, the overall Plan returns were ahead of the benchmark.
6	Realisation of investments	*In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustee has decided on a structured approach to rebalance the assets in accordance with its overall strategy* SIP section 4.1 *Mercer, on behalf of the Trustee, will take ESG considerations into account in the selection, retention and realisation of investments for the Plan.* SIP section 4.4 *Where possible, cash outflows will be met from cash balances held by the Plan and from income from the Plan's investments in order to minimise transaction costs.* SIP Appendix 2	Contributions and disinvestments of monies to meet cash flow requirements during the year were undertaken in line with the Trustee' s cash flow management and rebalancing policy.
7	Financially material considerations	*The Trustee has prioritised assets which provide protection against movements in the Plan's liability value and also assets*	The investment performance reports are reviewed by the Trustee on a quarterly basis – these includes research ratings from the investment adviser.

	over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	*which provide diversification across a wide range of investment markets. The Trustee considers the financially significant benefits of these factors to be paramount.* *The Trustee understands that it must consider all factors that have the ability to impact the financial performance of the Plan's investments over the appropriate investment and funding time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors (including but not limited to climate change).* *The Plan's assets are invested in pooled funds. The Trustee accepts the fact that it has very limited influence over the ESG policies and practices of the companies in which its managers invest. The Trustee will therefore rely on the policies and judgement of its investment managers and the Trustee will review those policies with the assistance of Mercer (the Trustee's investment adviser) annually at its quarterly Trustee meetings.* SIP section 4.4	The Trustee is comfortable with the research ratings applied to the funds, and continues to closely monitor these ratings and any significant developments at the investment manager via quarterly reports provided by its investment advisor. The Plan's SIP includes the Trustee' policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in order to monitor ESG related risks and opportunities. In order to establish these beliefs and produce this policy, the Trustee considered their beliefs during the year under review with a view to undertaking further training on responsible investment in due course. The Trustee keeps its policies under regular review with the SIP subject to review at least triennially.
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and	*The Trustee has determined that the financial interests of the Plan members are its foremost priority when choosing investments.* *The Trustee only considers factors that are expected to have a financial impact on the Plan's investments. Non-financial matters*	Member views are not explicitly taken into consideration.

	realisation of investments	*are not taken into account in the selection, retention and realisation of investments. For this purpose, non-financial matters mean the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Plan.* SIP section 4.3	
9	The exercise of the rights (including voting rights) attaching to the investments	*In relation to the exercise of the rights (including voting rights) attaching to the investments, the Trustee has delegated the decision on how to exercise voting rights to its investment managers. This includes decisions around the selection, retention and realisation of investments within their mandates. The Trustee expects the investment managers to exercise these rights in accordance with their respective published corporate governance policies. This applies to both equity and debt investments, as appropriate, and covers a range of matters including the issuers' performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.* SIP section 4.4	The Trustee has delegated the exercise of voting rights to the Plan's investment managers. As such, this activity is expected to be undertaken on behalf of the Trustee. The Trustee does not use the direct services of a proxy voter, however the investment managers may enlist the service of a proxy voted when required. The Trustee has equity exposure through the following funds; • Baillie Gifford Diversified Growth Fund • Invesco Perpetual Global Targeted Returns Pension Fund • Columbia Threadneedle Multi-Asset Fund Voting activity carried out over the Plan year on behalf of the Trustee is shown in the Appendix of this Statement. Over the period covered by this Statement, the Trustee has not directly challenged managers on voting activity. During the year under review, the Trustee did not actively challenge the investment managers on its voting activity.

10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Trustee would monitor and engage with relevant persons about relevant matters)	*The Trustee delegates primary responsibility for its corporate engagement activities to its investment managers. The Trustee believes that the investment managers are best placed to engage with investee companies on their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.* *The Trustee has delegated to Mercer, under the terms of their engagements, the monitoring of the performance, strategy, risks, ESG policies and corporate governance of the investment managers on behalf of the Trustee. The Trustee expects and encourages Mercer to exercise these rights and undertake monitoring and engagement. Mercer will update the Trustee periodically on the activities undertaken in this regard. If the Trustee has any concerns, it will raise them with Mercer, verbally or in writing.* SIP section 4.4	As the Plan invests solely in pooled funds, the Trustee requires their investment managers to engage with the investee companies on their behalf. The Trustee wishes to encourage best practice in terms of corporate activism. They therefore encourage their investment managers to discharge its responsibilities in respect of investee companies in accordance with relevant legislation and codes. The Trustee has given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will review the investment managers' policies and engagement activities (where applicable) on an annual basis. The Trustee received details of relevant engagement activity for the Plan Year from each of the Plan's investment managers, covering a wide range of different issues, including ESG factors. Examples of this are given below: • **Baillie Gifford** engaged with management of companies to discuss their policies on effective corporate governance, executive remuneration, capital allocation, company culture, carbon-intensity and greenhouse emissions reduction, among others. • **Invesco** engaged with companies on ESG issues centered on sustainability, climate change, corporate governance and social equity. • **Columbia Threadneedle** engaged with companies on a number of issues, including, sustainability, climate change and corporate governance. • **BMO** contribute to standard-setting in public policy, where they seek to be a constructive investor voice. They provide consultations on responsible investment policies, codes and regulations, work with global stock exchanges on listing standards and advocate policies that raise the bar for the management of ESG risks faced by companies in

			which they invest. Over the Plan Year they have also been involved in improving the green bond framework and reporting.

Appendix: Investment Manager Voting Summary

As previously stated in the table above, the Trustee has delegated the exercise of voting rights to the Plan's investment managers. As such, this activity is expected to be undertaken on behalf of the Trustee. The Trustee does not use the direct services of a proxy voter, however the investment managers may enlist the service of a proxy voted when required.

The Trustee has equity exposure through the following funds;

- Baillie Gifford Diversified Growth Fund
- Invesco Perpetual Global Targeted Returns Pension Fund
- Columbia Threadneedle Multi-Asset Fund

The Trustee accepts that each investment manager has its own process for determining a "most significant vote", however the Trustee believes the rationales provided by the managers appear reasonable and are not out of line with the Trustee's understanding.

Overview of Baillie Gifford's approach to voting and engagement (provided by the manager)

<u>Baillie Gifford's policy on consulting with clients before voting</u>

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. The firm does not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then Baillie Gifford will engage with them on this. If a vote is particularly contentious, the firm 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 process for deciding how to vote

Baillie Gifford's Governance & Sustainability team oversees the voting analysis and execution in conjunction with the firm's investment managers. The firm does not outsource any part of the responsibility for voting to third-party suppliers. Baillie Gifford analyses all meetings in-house in line with its Governance & Sustainability Principles and Guidelines and endeavour to vote every one of its clients' holdings in all markets.

Use of proxy voting services

While Baillie Gifford is cognisant of proxy advisors' voting recommendations (Institutional Shareholder Services ("ISS") and Glass Lewis), the firm does not delegate or outsource any of its stewardship activities or follow or rely upon their recommendations when deciding how to vote on clients' shares. All client voting decisions are made in-house and in line with in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide them with more nuanced market specific information

Processes for determining the most significant votes

Potential significant voting situations are set out below:

- 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.

Overview of Invesco's approach to voting and engagement (provided by the manager)

Invesco's policy on consulting with clients before voting

Invesco has adopted a clear and considered stewardship policy aligned with its responsibility as a shareholder on behalf of all its investors. The proxy voting process at Invesco, which is driven by investment professionals, focuses on maximizing long-term value for its clients, protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. All of Invesco's activities are aimed at enhancing and protecting the value of its investments for its clients. Invesco takes a nuanced approach to voting, therefore, many matters to be voted upon are reviewed on a case by case basis as each investment team makes independent voting decisions based on criteria that may be important to their investment approach. Invesco's proxy voting process is designed to ensure that proxy votes are cast in accordance with the best interests of all clients.

Invesco's process for deciding how to vote

Voting matters are assessed on a case-by-case basis by Invesco's respective investment professionals considering the unique circumstances affecting companies, regional best practices and our goal of maximizing long-term value creation for our clients. The voting decision lies with the firm's asset managers with input and support from the Global ESG team and Proxy Operations functions. Invesco's portfolio managers review voting items based on their individual merits and retain full discretion on vote execution conducted through the firm's proprietary proxy voting platform. The proprietary voting platform facilitates implementation of voting decisions and rationales across global investment teams.

Use of proxy voting services

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 proxy voting philosophy, governance structure and process are designed to ensure that proxy votes are cast in accordance with clients' best interests.

Processes for determining the most significant votes

Invesco's investor-led proxy voting approach ensures that each meeting is voted in the firm's clients' best interests and each proposal, both management and shareholder, is considered in light of the risk and materiality to the portfolios. As part of the firm's Shareholder Rights Directive II implementation, the following criteria are used when determining whether a voting item is significant;

(i) materiality of the position,

(ii) the content of the resolution and,
(iii) inclusion on Invesco's ESG watchlist.

Overview of Columbia Threadneedle's approach to voting and engagement (provided by the manager)

Columbia Threadneedle's policy on consulting with clients before voting

The firm does not have a policy on consulting with clients before voting for their pooled vehicles.

Columbia Threadneedle's process for deciding how to vote

In voting proxies on behalf of its clients, the firm votes in consideration of all relevant factors to support the best economic outcome in the long-run. As an organisation, Columbia Threadneedle's approach is driven by a focus on promoting and protecting its clients' long-term interests; while the firm are generally supportive of company management, it can and does frequently take dissenting voting positions. While final voting decisions are made under a process informed by the firm's RI team working in collaboration with portfolio managers and analysts, the Global Proxy Team serves as the central point of proxy administration with oversight over all votes cast and ultimate responsibility for the implementation of our Proxy Voting Policy. Voting is conducted in a controlled environment to protect against undue influence from individuals or outside groups.

Use of proxy voting services

Proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles (Principles) document, and the firm's proxy voting practices are implemented through its Proxy Voting Policy. Columbia Threadneedle utilise the proxy voting research of ISS and Glass Lewis & Co., which is made available to its investment professionals, and the RI team will also consult on many voting decisions.

Processes for determining the most significant votes

The firm consider a significant vote to be any dissenting vote i.e. where a vote is cast against (or where the firm abstains/withholds from voting) a management-tabled proposal, or where the firm supports a shareholder-tabled proposal not endorsed by management. Columbia Threadneelde report annually on its reasons for applying dissenting votes via the company website.

Voting summary for the 12 months period to 31 March 2021

Fund	Votes cast						Most significant votes
	Total Meetings	Total Resolutions	% Voted on	% votes with management	% votes against management	% abstained votes	
Baillie Gifford Diversified Growth Fund	103	935	96%	94%	5%	1%	**Vote example 1** **Company**: **Covivio REIT** **Date of Vote:** 22 April 2010 **Summary of the resolution:** Remuneration - Policy **Voting decision:** Against **Rationale for voting decision** At the meeting, Baillie Gifford opposed five resolutions regarding the in-flight and proposed long term incentive scheme because it could lead to rewarding under-performance. Following the AGM in 2020, the firm informed the company of its voting decision and advised that Baillie Gifford expects more stretching performance criteria to apply to long term incentives going forward. Baillie Gifford is yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action. **Vote example 2** **Company**: Cardinal Heath **Date of Vote:** 23 February 2021 **Summary of the resolution:** Remuneration - Policy **Voting decision:** Against

Fund	Votes cast						Most significant votes
	Total Meetings	Total Resolutions	% Voted on	% votes with management	% votes against management	% abstained votes	
							Rationale for voting decision Baillie Gifford opposed the resolution to approve the remuneration policy because we are concerned that an additional fee proposed for the Senior Independent Director could impact his independence. The firm engaged with the company on the issue and will continue to take voting action in relation to the vote if concerns remain.
Invesco Perpetual Global Targeted Returns Pension Fund	365	5,332	98%	94%	6%	1%	**Vote example 1** **Company**: Citigroup, Inc. **Date of Vote**: 21 April 2020 **Summary of the resolution**: Report on Lobbying Payments and Policy **Voting decision**: Against (in line with management recommendation) **Rationale for voting decision**: Invesco voted against this resolution, as the company is disclosing adequate information for shareholders to be able to assess its engagement in the political process and its management of related risks. **Vote example 2** **Company**: EasyJet Plc **Date of Vote**: 14 July 2020 **Summary of the resolution**: Approve Capital Raising **Voting decision**: For **Rationale for voting decision**: Invesco voted for this resolution, as the capital raise will strengthen the Company's balance sheet as part of the Company's response to the impact of COVID-19, helping the Company in its recovery and long-term growth.
Columbia Threadneedle Multi-Asset Fund	601	6,988	99%	90%	6%	4%	**Vote example 1** **Company**: Amazon.com, Inc. **Date of Vote**: 27 May 2020 **Summary of the resolution:** Elect Director Thomas O. Ryder **Voting decision:** Against

Fund	Votes cast						Most significant votes
	Total Meetings	Total Resolutions	% Voted on	% votes with management	% votes against management	% abstained votes	
							Rationale for voting decision: Columbia Threadneedle voted against this nomination, as Director is an affiliate serving on a key committee. **Vote example 2** **Company**: Facebook, Inc. **Date of Vote**: 27 May 2020 **Summary of the resolution**: Report on Median Gender/Racial Pay Gap **Voting decision**: For **Rationale for voting decision**: Columbia Threadneedle voted for this proposal, as it is a material risk for business and in the best interest of its shareholders.