

# PGIM UK Retirement Savings Plan (the “Plan”)

Annual Implementation Statement  
for the Year Ended 5 April 2025

September 2025



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# Section 1

## 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 running from 6 April 2024 to 5 April 2025 (the “Plan Year”). This statement also details any reviews of the SIP the Trustees have undertaken, any changes made to the SIP over the year as a result of the review, and describes voting behaviour by, or on behalf of, the Trustees over the year.

This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as well as the statutory guidance published by the Pensions Regulator on reporting on stewardship in the implementation statement dated 17 June 2022.

Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Plan and changes which have been made to the SIP during the Plan Year, respectively.

Section 2.3 of this statement sets out how, and the extent to which, the policies in the Defined Benefit (“DB”) Section and Defined Contribution (“DC”) Section of the SIP have been followed.

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers within each Section of the Plan.

The SIP will continue to be updated on a regular basis to take account of future regulatory requirements. The Trustees will ensure that the SIP is formally updated every three years, or alternatively, if required to take account of future strategic changes or regulatory requirements.

This statement is based on, and should be read in conjunction with, the SIPs that were in force over the Plan Year, noted below:

**DB Section** February 2024 SIP for full Plan Year

**DC Section** February 2024 SIP to June 2024; June 2024 SIP to 5 April 2025

Over the Plan year, the Trustees reviewed and amended the Plan’s DC Section SIP, taking formal advice from its investment advisor (Mercer Limited (“Mercer”). The DC Section SIP was reviewed in June 2024 to incorporate the Trustees’ policy relating to illiquid assets. The DB Section SIP was not reviewed over the year, as there were no changes to the DB investment strategy, asset allocation or investment policies of the Plan.

**The Trustees can confirm that all policies in the SIP have been followed in the Plan Year.**

A copy of the DB Section SIP is available at <https://www.pgim.com/content/dam/pgim/us/en/pgim-center/active/documents/disclosures/PGIM-UK-Retirement-Savings-Plan-Defined-Benefit-2024.pdf>.

A copy of the DC Section SIP is available at <https://adviser.scottishwidows.co.uk/assets/literature/docs/pgim-sip.pdf>.

# Section 2

## Statement of Investment Principles

### 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.

#### DB Section

The objectives of the Plan included in the DB Section SIP are as follows:

- To make sure that the obligations to the beneficiaries of the Plan are met.
- To ensure that the investment of the Plan's assets is consistent with the funding approach recommended by the Plan's Actuary.
- To pay due regard to the Principal Employer, PGIM European Services Limited's interests on the size and incidence of the employers' contribution payments.

The Trustees' investment policy is guided by their aim to generate an investment return, over the long term, that is consistent with the long-term actuarial assumptions under which the funding plan has been agreed. The Trustees are prepared to take some risk to achieve this objective, including investing in equities and non-government bonds, and by using active fund managers to manage some of the Plan's assets. The Trustees' ability and willingness to take such risk is subject to the principles outlined in Section 4 of the DB Section SIP.

The DB Section SIP also includes the Trustees' policies on ESG, Stewardship and Climate Change, as well as the Trustees' position on member views relating to the Plan's investments.

#### DC Section

For the **DC Section** of the Scheme, the Trustees' principal mission is to help members to maximise their retirement outcomes with an appropriate level of investment risk, by providing an appropriate investment framework which represents value for members and which is in line with recognised market "good practice", taking into account guidance from the Pensions Regulator and other appropriate industry and regulatory bodies.

In addition to the principal mission as stated above and the investment objectives below, the Trustees also aim:

- To ensure that the DC Section's operational structure is sensible and cost effective.
- To ensure there is a sufficient number of appropriate investment options available to allow the member to plan for retirement.
- To maximise the value of members' assets at retirement at an acceptable level of risk.
- To maintain the purchasing power of members' savings.

- To provide some protection for members' accumulated assets in the years approaching retirement against sudden volatility in the capital value and fluctuations in the cost of providing benefits..

The Trustees have the following investment objectives related to the DC Section of the Plan:

- Offering members four 'Lifestyle' approaches to investment strategy (one of which is also the Default Investment Option) and ensuring that the other investment options also allow members to plan for retirement.
- Making available a range of pooled investment funds which serve to meet the varying investment needs and risk tolerances of Plan members.
- Providing general guidance as to the purpose of each investment option.
- Encouraging members to seek financial advice from a FCA regulated financial adviser in determining the most suitable option.
- The Trustees will regularly review the suitability of the options provided and from time to time will change manager or introduce additional investment portfolios as appropriate.

## Review of the SIP

Over the Plan year, the Trustees reviewed and amended the Plan's DC Section SIP, taking formal advice from its investment advisor (Mercer Limited ("Mercer")). The DC Section SIP was reviewed in June 2024 to incorporate the Trustees' policy relating to illiquid assets. The DB Section SIP was not reviewed over the year, as there were no changes to the DB investment strategy, asset allocation or investment policies of the Plan.

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

The information provided in this section highlights the extent to which the work undertaken by the Trustees during the Plan Year has driven long-term value for beneficiaries, where relevant, and sets out how this work followed Trustees' policies in the DB Section SIP (dated February 2024) and the DC Section SIP (dated June 2024).

**In summary, it is the Trustees' view that the policies in the SIP have been followed during the Plan Year.**

# Investment Mandates

## Securing compliance with the legal requirements about choosing investments

DB	DC
<p><b>Policy</b></p> <p>The Trustees consider their investment objectives and policies when choosing investments for the DB Section of the Plan. The Trustees obtain advice on any investments prior to them being implemented from their investment advisor, who provides expert advice enabling Trustees to choose investment vehicles that fulfill the Plan's investment objectives. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended). The policy is detailed in Section 1 of the SIP.</p> <p><b>How has this policy been met over the Plan Year?</b></p> <p>The Trustees have kept the long-term investment objective of the Plan under review over the year while awaiting discussions with the Company around the long-term objectives. The Trustees made no changes to the strategic asset allocation over the Plan Year as a result given that the asset portfolio remained aligned with the formal investment objective and performed in line with expectations</p>	<p><b>Policy</b></p> <p>The Trustees consider the investment objectives and policies when choosing investments for the DC Section of the Plan. The Trustees receive written advice from their investment advisor on any investments prior to them being implemented. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended). The policy is detailed in Section 1 of the SIP.</p> <p><b>How has this policy been met over the Plan Year?</b></p> <p>The Trustees made no changes to the investment strategy over the year to 5 April 2025. The Trustees' latest formal investment advice from our investment advisers was in September 2023 and the next investment strategy review is due to be carried out after the Plan Year.</p>

## Realisation of Investments

### DB

#### Policy

The Plan's DB assets consist of a global corporate bond mandate with PGIM Fixed Income ("PGIM"), a Liability Driven Investment ("LDI") portfolio in pooled vehicles with Insight Investment Management ("Insight"), and an insurance policy issued by Legal & General Assurance (Pension Management) Limited ("L&G") in respect of a portfolio of equities. All managers are regulated by the Financial Conduct Authority.

The investments with PGIM, Insight and L&G are held in daily-dealt pooled vehicles. On the Plan's liquidity and cashflow policy, the current approach to funding pensioner payroll, member transfers, PCLS and expenses is to divest monies from the appropriate Plan Assets based on advice taken from the investment advisor on a case-by-case basis.

Further details are set out in Sections 3.3 and 3.4 of the DB Section SIP.

#### How has this policy been met over the Plan Year?

To assist with cashflow management over the Plan Year, the Trustees switched their equity holdings with L&G from a weekly-dealt to a daily-dealt fund. All the Plan's DB assets are now invested in daily-dealt vehicles. The Trustees' cashflow policy is reviewed regularly and was last updated in January 2025 to reflect the change in dealing frequency of the L&G equity fund and to ensure the policy reflected the most up to date information in respect of Trustees and investment advisor contacts.

Over the year, assets were redeemed as needed to meet cashflow needs in line with the cashflow policy and advice provided by the investment advisor.

The liquidity of the Plan's DB assets is considered as part of the investment advisor's investment performance report, which was reviewed by the Trustees on a semi-annual basis during the Plan Year. No liquidity issues were identified within the DB Section during the Plan Year.

### DC

#### Policy

All funds are daily-dealt pooled investment arrangements. These pooled investment arrangements are themselves regulated and underlying investments are all mainly in regulated markets, and therefore are believed to be readily redeemable based on member demand. The Trustees considers the liquidity of the investment in the context of the likely needs of members. Further details are set out in Section 4.2 of the SIP.

#### How has this policy been met over the Plan Year?

The Trustees access daily dealt and daily priced pooled funds held with a range of investment managers. The Trustees received administration reports on a quarterly basis during the Plan Year to confirm and ensure that core financial transactions were processed within Service Level Agreements (SLAs) and regulatory timelines. The administration report is reviewed at every meeting and confirms the performance of all SLAs in particular those related to the realisation of investments and investment of regular contributions. These have consistently met the Trustees' target timescales in the majority of cases.

All funds are daily-dealt pooled investment vehicles, accessed by an insurance contract and should be realisable based on member demand. There were no known issues relating to the liquidity of investments over the Plan Year.

# Environmental, Social and Governance (“ESG”)

## Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

DB	DC
<p><b>Policy</b></p> <p>The Trustees believe that environmental, social, and corporate governance (“ESG”) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.</p> <p>The Trustees have given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, attached to the DB Section’s investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.</p> <p>Equity managers who are FCA registered are expected to report on their adherence to the UK Stewardship Code on an annual basis.</p> <p>The risk and return trade-off (including cashflow considerations and wider funding impact) for holding different asset classes that help the Trustees to achieve the Plan’s investment objectives and constraints remains the primary driver behind the Plan’s investment strategy. However, the Trustees are increasingly considering how ESG, climate change and stewardship issues are integrated within investment processes in appointing new investment managers and monitoring existing investment managers.</p> <p>Non-financial matters, such as member views, are not taken into consideration.</p> <p>Further details are included in Sections 9 and 10 of the SIP.</p>	<p><b>Policy</b></p> <p>The Trustees consider financially material considerations in the selection, retention and realisation of investments. Within the funds consideration of such factors, including environmental, social and governance (ESG) factors, is delegated to the investment manager. Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice. Further details are included in Sections 2 and 4 of the SIP.</p> <p>Non-financial matters, such as member views, are not taken into consideration. Further details are included in Section 2 of the SIP.</p> <p><b>How has this policy been met over the Plan Year?</b></p> <p>The Trustees reviewed the investment performance report at each Trustees’ meeting during the Plan Year. These reports include ratings (both general and ESG specific) from the investment advisers. All the investment managers remained highly rated during the Plan Year.</p> <p>The Trustees considered the investment adviser’s assessment of how each investment manager embeds ESG into its investment process and how the manager’s responsible investment philosophy aligns with the Trustees’ responsible investment policy. This includes the investment managers’ policy on voting and engagement. This formed part of the Trustees’ process in agreeing the investment strategy changes implemented during the Plan Year, as set out earlier in this statement.</p> <p>The Trustees did not explicitly seek member views regarding any investments or arrangements over the period covered by this statement.</p>

## How has this policy been met over the Plan Year?

The Trustees reviewed the investment advisor's investment performance report on a semi-annual basis during the Plan Year – these reports include ratings (both general and ESG specific) from the investment advisor and analysis of how each investment manager is delivering against their specific mandates.

Whilst the day-to-day management of the Plan's assets is delegated to the investment managers, all other investment decisions including strategic asset allocation and selection and monitoring of investment managers is based on advice received from the investment advisor.

In November 2019, the Trustees put in place strategic objectives against which to monitor the performance of services provided by its investment advisor, which includes helping the Trustees implement an investment strategy that integrates ESG, climate change and stewardship considerations in their investment managers' engagement. The Trustees reviewed the investment advisor against these objectives in June 2024

The Trustees will invest in investment managers that are signatories to the UN Principles for Responsible Investment wherever possible to implement the desired strategy. The Trustees also request that the investment managers in place during the Plan Year (L&G, Insight and PGIM) confirm compliance with the principles of the UK Stewardship Code. All managers have confirmed that they are signatories of the current UK Stewardship Code, as of the latest update to the Financial Reporting Council's signatory list on 11 February 2025.

The Trustees did not explicitly seek member views regarding any investments or arrangements over the period covered by this Statement.

However, member views are reflected through consideration of received member queries discussed at Trustee meetings.

# Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee’s would monitor and engage with relevant persons about relevant matters).

DB	DC
<p><b>Policy</b></p> <p>The Trustees have given the appointed investment managers full discretion in 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 Trustees do not use the direct services of a proxy voter.</p> <p>Further details are set out in Section 10 of the SIP.</p> <p><b>How has this policy been met over the Plan Year?</b></p> <p>The Trustees have delegated their voting rights to the investment managers, of whom only L&amp;G (as the Plan’s equity manager) has the ability to vote on the Trustees’ behalf.</p> <p>Over the Plan Year, the Trustees received investment manager performance reports from the investment managers on a quarterly basis, which include information on engagement activities. The Trustees meet with the investment managers from time to time and have the opportunity to challenge decisions made, including voting and engagement activity (where relevant) to try to ensure the best performance over the medium-to-long term. PGIM presented to the Trustees in October 2024 and included examples of engagement activities.</p> <p>L&amp;G have provided information on voting activities carried out over the Plan Year. Those votes meeting the Trustees’ criteria for ‘significant’ votes over the Plan Year are set out later in Section 3 of this statement.</p>	<p><b>Policy</b></p> <p>The Trustees’ policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan’s investments to the investment managers. Further details are set out in Section 2 of the SIP. In addition, it is the Trustees’ policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.</p> <p><b>How has this policy been met over the Plan Year?</b></p> <p>As the Plan invests solely in pooled funds, voting rights are held on the Trustees’ behalf by the appointed investment managers.</p> <p>The Plan’s investment managers have provided information on voting activity carried out over the Plan Year, which the Trustees have reviewed. Those votes meeting the Trustees’ criteria for ‘significant’ votes over the Plan Year are set out later in Section 3 of this statement.</p> <p>The Trustees define a significant vote as one that is linked to topics closely linked to UN Sustainable Development Goals (“SDGs”), focusing on the following ESG areas:</p> <ul style="list-style-type: none"> <li>• <b>Good corporate governance:</b> in particular board diversity and independence.</li> <li>• <b>Climate change:</b> for example, votes relating to low-carbon transition plans consistent with the Paris Agreement goals.</li> </ul> <p>The Trustees will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry.</p>

During the year under review, the Trustees did not consider it necessary to actively challenge L&G on their voting activity.

The Trustees define a “most significant” vote as one that is linked to the Plan’s stewardship priorities/themes. For the purposes of this statement, the Trustees have decided to report on votes related to material holdings (for the top 10 holdings within the underlying L&G equity fund), and will aim to focus on the following stewardship areas:

- **Environmental:** Climate change (for example, votes relating to low-carbon transition plans consistent with the Paris Agreement goals)
- **Social:** Human rights (including modern slavery)
- **Governance:** Executive remuneration (any vote against a remuneration report where executives are awarded bonuses despite missing targets)
- **Governance:** Diversity (any vote against chair when the board is not sufficiently diverse)

The Trustees will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry.

# Monitoring the Investment Managers

## Incentivising asset managers to align their investment strategies and decisions with the Trustees' policies

DB	DC
<p><b>Policy</b></p> <p>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class the Trustees have appointed them for.</p> <p>The Trustees look to their investment advisor for their forward-looking assessment of the investment managers' ability to achieve the funds' investment objectives over a full market cycle.</p> <p>The PGIM global corporate bond mandate is actively managed, and the manager is incentivised through performance objectives for the fund, which are documented in Section 3.3 of the SIP.</p> <p>Where the Trustees invest in pooled investment vehicles, as they currently do for their equity and LDI investments, they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates have been selected to align with the overall investment strategy.</p> <p>The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate(s) that they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the managers.</p> <p>Further details are set out in Section 11 of the SIP.</p> <p><b>How has this policy been met over the Plan Year?</b></p> <p>The Trustees reviewed the investment advisor's investment performance report on a semi-annual basis during the Plan Year. These reports include the absolute performance of the investment managers' funds and the</p>	<p><b>Policy</b></p> <p>The Trustees' focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustees review both absolute and relative performance of the investment managers' funds on a quarterly basis, including assessments of both shorter and longer time horizons. Further details are set out in Section 3.2 of the SIP.</p> <p><b>How has this policy been met over the Plan Year?</b></p> <p>The Trustees monitored the performance of the default investment option, additional lifestyle arrangements and self-select funds versus their respective benchmarks at each Trustee meeting during the Plan Year. The Trustees' investment adviser provided an update on prevailing investment market conditions at each meeting, to put shorter-term fund performance into context.</p> <p>The current range of investment managers are aware that their continued appointment is dependent on them meeting their performance targets.</p>

relative performance against a suitable benchmark and/or against the managers' stated performance targets, over both shorter and longer time horizons, as well as research ratings and updates/developments, where applicable, for each manager and fund, to assist with due diligence. The Trustees use Trustee meetings to ask further questions of the investment advisor, should any material concerns arise from the reporting.

There have been no changes to the pooled or segregated mandates over the Plan Year.

Whilst the day-to-day management of the Plan's assets is delegated to the investment managers, all other investment decisions, including selection and monitoring of investment managers, are based on advice received from the investment advisor.

In November 2019, the Trustees put in place strategic objectives against which to monitor the performance of services provided by its investment advisor, which includes ensuring the Trustees are receiving the support and advice they need to meet the Plan's investment objectives. The Trustees reviewed the investment advisor against these objectives in June 2024.

## Evaluation of asset managers' performance and remuneration for asset management services

DB

### Policy

The Trustees are long-term investors and are not looking to change the investment arrangements on a frequent basis. Managers' performance net of fees is therefore reviewed over both short and long-time horizons.

The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate(s) that they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the managers.

Further details are set out in Sections 3.3 and 6 of the SIP.

### How has this policy been met over the Plan Year?

As noted above, the Trustees reviewed the investment advisor's investment performance report on a semi-annual basis during the Plan Year.

The remuneration for investment managers used by the Plan is based on assets under management. Details of fees are included in the investment advisor's performance report.

Over the Plan Year, the Trustees received investment manager performance reports from the investment managers on a quarterly basis, which include information on performance. The Trustees meet with the investment managers from time to time and have the opportunity to challenge decisions made to try to ensure the best performance over the medium-to-long term. PGIM presented to the Trustees in October 2024 and included detailed information on the mandate's performance.

There have been no changes to the pooled or segregated mandate over the Plan Year and the Trustees were satisfied with the performance of the investment managers.

DC

### Policy

The Trustees are a long-term investor; all funds are open-ended and therefore there is no set duration for manager appointments. The Trustees are responsible for the selection, appointment and removal of investment managers. The Trustees may also choose to remove a fund from the fund range, if no longer considered appropriate. Further details are set out in Section 3.2 of the SIP.

### How has this policy been met over the Plan Year?

The remuneration for investment managers used by the Plan is based on assets under management; the levels of these fees were reviewed during the Plan Year as part of the annual value for members assessment. The investment management charges have been assessed as offering good value overall.

The Trustees received investment manager performance reports on a quarterly basis over the Plan Year, which present performance information over three-month, one-year, three-year, five-year and since inception periods. The Trustees review the absolute performance, relative performance against a suitable benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst the Trustees' focus is on long-term performance, we also take shorter-term performance into account. Based on its performance monitoring over the Plan Year, the Trustees were satisfied with the investment strategy's performance, against long term objectives and given the wider market context.

## Monitoring portfolio turnover costs

DB

### Policy

The Trustees do not define set ranges in respect of portfolio turnover and costs.

Further detail is set out in Section 7 of the SIP.

### How has this policy been met over the Plan Year?

At present, the Trustees do not explicitly monitor portfolio turnover costs.

Over the Plan Year, the Trustees receive investment manager performance reports from the investment managers on a quarterly basis and ask the investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees. PGIM presented to the Trustees in October 2024 and included information on portfolio turnover.

DC

### Policy

The Trustees monitor portfolio turnover costs, which are incorporated in the annual costs and charges, on an annual basis as part of their value for members assessment. Further detail is set out in Section 3.3 of the SIP.

### How has this policy been met over the Plan Year?

The Trustees have carried out an annual 'value for members' assessment covering the Plan Year. As part of this assessment the Trustees reviewed the portfolio turnover costs (also referred to as transaction costs) of the underlying managers.

The Trustees do not have an overall portfolio turnover target for the Plan. There is little flexibility for the Trustees to impact transaction costs as the Plan invests in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Plan invests in, there is not, as yet, an "industry standard" or universe to compare these to. However, the Trustees view the transaction costs over the Plan Year as reasonable in the context of net performance achieved and the fund managers' objectives.

## The duration of the arrangements with asset managers

### DB

#### Policy

The Trustees are long-term investors and are not looking to change the investment arrangements on a frequent basis.

There is no set duration for the manager appointments and the Trustees will retain the investment manager and funds unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointment is reviewed and the Trustees decide to terminate for a more suitable appointment

Details are set out in Section 8 of the SIP.

#### How has this policy been met over the Plan Year?

The Trustees may choose to remove a fund from the portfolio, if it is no longer considered appropriate, and the fund range is reviewed on at least a triennial basis. The Trustees' last formal high-level investment strategy review was completed in March 2024 and no changes to the fund range were made.

### DC

#### Policy

The Trustees are a long-term investor and do not seek to change the investment arrangements on a frequent basis. The Trustees are long-term investors and are not looking to change the investment arrangements on a frequent basis. However, the appointment is regularly reviewed as to its continued suitability and could be terminated either because the Trustees are dissatisfied with the manager's ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Trustees. Further details are set out in Section 3.4 of the SIP.

#### How has this policy been met over the Plan Year?

The Trustees oversee the assets of the Plan, which are managed with a long-term investment horizon and all funds are open-ended. Therefore, there is no set duration for manager appointments. The Trustees may choose to remove a fund from the fund range, if it is no longer considered appropriate, and the fund range is reviewed on at least a triennial basis. No changes to the fund range were made during the Plan year.

# Strategic Asset Allocation

## Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DB	DC
<p><b>Policy</b></p> <p>The basis of the Trustees’ strategy for the DB Section of the Plan is to divide the Plan’s assets between a “stabilising” portfolio, comprising of a global corporate bond mandate (PGIM) and an LDI portfolio (Insight), and a “growth” portfolio, comprising equities (L&amp;G).</p> <p>The Trustees target interest rate and inflation hedge ratios of 90% to 100% of the Plan’s DB liabilities on the Technical Provisions basis through the LDI portfolio and the UK exposure within the global corporate bond mandate.</p> <p>Over the longer term, the investment strategy is expected to run a low level of risk to maintain the fully funded position of the Plan, whilst retaining some equities to build up a funding buffer over time.</p> <p>Further details are set out in Section 3.2 of the SIP.</p> <p><b>How has this policy been met over the Plan Year?</b></p> <p>Over the Plan Year, there have been no changes to the Plan’s strategic asset allocation. The Trustees’ last formal high-level investment strategy review was completed in March 2024. The strategic benchmark asset allocation has been determined using appropriate economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors. The strategic benchmark asset allocation serves to reduce risk as well as better match the interest rate and inflation sensitivities of the Plan’s liabilities.</p> <p>The Trustees continue to believe that the current investment strategy is appropriate given the DB Section’s liability profile.</p>	<p><b>Policy</b></p> <p>The Trustees believe that the investment options are appropriate for meeting the investment objectives. In particular, for members who do not wish to take an active role in the investment decisions, the Trustees offer a Default Investment Option. The Trustees have also made available two alternative lifestyle strategies. Bearing in mind the level of investment knowledge of a typical member and the desire to keep the available fund range simple and understandable (while providing appropriate choice) the Trustees have decided to make a range of additional funds available to members, offering both passively and actively managed funds. Further details are set out in Sections 4 and 5 of the SIP.</p> <p><b>How has this policy been met over the Plan Year?</b></p> <p>The kind of investments held were reviewed in detail as part of the June and October 2022 investment strategy review, which was implemented in September 2023. Over the Plan Year, there were no changes to the default strategy. The Trustees continue to believe that the overall asset allocation within the default investment option remains appropriate for targeting good member outcomes.</p> <p>Opportunities for improvement identified in the previous review—such as integrating ESG factors more effectively and refining fund selection within the multi-asset allocation—were addressed in September 2023, as set out in the SIP. The Trustees recognise that the default investment option may not meet the needs of all members, and a self-select fund range remains available for members to choose from.</p>

**DB**

The Plan's asset allocation is allowed to drift with market movements; however, it is expected that the overall investment strategy and the benchmark split between bonds (including LDI) and equities, is maintained. Over the Plan Year, the split was reviewed regularly by the Trustees as part of the cashflow advice provided by the investment advisor.

**DC**

Investment advice was obtained from the Plan's advisers, and the current arrangements remain consistent with the policies outlined in the SIP, providing members with appropriate options across the risk/return spectrum.

The Trustees also agreed to a policy regarding investment in illiquid assets during the Plan Year, which was incorporated into the SIP in June 2024

A formal review of the investment strategy is scheduled for October 2025.

## Risks, including the ways in which risk are to be measured and managed

### DB

#### Policy

In designing the investment strategy for the DB Section, the Trustees have explicitly considered the trade-off between expected risk and returns.

Over the long term, the Trustees expect the return on the DB Section's assets to be sufficient to meet its objectives and monitor the risks to which the Plan is exposed over time, taking action as needed to manage these risks.

Further detail can be found in Section 4 of the SIP.

#### How has this policy been met over the Plan Year?

The Trustees recognise risk (both investment and operational) from a number of perspectives in relation to the investments held within the DB Section. The risks set out in the SIP (and reproduced below) were all considered during the Plan Year, in the context of ongoing performance monitoring, deciding investment policies, strategic asset allocation and choice of fund managers.

The Trustees' investment advisor assigns ratings to each of the Plan's underlying funds, which are monitored on an ongoing basis by the advisor's manager research team; any concerns specific to the underlying funds are raised with the Trustees by the investment advisor. The primary risk upon which the Trustees focus is that arising through a mismatch between the Plan's assets and its liabilities. The Trustees manage and mitigate this risk via the LDI portfolio, which is designed to broadly match the characteristics of the Plan's liabilities.

The risks that must be considered with regards to the LDI portfolio include (but are not limited to): interest rate risk, inflation risk, counterparty risk, leverage, rebalancing risk and maturity risk.

The Trustees introduced Liability Benchmark Portfolio ("LBP") monitoring and LDI risk monitoring as part of their semi-annual performance reports during the Plan Year. The purpose of this is to

### DC

#### Policy

The Trustees have considered risk from a number of perspectives in relation to the DC Section, including the default option, all of which the Trustees believe are financially material. Further details are set out in Section 4.2 of the SIP.

#### How has this policy been met over the Plan Year?

The risks set out in the SIP (and reproduced below) were all considered during the Plan Year, in the context of ongoing performance monitoring. The Trustees investment advisers assign ratings to each of the Plan's underlying funds, which are monitored on an ongoing basis by the adviser's manager research team; any concerns specific to the underlying funds are raised with the Trustees by the investment advisers. In February 2025, the ESG rating for L&G Future World Annuity Aware Fund was upgraded from N to ESG3.

The Plan maintains a risk register of the key risks, including the investment risks, which was reviewed during the Plan Year. The risks set out in the SIP are:

- Inflation Risk
- Pension Conversion Risk
- Market Risk
- Currency Risk
- Operational Risk
- Liquidity Risk
- Valuation Risk
- Environmental, Social and Governance Risk
- Manager Skill / Alpha Risk

ensure the LBP (the benchmark against which the LDI portfolio is constructed and monitored, as it is designed to represent a proxy for the interest rate and inflation sensitivities of the liabilities) remains a robust benchmark for the underlying liabilities and to monitor the additional risks associated with the LDI portfolio, in particular, leverage and collateral sufficiency (whilst having regard to the Pensions Regulator's guidance on appropriate collateral management procedures).

The additional risks set out in the SIP and considered by the Trustees are:

- Lack of diversification
- Regulatory risk
- Political risk
- Liquidity risk
- Concentration risk

The Trustees look to their investment advisor for guidance on the management of the additional risks set out above, and receive updates both on an ongoing basis via email, and at Trustee meetings on any items of note that may impact the investment strategy. Over the Plan Year, the above risks were considered on an ongoing basis, with various email communications passed on to the Trustees in relation to market and regulatory developments such as the impact of US Tariff announcements and the evolution of the DB Funding Code.

# Section 3

## Engagement Activity by the Plan's Investment Managers

The following are examples of engagement activity undertaken by the Plan's investment managers.

DB	DC
<p><b>L&amp;G engages with Nippon Steel Corporation on climate-related lobbying activities</b></p> <p><u>Background</u></p> <p>L&amp;G's CIP includes a 'red line' expectation across sectors for companies to disclose their climate-related lobbying activities, including trade association memberships, and to explain the action they will take if the lobbying activities of these associations are not in line with the 2016 Paris Climate Agreement. This has been L&amp;G's primary objective with Nippon Steel.</p> <p>Nippon Steel is the largest steel maker in Japan and one of the biggest globally in terms of production. Traditional steelmaking processes are highly carbon intensive, and a shift to green steel will require a policy environment that supports a sufficient supply of low-carbon alternatives. Assessments undertaken by third party data providers have demonstrated that Nippon Steel lags its peers on climate policy engagement disclosures.</p> <p><u>What has been done</u></p> <p>Since adding the climate lobbying red line to L&amp;G's Climate Impact Pledge, this has formed a key area of their engagement with Nippon Steel from 2022. The company failed to meet this criterion, so L&amp;G made it the focus of the 2023-2024 engagement cycle.</p> <p>Given the significant role that Nippon Steel plays in influencing Japanese policy, as well as L&amp;G's intention to increase the focus on demand-side engagement, at the 2024 AGM L&amp;G co-filed, together with the Australasian Centre for Corporate Responsibility (ACCR), a shareholder proposal asking the company to: "disclose annually, climate-related and decarbonisation-</p>	<p><b>L&amp;G engages with Solvay SA on carbon emissions</b></p> <p><u>Background</u></p> <p>L&amp;G engaged with Solvay following concerns raised by a non-European competitor regarding upcoming legislative adjustments to the EU Emission Trading System (ETS), set to take effect on 1 January 2025. The competitor indicated that these changes were expected to favour domestic producers over non-EU producers. L&amp;G sought to confirm whether Solvay's views aligned with those of the competitor and aimed to gain a deeper understanding of the legislative changes and their implications.</p> <p><u>Engagement</u></p> <p>During a face-to-face meeting with Solvay's management in December 2024, L&amp;G learned that under the proposed changes, emissions will be considered in scope of the ETS even if CO2 is not directly emitted into the atmosphere. Instead, if CO2 is incorporated into a finished product, the related emissions will fall under the EU ETS, unless the CO2 is permanently bound in the product. This change specifically affects the production of glass, a key end market for soda ash. Currently, EU glass producers are responsible for paying for soda ash-related emissions during glass production. However, under the new regulations, soda ash producers will be held accountable for these downstream emissions. Consequently, EU glass producers sourcing soda ash produced within the EU will not incur these costs, while those importing soda ash will still be obligated to pay.</p> <p><u>Outcome</u></p> <p>This engagement has enhanced L&amp;G's understanding of the new legislation and its implications. L&amp;G plans to arrange a future meeting to clarify</p>

related policy positions and lobbying activities globally, including its own direct lobbying and industry association memberships, and review these for alignment with the Company's goal of carbon neutrality by 2050 and explain the actions it will take if these activities are determined to be misaligned".

#### Outcome/Next steps

L&G's shareholder resolution achieved 27.98% support, sending a strong message to the company's board that investors expect greater transparency on climate-related policy engagement activity. This was also one of the highest levels of support recorded for a climate-related shareholder resolution in Japan. 2024 was a pivotal year for Japan in the run-up to updating its key climate and energy policies. The results underscore the scale of investor attention on politically influential companies like Nippon Steel. L&G will continue engaging with the company, looking to the board to address investor concerns on this issue.

**PGIM engages with JP Morgan's (JPM) ESG Investor Relations on about a variety of ESG topics, including the specifics of its sustainable financing target, its ESG leadership, and overall succession planning for its CEO.**

#### Background

As a manager of primarily fixed income investments, PGIM generally do not have ownership rights and, therefore, are not able to use proxy voting, which is considered to be one of the most effective escalation mechanisms available to equity holders. As a bondholder, the engagement escalation mechanisms available to PGIM include: 1) seeking engagement at a more senior level within the issuer (e.g., CEO, Chair or Board members of a corporate issuer); 2) collaborating with industry groups and other institutional investors; and 3) reducing or exiting their investment position, or foregoing an opportunity to participate in a new issue (any decision with respect to investment positions will be taken at a portfolio level). Where PGIM's decision to not buy/hold the issuer's bonds is linked to ESG concerns, they will strive to inform the issuer of the decision.

PGIM's ESG engagement activities are focused on issuers that have credit material ESG risks, generate significant adverse impacts on the environment or society, or lag their peers in ESG practices. Their

outstanding points and discuss the actual impact on the industry, including any supply implications, once the changes are implemented. L&G will continue to engage with Solvay regarding the progress of their energy transition, recognising its significance in reducing carbon-associated costs.

#### **BlackRock engages with Fubon Financial Holding Company Ltd. on board diversity**

#### Background

During the 2023-24 proxy year, BlackRock observed several companies taking steps to enhance board diversity in accordance with local regulations. One such company was Taiwanese financial services firm Fubon Financial Holding Company Ltd.

#### Engagement

At the company's June 2023 AGM, BlackRock did not support the election of the chair of the nomination committee due to concerns regarding the levels of gender diversity on the board. Following the AGM, a female director was appointed to the board as a representative of the Taipei City Government, a shareholder of the company. BlackRock engaged with the company to express its views on the importance of increasing gender diversity and the need for qualified female representation on the board.

#### Outcome

BlackRock was encouraged to see that at the June 2024 AGM, the company nominated a second, qualified independent female director whose professional experience was considered to be additive. BlackRock voted in support of her election, recognising the company's progress in improving gender diversity on its board.

Source: L&G Quarterly engagement report Q4 2024

BlackRock Annual Stewardship Report 2024

engagements are prioritised on the basis of the materiality of ESG factors on financial and/or operational performance, their proprietary ESG impact rating of the issuer, the quality of an issuer's ESG disclosures, the exposure to specific ESG factors and events that, in PGIM's view, require special attention, as well as the size of the overall exposure to the issuer. Most often, engagement discussions are catered to specific issuers based on what PGIM see as most material for them. PGIM generally aims for such engagements to be constructive and seek to provide issuers insights on their ESG performance and strategy that they will find useful.

#### Rationale

To discuss ESG topics including sustainable financing and succession planning.

#### What has been done

JPM has an industry leading \$2.5trn sustainable financing target for the period of 2021 - 2030 across green, development finance, and community development categories. As of 2023, it reached 27% of its goal, as progress began to slow some given the impact of higher interest rates and tougher market conditions for some sustainability projects. JPM primarily uses its own balance sheet to fund this goal but also counts sustainable issuance from its investment bank. It runs all of its client relationships through an internal carbon assessment framework to determine eligibility (which includes customers from environmentally friendly industries but also transition financing for heavier emission industries). JPM set the target level of financing based on client demand with a pathway to achievement supported by enough credible data. It has aligned banker incentives to achieving its sustainability financing goal. JPM recently announced a new ESG Controller role as part of its commitment to beef up its regulatory ESG reporting. The ESG Controller and Investor Relations team report up through the CFO. Lastly, PGIM spoke with JPM about the CEO's succession plan.

#### Outcome/Next Steps

Monitor further reporting and progress of JPM towards its sustainability goals and to reengage on the topics within the next year.

**Insight have been engaging on Climate Change for some time now both directly with issuers and collaboratively as a part of various initiatives.**

### Rationale

Climate change is one of the greatest challenges of our time. Governments and businesses are grappling with its implications and the increasing urgency by which emissions need to be reduced. The theme is directly related to Insight's wider investment approach due to the potential impact that a company's climate strategy can have on investment performance.

As a response to this, Insight became a signatory of the Net Zero Asset Managers initiative in April 2021, where they have committed to reach net zero emissions by 2050 at the latest. To support their journey towards net zero, Insight will either actively engage with our highest emitters, or ensure they are on a net zero pathway.

### What Has Been Done

In 2024, Insight welcomed a new Head of Responsible Investment Research, who is responsible for leading Insight's sustainability-related research activities and integrating research findings into their long-term decision making. They have also introduced a Global Head of Research, expanding the scope of research to include global macroeconomic and sovereign research. Insight were recognised by clients during the year for analysis shared on topics such as access to water, methane emissions, and climate migration and its economic impact

### Outcome/Next Steps

Insight introduced the following initiatives in 2024, reflecting how their mission and beliefs have guided operations as a business and investment manager.

- *Revised our Stewardship Policy to describe the scope of our stewardship activity, our approach to stewardship, and how we engage with issuers and on systemic issues.*
- *Implemented a new engagement escalation process to enable effective monitoring of progress against engagement objectives. Where we see a lack*

*of progress for financially material objectives, we may choose to progress the issuer through these stages.*

- Actively engaged on major issues with direct relevance to our clients, with policymakers, peers and other stakeholders, often achieving clear results, on topics such as the future of UK defined benefit pension funds*
- Maintained an extensive engagement programme with debt issuers and we raised financially material ESG issues and actively encourage improvement in practices, conducting 942 engagements with debt issuers in 2024, of which the majority included some form of ESG dialogue. These included 134 engagements focused solely on ESG issues.*
- Embedded a net-zero approach in two more Responsible Horizons strategies, building on Insight's Prime net-zero alignment framework, which categorises, companies according to their commitment to or alignment with net-zero principles.*

**Insight engaged with a major retail and commercial bank with operations in the UK around progressing human rights and modern slavery risk assessments**

#### Rationale

The issuer is a major retail and commercial bank with operations in the UK. It registered a significant increase in climate and sustainable funding and financing year-on-year from 2022 to 2023. The issuer retains a dark green rating for its green bonds under our proprietary impact bond assessment framework due to strong ESG performance, highlighted by performing well on our counterparty sustainability assessment programme, with well-defined use-of-proceeds categories that we deem likely to have a positive impact.

#### What Has Been Done

The issuer has plans to allocate 50% of the net proceeds of its green bonds to refinance existing mortgages, with the remaining 50% allocated to financing new mortgage products over the next 12 months.

Human rights is an increasing area of focus for the issuer as evidenced by its publishing of its salient human rights issues as part of its reporting responsibilities under the UN Guiding Principles on Business and Human Rights. The issuer expects to improve on its score in the next BankTrack

Human Rights Benchmark, which assesses commercial banks on the extent to which they are implementing the Principles: in 2024 the issuer was categorised as a “Follower” (the possible categories are Leader, Moderate Achiever, Follower and Laggard).

The issuer has a focus on modern slavery and has been accredited as a global living wage employer. During 2023, it developed standalone criteria which apply requirements around human rights due diligence for sectors with heightened human-rights risks. This includes a sustainability questionnaire and escalation process, and considers the supply chain, the EU CSDDD regulation, and seeks to identify examples of best practice. In our view, this approach represents best-in-class practice when it comes to assessing human-rights risks in lending activities.

#### Outcome/Next Steps

Following this engagement, we reviewed the issuer’s human rights approach again through our counterparty sustainability assessment programme.

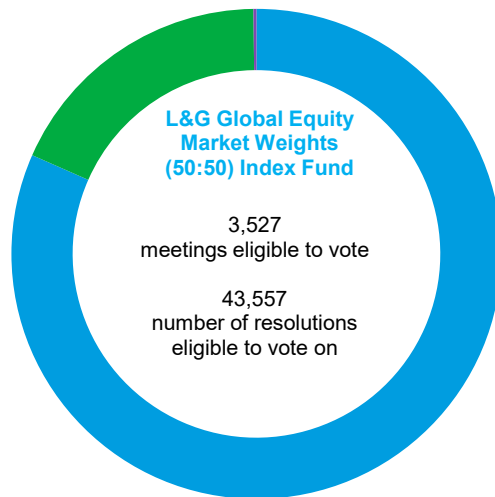
Our assessment highlighted further progress and reiterated the strength of the approach to human rights risks that the bank carries out. It was highlighted that the bank considers relevant KPIs to monitor the management of modern slavery risks in its operations and supply chain. We consider the BankTrack assessment to not fully reflect the issuer’s human rights performance and would expect its score to improve in the next set of results.

# Section 4

## Voting Activity during the Plan Year

### DB

The Trustees have delegated their voting rights to the investment managers who have the ability to vote on the Trustees' behalf. Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DB Section of the Plan, namely the L&G Global Equity mandate.



**82%** Votes **with** management

**18%** Votes **against** management

**<1%** Votes **abstained**

Source: L&G.

Data may not sum due to rounding.

### Most significant votes

The Trustees define a “most significant” vote as one that is linked to the Plan’s stewardship priorities/themes. For the purposes of this statement, the Trustees have decided to report on votes related to material holdings (for the top 10 holdings within the underlying L&G Global Equity Market Weights (50:50) Index Fund), and will aim to focus on the following stewardship areas:

- **Environmental:** Climate change - for example, votes relating to low-carbon transition plans consistent with the Paris Agreement goals
- **Social:** Human rights (including modern slavery)

- **Governance:** Executive remuneration (any vote against a remuneration report where executives are awarded bonuses despite missing targets)
- **Governance:** Diversity (any vote against chair when the board is not sufficiently diverse)

Below are examples of votes classified as “most significant” over the year to 31 March 2025 (latest information available prior to the Plan year end of 5 April 2025), based on the criteria as set out above.

						✗ Resolution not passed	✓ Resolution passed		
Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Outcome following the vote and next steps	Significant Vote Theme	
L&G Global Equity Market Weights (50:50) Index Fund	3.8%	Shell Plc	21/05/2024	Resolution 22 - Approve the Shell Energy Transition Strategy.	L&G Voted 'Against' this resolution	L&G has applied a vote against the company despite recognising significant progress in climate-related disclosures and positive commitments such as reducing emissions from operated assets and oil products, tackling methane emissions, and not pursuing frontier exploration beyond 2025. However, L&G is concerned about revised Net Carbon Intensity targets and the company's plans to grow its gas and LNG business, seeking clearer evidence that these align with a net-zero transition by 2050. They want more transparency on the expected lifespan of new assets, flexibility in production levels under different scenarios, concrete decarbonisation actions across the value chain, lobbying activities in key hydrocarbon regions, capital expenditure on low-carbon initiatives post-2025, and responsible divestment principles in asset sales, as these are critical to Shell's decarbonisation strategy.	✓  L&G will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	Climate Change	

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Outcome following the vote and next steps	Significant Vote Theme
L&G Global Equity Market Weights (50:50) Index Fund	2.1%	Microsoft Corporation	10/12/2024	Resolution 9: Report on AI Data Sourcing Accountability	L&G voted 'For' this resolution.	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics. A vote For this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	✗  L&G will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	Good Corporate Governance

Source: L&G.

## **L&G**

L&G note that they have established a fully integrated framework for responsible investing to strengthen long-term returns. Their framework for responsible investing is based on stewardship with impact and active research across asset classes. These activities enable L&G to deliver responsible investment solutions to their clients and conduct engagement with the aim of driving positive change.

L&G describe their core responsible investment beliefs as follows:

“Responsibility: We have a responsibility to many stakeholders. When we allocate capital, we conduct extensive research into potential environmental and societal outcomes.

Financial materiality: We believe ESG factors are financially material. Responsible investing is essential to mitigate risks, unearth opportunities and strengthen long-term returns.

Positive outcomes: We strive to effect positive change in the companies and assets in which we invest, and for society as a whole.”

In partnership with, and on behalf of, their clients, L&G target a broad range of ESG objectives. These include:

Reaching net-zero greenhouse gas emissions by 2050 or sooner across all assets under management.

Setting an interim target of 70% of eligible AUM to be managed in alignment with this net-zero ambition by 2030.

Achieving net-zero carbon across their real estate portfolio by 2050.

In 2024, L&G’s stewardship activities involved: Formalising approaches on issues related to health, nature and human capital management, Co-filing shareholder resolutions on paying the living wage, considering pay competitiveness across global executive talent markets, working to implement stronger director independence criteria in some developed markets in which we vote on director accountability and launching a campaign on human rights

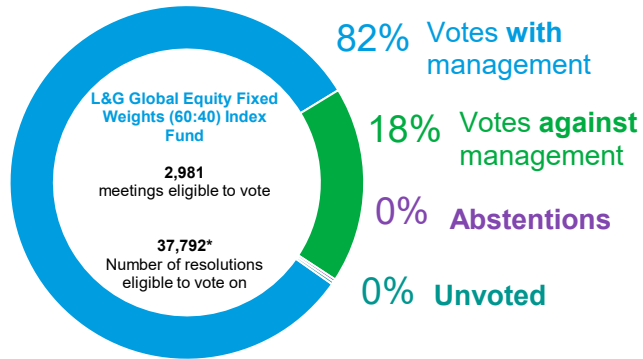
In 2024, 45% of the strategies launched by L&G had sustainability characteristics in line with our responsible investment product methodology and, as at year end, L&G managed £424.6 billion of assets in responsible investment strategies.

There are c.100 L&G employees with roles dedicated exclusively to ESG activity. This covers leadership positions to implement our responsible investing strategy across our Investment Stewardship, Investments, Distribution, Product, and ESG IT and Change teams.

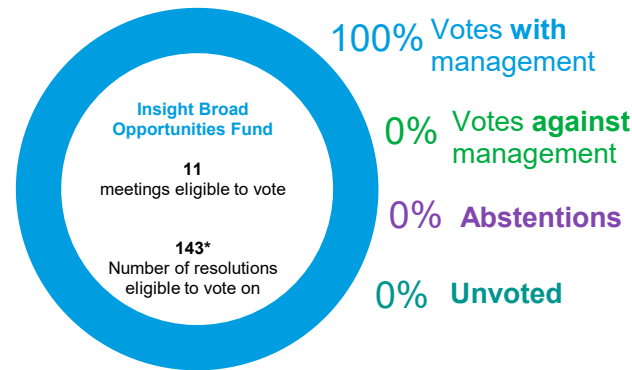
In 2024, L&G cast 142,000 votes at close to 15,300 meetings at a firm level.

## DC

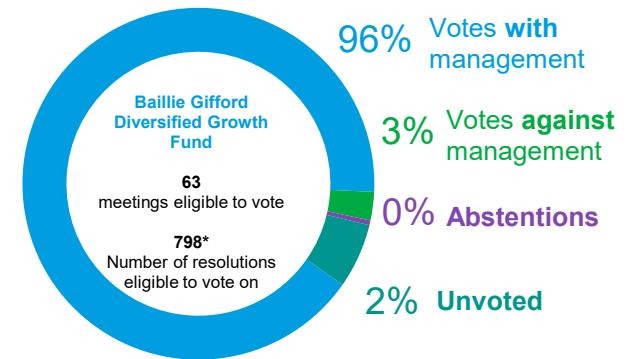
Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Plan. Votes “for / against management” assess how active managers are in voting for and against management. Purple represents abstention from voting. Funds where voting is not applicable (i.e. most non-equity funds) are not included in the list below.



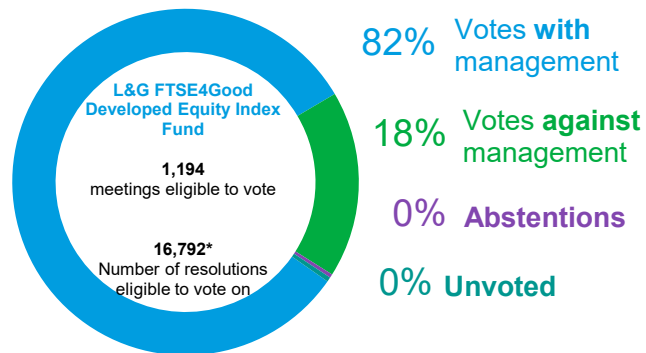
\*100.0% of resolutions voted on



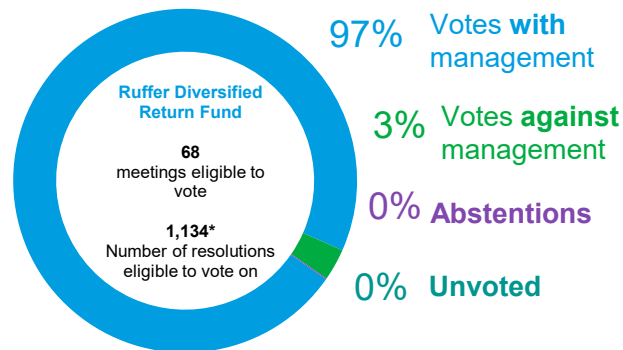
\*100.0% of resolutions voted on



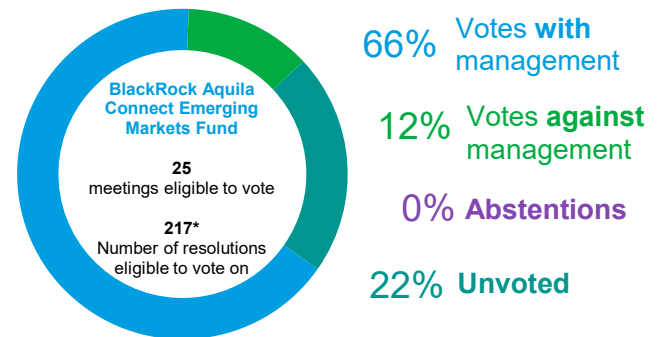
\*98.1% of resolutions voted on



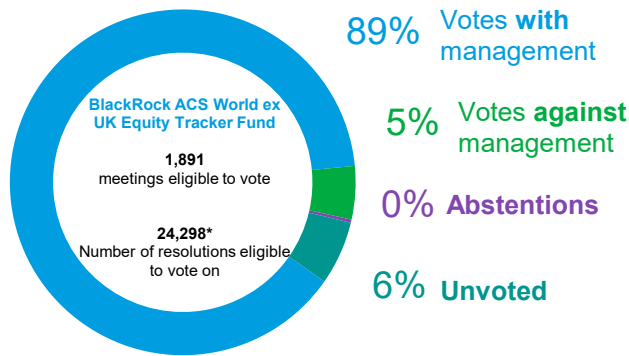
\*99.6% of resolutions voted on



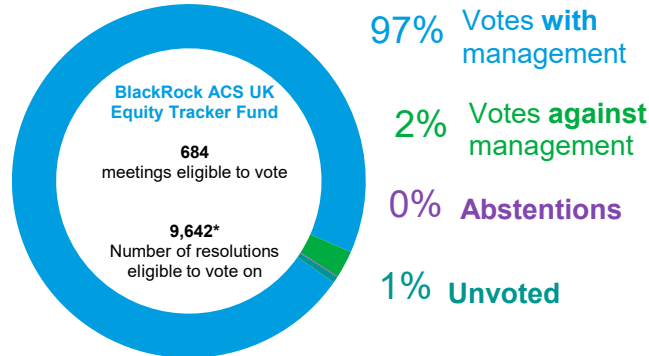
\*100.0% of resolutions voted on



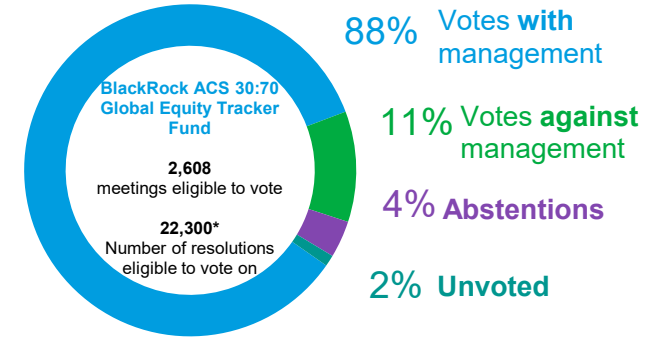
\*78.3% of resolutions voted on



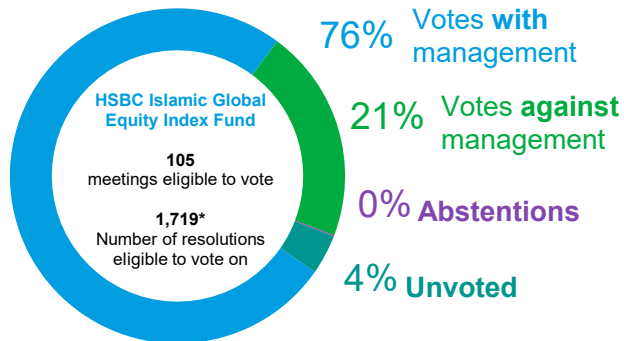
\*94.0% of resolutions voted on



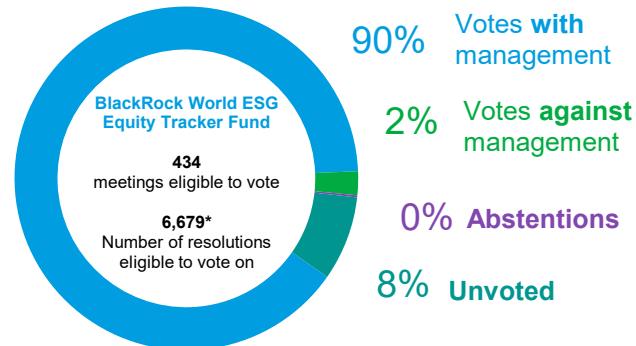
\*99.4% of resolutions voted on



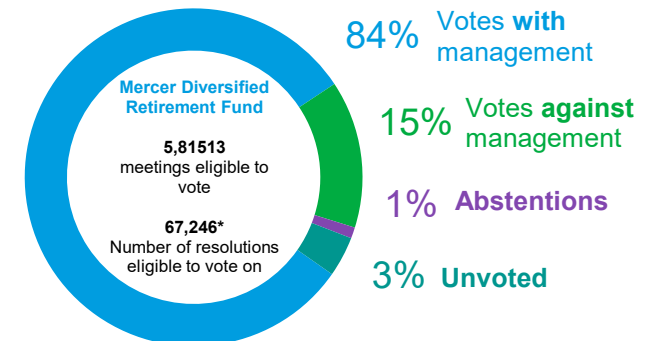
\*98.9% of resolutions voted



\*96.2% of resolutions voted on



\*92.0% of resolutions voted on



\*96.0% of resolutions voted on

Source: Scottish Widows, BlackRock, L&G, Insight, MGIE and Ruffer. Figures may not sum to 100% due to rounding or due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

## Most significant votes

A "significant vote" is defined as one that relates to stewardship in the following ESG areas:

- **Good corporate governance:** in particular board diversity and independence.
- **Climate change:** for example, votes relating to low-carbon transition plans consistent with the Paris Agreement goals.



Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
				Gas Development and Production				
L&G Global Equity Fixed Weights (60:40) Index Fund <sup>2</sup>	4.67%	Shell Plc	21 May 2024	Approve the Shell Energy Transition Strategy	Against	<p>A vote against is being applied, despite recognising the significant progress the company has made in climate-related disclosures and its commitments to reduce emissions from operated assets and oil products. The company's strong stance on tackling methane emissions and its pledge to cease frontier exploration activities beyond 2025 are viewed positively. However, concerns arise from the revisions to the Net Carbon Intensity (NCI) targets and the ambition to expand its gas and LNG business this decade. There is a call for the company to clarify how these plans align with a transition to net-zero emissions by 2050, specifically regarding the expected lifespan of developing assets, flexibility in production levels, and actions for customer decarbonisation. Additionally, greater transparency is requested on lobbying activities in hydrocarbon-producing regions, guidance on capital expenditure for low carbon initiatives beyond 2025, and the principles of responsible divestment in asset sales, as these are crucial to Shell's decarbonisation strategy.</p>	✓	Climate Change

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
BlackRock ACS World ex UK Equity Tracker Fund <sup>5</sup>	2.81%	Amazon.com, Inc.	22 May 2024	Report on Efforts to Reduce Plastic Use	Against	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	✗	Climate Change
Mercer Diversified Retirement Fund <sup>4</sup>	1.62%	Apple Inc	25 Feb 2025	Abolishing Inclusion and Diversity Program and Policies	Against	Apple provides several disclosures that relate to diversity and inclusion, and these disclosures appear to provide sufficient information for shareholders to evaluate the programs and policies in question. In addition, the company clearly provides its non-discrimination policies, it clearly discusses the board and management's role in oversight of the associated risks, and there do not appear to be any controversies related to employee diversity initiatives discriminating against employee groups at the company specifically.	✗	Good corporate governance
Insight Broad Opportunities Fund <sup>6</sup>	1.10%	Greencoat UK Wind plc	18 Apr 2024	To approve that the Company cease to continue its business as a closed-ended investment company		During the 2023 financial year, the company's shares traded at an average discount of 10.5% to the prevailing NAV per share. As a result, a continuation vote was proposed in accordance with the company's Articles of Association. The manager voted against the proposal, noting that the company was established in 2013 with the aim of delivering long-term shareholder returns through ownership of UK wind assets. The company has consistently achieved its objectives of dividend growth and NAV preservation in real terms. Insight believes that the company's strategy remains valid and	✗	Good corporate governance

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
						attractive over the longer term. In response to rising interest rates, the company has taken measures such as increasing the return to shareholders through a higher portfolio discount rate, boosting dividends from underlying cash flows, and executing NAV-accretive share buybacks.		
BlackRock World ESG Equity Tracker <sup>5</sup>	1.09%	Tesla, Inc.	13 Jun 2024	Report on Harassment and Discrimination Prevention Efforts	For	Greater disclosure on this issue, which we deem material to the long-term economic interests of shareholders, would help investors better assess risks at the company.	✗	Good corporate governance
Ruffer Diversified Growth <sup>3</sup>	1.06%	Amazon	22 May 2024	Diversity, Equity, and Inclusion	For	Ruffer voted in favour of the proposal requesting a report on median pay gaps across race and gender. Such reporting is mandatory in regions including the United Kingdom and Ruffer supports the request for this data to be published across all jurisdictions. For its U.S. workforce, Amazon uses an "equal pay for equal work" statistic in which the company defines what it considers to be an "equal job." The company's disclosure of a pay equity statistic and its diversity and inclusion efforts provide shareholders with some visibility into how well the company is addressing the underrepresentation of women and underrepresented minorities at senior levels. However, Amazon has recently faced lawsuits and fines concerning its hiring and pay practices. Publishing the pay gap statistic could	✗	Good corporate governance

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
						increase accountability for diversity efforts and would provide shareholders with useful information about how effectively management is assessing and mitigating risks that may arise from inequitable worker treatment.		
BlackRock ACS 30:70 Global Equity Tracker Fund <sup>5</sup>	0.03%	ENGIE Brasil Energia SA	25 Apr 2024	Elect Directors	For	In Latin American markets, BlackRock observed several companies taking steps to address shareholder concerns regarding the disclosure of material climate-related risks to their businesses. This included ENGIE Brasil Energia S.A., which improved its TCFD-aligned reporting and disclosed its strategy for managing the risks and opportunities associated with the transition to a low-carbon economy. BlackRock Investment Stewardship did not support the bundled director election at this company's 2023 AGMs due to concerns about their climate-related disclosure efforts. However, in 2024, BlackRock voted in support of management's recommendation on the election of directors, recognising the enhancements made.	✓	Good corporate governance
Baillie Gifford Diversified Growth Fund	1.21%	JLEN Environmental Assets Group Limited	13 September 2024	Resolution concerning the discontinuation of the company	Against	BG opposed a resolution concerning the discontinuation of the company in line with the board's recommendation. At present, BG believes value is most likely to be generated through a continuation of the company.	✗	Good corporate governance

Source: Scottish Widows, BlackRock, L&G, HSBC, MGIE, Ballie Gifford, and Ruffer.

<sup>1</sup> HSBC will likely vote against a similar proposal should they see insufficient improvements.

<sup>2</sup> L&G will continue to engage with our investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

<sup>3</sup> Ruffer will continue to monitor the company and may seek to engage if no progress is seen.

<sup>4</sup> Mercer will continue to engage with the company. Given the current climate around DEI in the US, they shall monitor further developments by the company.

<sup>5</sup> BlackRock views engagement as an ongoing process rather than a single conversation. They maintain continuous direct dialogue with companies to communicate their perspectives and evaluate actions on relevant ESG issues over time. If concerns remain unaddressed through these discussions, BlackRock may vote against management for their actions or inactions. They monitor developments and assess whether companies have responded to any concerns raised during voting or engagement.

<sup>6</sup> Insight plans to maintain regular discussions with the company, its board and advisers in order to monitor the appropriateness of the strategy in their portfolios.

The voting and engagement policies of the four investment managers used in the default investment option (BlackRock, Ruffer, Insight and MGIE) are detailed below. Policies of the other investment managers are available on request.

## **Overview of BlackRock’s approach to voting and engagement (provided by the manager)**

### BlackRock’s policy on consulting with clients before voting

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. We believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders’ best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

### BlackRock’s process for deciding how to vote

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company’s unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our engagement priorities are global in nature and are informed by BlackRock’s observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets. We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company’s approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company’s unique circumstances where relevant. We inform our vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock’s Investment Stewardship team would not implement the policy ourselves, but the client would engage a third-party voting execution platform to cast the votes.

### Use of proxy voting services

BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”) - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment

Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

### **Overview of Ruffer's approach to voting and engagement (provided by the manager)**

#### Ruffer policy on consulting with clients before voting

Ruffer, as a discretionary investment manager, does not have a formal policy on consulting with clients before voting. However, we can accommodate client voting instructions for specific areas of concerns or companies where feasible.

#### Ruffer Investment's process for deciding how to vote

Ruffer aims to instruct a vote on their total shareholding of the companies held within their flagship funds, and on other material holdings above a certain threshold. These securities are added to a mandatory list. Voting on companies not held within these funds is subject to materiality considerations.

In order to act in the best interests of their clients and investors, Ruffer conducts reviews of local best practices and corporate governance codes. If companies do not comply with these practices, Ruffer considers their explanations before making voting decisions. Ruffer has developed an integrated voting platform that is connected to proxy voting research, currently provided by ISS. This platform helps them assess resolutions and identify contentious issues. While Ruffer considers voting recommendations from proxy advisers, Ruffer generally does not delegate or outsource their voting decisions. Their Research Analysts are responsible for reviewing relevant issues on a case-by-case basis and using their expertise and knowledge of the company to exercise their judgment. They receive support from our Responsible Investment (RI) team.

#### Use of proxy voting services

"Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS).

We have developed our own internal voting guidelines, however we take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares.

Each research analyst, supported by our responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.

As discussed above, we do use ISS as an input into our decisions. In the 12 months to 31 March 2025, of the votes in relation to holdings in the Ruffer Diversified Return Fund we voted against the recommendation of ISS 4.97% of the time."

### **Overview of Insight Investment's approach to voting and engagement (provided by the manager)**

#### Insight Investment's policy on consulting with clients before voting

Insight does not consult with clients prior to voting on resolutions. However, Insight is committed to voting all proxies where it is deemed appropriate and responsible to do so. Insight takes its responsibility to vote very seriously and votes in the best interest of clients.

#### Insight Investment's process for deciding how to vote

Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.

#### Use of proxy voting services

Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. Minerva Analytics monitors company meeting agendas and items to be voted on. Minerva reviews each vote against Insight's specific criteria and provides a recommendation for each item. Insight votes in line with the recommendations of the proxy voting agent and documents where it makes a voting decision against the recommendation. The rationale for abstaining or voting against the voting recommendation is retained on the Minerva platform on a case-by-case basis.

### **Overview of MGIE Investment's approach to voting and engagement (provided by the manager)**

#### MGIE Investment's policy on consulting with clients before voting

The legal right to vote belongs to the relevant fund, as the owner of the securities. The voting activity is delegated to the external investment managers ("sub-investment managers") as appointed by Mercer Global Investments Europe Limited ("MGIE"), as the investment manager for the investment vehicles in which clients are invested. MGIE expects sub-investment managers to comply with its Engagement Policy and will seek to ensure that obligations under this Engagement Policy are discharged by the sub-investment managers. The Engagement Policy is available here: <https://investment-solutions.mercer.com/global/all/en/investment-solutions-home/corporate-policies.html>

#### MGIE Investment's process for deciding how to vote

MGIE has developed adequate and effective strategies for determining when and how any voting rights in funds are to be exercised, to the exclusive benefit of the fund and its investors. MGIE has put in place a policy covering each fund to ensure the exercise of voting rights are in accordance with the investment objective and policy of the fund. Mercer will provide a report on an annual basis which provides an overview of sub-investment manager engagement processes, significant votes, use of proxy advisers and engagement examples.

#### Use of proxy voting services

"MGIE determine significant votes based on its Engagement Priorities, as set out in the Beliefs, Materiality and Impact (BMI) Framework in the MGIE Sustainable Investment Policy, which is available at: <https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/CorporatePolicies/Mercer%20ISE%20Sustainability%20Policy.pdf>

The significant votes outlined below are votes relating to shareholder resolutions with a specific focus on Climate Change, Human rights & labour practices, Diversity, Equity & Inclusion (i.e. the engagement priority areas in the BMI framework) and / or votes relating to any of the top 20 holdings within the fund." voting policies periodically to ensure alignment with best practices and regulatory standards, further supporting the integrity of its proxy voting process.