

Advice on the annual Implementation Statement

Clarkson PLC Pension Scheme

8 August 2025

This note has been prepared for the Trustees of the Clarkson PLC Pension Scheme (the “Scheme”) in response to your request that we provide a draft Implementation Statement for the Scheme.

Background and introduction

There is a requirement for most trust-based defined benefit (“DB”) and defined contribution (“DC”) pension Schemes to produce an annual Implementation Statement (“Statement”) which covers the report and accounts year (which is the 12 months to 31 March 2025).

The Department for Work and Pensions’ (“DWP”) [Statutory Guidance](https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/market-oversight-esg) for Statements gives an overview of the items which trustees “must”, “should”, are “encouraged”, “could” or “may” include in their Statement.

As a reminder:

- “Must” items are requirements imposed by legislation.
- “Should” items are expected to be followed, and if not followed, trustees should describe concisely the reasons for deviating from the guidance approach.
- For “Could”, “May” and “Encouraged” items, it is hoped that trustees will address them where possible, but they are not expected to explain reasons if not followed.

We have included all “must” and “should” items and some “could” items.

The guidance clarified that the Pensions Regulator is the primary audience for the Statement. At the same time, the Statement should be written in plain English as far as possible, such that a reasonably engaged and informed member could interpret and understand the disclosures. Trustees are encouraged to consider producing member-facing summary versions of the Statement (with signposting to

the full document) if scheme-specific research has found that members are more likely to engage with a different style of communication, such as a summary version. Please let us know if you would like us to prepare a summary version of the Statement for members.

The DWP has confirmed that it is important that trustees of all schemes understand and consider financially material Environmental, Social and Governance (“ESG”) factors and stewardship approaches in their investment decision and this was clear in its report issued in July this year which detailed its findings from its review of Statement of Investment Principles (“SIP”) and Implementation Statements. <https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/market-oversight-esg>

The Statement should set out how, and the extent to which, the Trustees have followed their SIP, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. In addition, the Trustees should seek to demonstrate they have had regard to the Statutory Guidance.

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

The DWP’s guidance states: “*where Trustees use the voting policy of the asset manager, they should briefly summarise in the Implementation Statement whether the asset manager’s voting behaviour was aligned with the Scheme’s stewardship priorities*”.

As agreed, our draft Statement covers both the DB and DC Sections of the Scheme.

Key points

We have produced the draft Statement in this note based on our current understanding of the regulatory requirements and the DWP’s stewardship guidance. Ultimately it is the Trustees’ responsibility to produce a compliant Statement, and the Pensions Regulator can impose fines for non-compliant statements. Therefore, in line with previous years, you may wish to obtain legal advice to ensure that all requirements have been met.

There is interest in Statements from the Pensions Regulator, policymakers, and the media as such please ensure you are comfortable with the content being in the public domain.

In the section of the Statement on voting behaviour, we have included data on the Scheme's funds that hold equities as follows:

- LGIM Ethical Global Equity Index Fund (DC only);
- LGIM Low Carbon Transition Global Equity Index Fund (DC only);
- BNY Mellon Real Return Fund (DB and DC); and
- Schroders Diversified Growth Fund (DB* and DC).

*The DB Section fully disinvested from the Schroders Diversified Growth Fund on 27 June 2024 as part of wider strategic changes to the portfolio.

We have also included commentary on the Aegon European ABS Fund for the DB Section, provided by the Scheme's asset managers who don't hold listed equities, but may invest in assets that had voting opportunities during the period.

For the DC Section we have included the funds with equity holdings used in the default strategy due to the high proportion of DC assets invested in default funds (c98%). In addition, we have also included self-select equity funds which have a sustainable or ethical focus in the Scheme (an additional c.1% of assets recognising that members choosing to invest in these funds may be interested in this information).

Next steps

We propose that you review the Statement and include it within your Report & Accounts ending 31 March 2025 to comply with the relevant regulations. As you will be aware, the Report & Accounts need to be finalised within seven months of the end of the Scheme Year, ie by 31 October 2025.

You are also required to publish your Statement on a website for public access as soon as reasonably practicable after the Report & Accounts are signed off. We expect you will use the same location for the Statement as last year. It remains very important that the website is readily and publicly available. A specific web address for the location of the published materials on the internet must be included in members' Annual Benefit Statements (where members do not receive one, they must be sent a separate notification containing this information).

Please let us know if you have any questions or would like to discuss.

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Implementation Statement, covering the Scheme Year from 1 April 2024 to 31 March 2025

The Trustees of the Clarkson PLC Pension Scheme (the “Scheme”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed their Statement of Investment Principles (“SIP”) during the Scheme Year (1 April 2024 to 31 March 2025), as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-11 below.

The Implementation Statement (the “Statement”) is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 12.

In preparing the Statement, the Trustees have had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

This Statement is based on and uses the same headings as the Scheme’s previous SIP dated 4 January 2024 between the start of the Scheme Year and 26 September 2024 and the SIP dated 27 September 2024 between 27 September 2024 and the end of the Scheme Year. This Statement should be read in conjunction with the latest SIP which can be found [here](#).

1. Introduction

The SIP was reviewed and updated during the Scheme Year on 27 September 2024 to reflect:

- the appointment of Aegon’s European ABS fund for the DB section;
- the removal of Schroders’ diversified growth fund for the DB section;
- updates to the strategic allocation to allow for the agreed changes to the DB section’s investment strategy; and
- small updates to the SIP to reflect other changes, such as changes to the underlying fund used within the Ethical Global Equity Fund within the DC section.

No material changes were made to the voting and engagement policies in the SIP during the Scheme Year. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed all of the policies in the Scheme’s SIP during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which they have done so.

2. Investment objectives

DB Section

Progress against the long-term journey plan for the DB Section is reviewed as part of the quarterly performance monitoring reports. The Trustees are also able to view the progress on an ongoing basis using LCP’s modelling tool (LCP Visualise) online.

The Trustees monitor the DB Section’s funding position relative to reaching full funding on a “gilts + 0.5% pa” basis. In 2018 the Scheme achieved full funding on this basis and as a result the Trustees and Company agreed to move to a lower risk long term asset mix. In June 2024, the Trustees implemented trades to secure the portfolio by investing into high quality credit assets reducing the risk profile of the Scheme. This was funded via a full disinvestment from the Schroders Diversified Growth Fund.

The Trustees also increased the Schemes inflation and interest rate hedge ratios in October 2024 towards the target hedging level of 100% of liabilities on a Technical Provisions basis. As part of these trades the wider Scheme assets were rebalanced to align with the strategic asset allocation.

DC Section

As part of the performance and strategy review of the DC default arrangement in March 2023, the Trustees reviewed and considered the following:

- DC Section membership demographics, analysing member choices at retirement;
- the expected impact on member outcomes of changing the de-risking glidepath; and,
- a review of the active managers used within the default strategy.

Based on the outcome of this analysis, the Trustees concluded that the default arrangement has been designed to be in the best interests of the majority of the DC Section members and reflects the demographics of those members. However, the Trustees agreed to diversify the Low Volatility Bond Fund by adding a 50% allocation to the M&G Total Return Credit Investment Fund. This change was implemented in October 2023.

In March 2025 the Trustees reviewed the Diversified Growth Funds (DGFs) used within the Default strategy. The Trustees were content that the Schroders DGF and the Newton Real Return fund remain appropriate for the Scheme but agreed to review further as part of the triennial strategy review expected in Q1 2026.

The Trustees also provide members of the DC Section with access to a range of investment options which they believe are suitable for the membership and enable appropriate diversification. The Trustees have made available a self-select fund range to members covering all major assets classes as set out in the SIP. The Trustees monitor the take up of these funds and it has been limited in comparison to the broader market.

3. Investment strategy

3.1 DB Investment Strategy

In June 2024, the Trustees implemented trades to secure the portfolio by investing into high quality credit assets reducing the risk profile of the Scheme. As part of the trade the Scheme disinvested from the Schroders Diversified Growth Fund.

In October 2024, the Trustees also rebalanced the LDI Funds with the aim of increasing the Scheme's inflation and interest rate hedge ratios with the target hedging level of 100% of liabilities on a Technical Provisions basis. As part of these trades the wider Scheme assets were rebalanced to align with the strategic asset allocation.

The Trustees monitor the Scheme's asset allocation quarterly and compare this to the strategic asset allocation. Over the year, the actual asset allocation did not materially deviate from the strategic allocation. A number of disinvestments to meet the Scheme's cashflow requirements took place over the period and, where possible, these disinvestments were structured as such to move the Scheme closer to the strategic allocation. As at Scheme year end, the asset allocation was slightly underweight LDI and cash and short-dated credit. The Trustees will look to rebalance the Scheme's assets on an ongoing basis if the allocation deviates materially away from the target asset mix.

3.2 DC Investment strategy

In March 2025 the Trustees reviewed the Diversified Growth Funds (DGFs) used within the Default strategy. The Trustees were content that the Schroders DGF and the Newton Real Return fund remain appropriate for the Scheme but agreed to review further as part of the triennial strategy review expected in Q1 2026.

As noted in Section 2, the Trustees also reviewed retirement data provided by the Scheme's administrators, looking at how members chose to access their benefits at retirement as part of the triennial strategy review but not during the Scheme Year.

4. Considerations in setting the investment arrangements

When the Trustees undertook a performance and strategy review of the DC default arrangement in March 2023, it considered the investment risks set out in Appendix 2 of the SIP. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustees last formally reviewed their investment beliefs in January 2024. As per the latest SIP of September 2024, the investment beliefs remain unchanged.

The Trustees invest for the long term, to provide for the Scheme's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustees therefore seek to appoint

managers whose stewardship¹ activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Scheme's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustees promptly about any significant updates or events they become aware of regarding the Scheme's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification in the fund.

The Trustees monitor the performance of the Scheme's investment managers on a quarterly basis, using a monitoring report prepared by the investment adviser. The report shows the performance of each fund over the quarter, one year and three years. Performance is considered in the context of the manager's benchmark and objectives. In addition, the investment advisers provide updates regularly following any manager research meetings where the managers' responsible investment ("RI") capabilities are also reviewed.

5. Implementation of the investment arrangements

The Trustees appointed Aegon as a new investment manager over the Scheme Year within the DB section, to manage a European Asset Backed Securities mandate. Before appointing the manager, the Trustees received information on the investment process and philosophy, the investment team and past performance. The Trustees also considered the manager's approach to responsible investment and stewardship, including the Trustees' stewardship priorities (as set out in Section 8 of this Statement). The Trustees obtained formal written advice from its investment adviser, LCP, before investing in the fund and made sure the investment portfolio of the fund chosen was adequately and appropriately diversified. The Trustees rely on its investment adviser's research to understand managers' investment approaches, and ensure they are consistent with the Trustees' policies prior to any new appointment.

The Trustees evaluate manager performance over both shorter and longer periods, encourage managers to improve practices and consider alternative arrangements where managers are not meeting performance objectives. Section 10 provides more detail on the activities carried out over the year.

The Trustees undertook a "value for members" assessment in May 2025 for the Scheme Year to 31 March 2025 which assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be very competitive when compared against Schemes with similar sizes of mandates. Overall, the Trustees believe the investment managers provide reasonable value for money.

6. Realisation of investments

The Trustees review the DB Section's net current and future cashflow requirements on a regular basis. The Trustees' policy is to have access to sufficient liquid assets in order to meet any outflows whilst maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

Over the Scheme Year, the Trustees sourced disinvestments for cashflow purposes from various funds to help rebalance the DB Section's assets towards the strategic asset allocation.

It is the Trustees' policy to invest in funds that offer daily dealing to enable DC members to readily realise and change their investments. All of the DC Section and AVC funds which the Trustees offer continue to be daily priced.

Within the SIP, the Trustees have a policy relating to illiquid assets (investments which may not be easily or quickly sold or exchanged for cash) for the DC Section. The Trustees believe long-term risk-adjusted net investment returns may be improved by investing in illiquid assets and as such, is monitoring the market for developments for potential further inclusion in the default.

At the Scheme Year end, the default of the DC Section had one fund with an illiquid allocation, the Diversified Growth Fund, which had a c8% allocation to illiquid investments. This includes investments in property, private equity, private credit and are accessed via a daily dealt fund.

¹ The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

The Trustees have included this allocation within the default option because it believes the fund will help achieve the main objectives of the default, which include providing an opportunity for members to generate growth whilst reducing risk as the member approaches their chosen retirement age.

7. Consideration of financially material and non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations).

In February 2025, the Trustees reviewed LCP's responsible investment (RI) scores for the Scheme's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the manager's approach to ESG factors, Net Zero, stewardship, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2024.

The Trustees were satisfied with the results of the review and emails were sent to the Scheme's investment managers asking for improvement in the areas identified.

Within the DC Section the Trustees recognise that some members may wish for ethical or religious matters to be taken into account in their investments and therefore, as mentioned in the SIP, they have made available an Ethical Global Equity Fund and the Passive Islamic Global Equity Fund as investment options to members. In selecting and appointing these managers, where relevant, the Trustees reviewed LCP's RI assessments of the shortlisted managers.

No specific actions have been taken in relation to the selection, retention, and realisation of managers as a result of member and beneficiary views.

8. Stewardship

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustees agreed to set stewardship priorities to focus engagement with their investment managers on specific ESG factors. At the October 2022 Trustees' meeting, the Trustees discussed and agreed stewardship priorities for the Scheme which were: Climate Change, Human Capital and Business Ethics. The Trustees communicated these priorities to its managers in July 2023 and have reported on them as part of the 'most significant votes' Section 12.3 below.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve.

9. Responsibilities, decision-making and fees (Appendix 1 of SIP)

As mentioned in Section 4, the Trustees assess the performance of the Scheme's investments on an ongoing basis as part of the performance monitoring reports they receive.

The performance of the professional advisers is considered on an ongoing basis by the Trustees.

The Trustees have put in place formal objectives for their investment adviser (LCP) and will review the adviser's performance against these objectives every year. The last time LCP's performance was assessed against the objectives set by the Trustees was in January 2024. Overall, the Trustees were satisfied with LCP's performance.

10. Policy towards risk, risk measurement and risk management (Appendix 2 of SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Scheme's investment adviser or information provided to the Trustees by the Scheme's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

With regard to the risk of inadequate returns for the DB Section of the Scheme, the Trustees monitor the Scheme's funding position and, when undertaking a review of the investment strategy, the best estimate expected return on the DB Section's asset allocation. At its last review, the expected return on the DB Section's assets was anticipated to be sufficient to produce the return needed to meet the Trustees' objectives over the long-term.

With regard to the risk of inadequate returns in the DC Section of the Scheme, the Trustees make use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default arrangement and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

The DB Section invests in assets which help to mitigate the impact of changes in interest rates and inflation on its funding position - ie assets which provide interest rate and inflation hedging. Together, the investment and non-investment risks set out in Appendix 2 of the SIP give rise generally to funding risk. The Trustees formally review the Scheme's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustees review the funding position allowing for membership and other experience. The Trustees also informally monitor the funding position more regularly at Trustees' meetings and the Trustees also have the ability to monitor this daily on LCP Visualise.

For the DC Section, the quarterly dashboard to 31 March 2025, showed that most of the managers have produced performance broadly in line with expectations over the Scheme year. However, the Diversified Growth Fund and the Low Volatility Bond Fund underperformed their targets over the year. Both funds have been impacted by expectations for interest rate cuts being pushed back amid persistent inflation. This has been a drag on short-term performance of the funds against their "cash +" objectives. The Trustees will continue to monitor the performance of these funds and take action if appropriate.

The following risks are covered earlier in this Statement: lack of diversification risk, investment manager risk and excessive charges, liquidity/marketability risk and ESG risks.

11. Investment manager arrangements (Appendix 3 of SIP)

There are no specific policies in this section of the Scheme's SIP.

12. Description of voting behaviour during the Scheme Year

All of the Trustees holdings in listed equities are within pooled funds and the Trustees have delegated to its investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves has not used proxy voting services over the Scheme Year. However, the Trustees monitor managers' voting and engagement behaviour on an annual basis and challenge managers where their activity has not been in line with the Trustees' expectations.

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

- LGIM Ethical Global Equity Index Fund, underlying fund of the Ethical Global Equity Fund (DC only);
- LGIM Low Carbon Transition Global Equity Index Fund, sole underlying fund of the Passive Global Equity Fund (DC only);
- BNY Mellon Real Return Fund (DB and underlying the DC DGF);
- Schroders Diversified Growth Fund (DB and underlying the DC DGF) – **disinvested 27 June 2024 from the DB Scheme**; and

For the DC Section we have included the funds with equity holdings used in the default strategy due to the high proportion of DC assets invested in default funds (c.98%). In addition, we have also included self-select equity funds which have a sustainable or ethical focus in the Scheme (an additional c.1% of assets recognising that members choosing to invest in these funds may be interested in this information).

12.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which its managers have in place. These voting policies are listed below for each manager.

12.1.1 Legal and General Investment Management ("LGIM")

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector, and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. LGIM also takes into account client feedback received at regular meetings and / or ad hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. Each member of the team is allocated a specific sector globally so that voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS) 'ProxyExchange' electronic voting platform to vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. Its use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services ("IVIS") to supplement the research reports that it receives from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes in accordance with LGIM's position on ESG, it has put in place a custom voting policy with specific voting instructions. LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes that require further action.

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure it continues to help its clients in fulfilling its reporting obligations. LGIM also believes public transparency of its voting activity is critical for its clients and interested parties to hold them to account.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote, which has such a degree of controversy that there is high client and / or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with the Investment Stewardship's 5-year ESG priority engagement themes.

It is vital that the proxy voting service is regularly monitored and LGIM does this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out LGIM's expectations, an analysis of any issues LGIM has experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

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

provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

LGIM provides information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. It also provides the rationale for all votes cast against management, including votes of support to shareholder resolutions.

12.1.2 Newton

Newton is the investment manager for the BNY Mellon Real Return Fund.

As an active manager, Newton is keen to ensure that the decisions surrounding the exercise of ownership rights are aligned with its investment thesis as well as with its clients' expectations.

Stewardship activities are fundamental to the investment solutions Newton provides to its clients. Newton believes the value of its clients' portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights. Newton considers the activities to be an integral and important part of its investment process. For this reason, Newton prefers to retain discretion in relation to exercising its clients' voting rights and have established policies and procedures to ensure the exercise of global voting rights. Newton's approach has been designed as an investment-led approach that is aligned with Newton's wider investment activities. Newton's long-term approach to investing aligns well with its stewardship intentions by seeking to understand and influence the long-term sustainability of the investments and investment landscape and, ultimately, the long-term investment requirements for which their clients are seeking solutions and which are a key reason why they entrust the Newton Investment Management Group to manage their assets.

Identifying its clients' requirements and expectations is achieved at the outset of their relationship by way of initial discussions and formal provisions within investment management agreements. Regular meetings and ad-hoc requests from clients and their advisors provide them with additional insights. In addition, Newton often delivers presentations and training to clients on a variety of aspects of stewardship, which it believes helps support their expectations of their investment managers and also helps it to evolve its own position in relation to stewardship matters.

Newton utilises an independent voting service provider for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform, and for providing research. Its voting recommendations are not routinely followed; it is only in the event that Newton recognises a potential material conflict of interest (as described below) that the recommendation of its external voting service provider will be applied.

Newton's external voting provider is subject to the requirements set by Newton's Vendor Management Oversight Group. As such, regular due diligence meetings are held and minutes maintained with this provider, which includes reviewing its operational performance, service quality, robustness of research and its internal controls, including management of its potential material conflicts of interest. In addition, and along with its other clients, Newton participates in consultations that seek specific feedback on proxy voting matters. This helps ensure alignment of interest between Newton's expectations and the voting recommendations provided by the external provider.

Newton's significant holdings universe is determined based on the proportion of a shares of investee companies held, as well as the size of the investment based on its value above certain thresholds. The significant votes will be drawn from this universe and are defined as votes that are likely to generate significant scrutiny from end clients or other stakeholders. They may relate to resolutions that receive a particularly high proportion of dissent from investors or involve a corporate transaction or resolutions raised by shareholders.

12.1.3 Schroders

The corporate governance analysts input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instructions from their clients. Schroders reports transparently on its voting decisions with rationales on their website.

As active owners, Schroders recognises its responsibility to make considered use of voting rights. It votes on all resolutions at all Annual General Meetings and Extraordinary General Meetings globally unless it is restricted from doing so (e.g. as a result of share blocking). Schroders aims to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with its Proxy Voting Policy.

The overriding principle governing Schroders voting is to act in the best interests of its clients. Where proposals are not consistent with the interests of shareholders and its clients. Schroders is not afraid to vote against resolutions.

It may abstain where mitigating circumstances apply, for example, where a company has taken steps to address shareholder issues.

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

Schroders also engages with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders. Glass Lewis (GL) act as Schroders' one service provider for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Viewpoint. Schroders receives recommendations from GL in line with Schroder's own bespoke guidelines, in addition, Schroders receives GL's Benchmark research. This is complemented with analysis by Schroders' in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

Schroders believes that all resolutions when it votes against the board's recommendations should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.

12.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the Scheme Year is provided in the table below.

	Fund 1	Fund 2	Fund 3	Fund 4
Manager name	LGIM	LGIM	Newton	Schroders
Fund name	Ethical Global Equity Index Fund	Low Carbon Transition Global Equity Fund	Real Return Fund	Diversified Growth Fund
Total size of fund at end of the Scheme Year	£1,216m	£5,561m	£2,210m	£1,116m
Value of Scheme assets at end of the Scheme Year (£)	£1.2m (DC)	£88.8m (DC)	£13.0m (DC) £13.0m (DB)	£13.0m (DC)
Number of equity holdings at end of the Scheme Year	1,078	2,737	64	1,410
Number of meetings eligible to vote	1,194	4,703	75	1,297
Number of resolutions eligible to vote	16,792	47,050	1,075	16,606
% of resolutions voted	99.6%	99.8%	99.3%	96.4%
Of the resolutions on which voted, % voted with management	82.1%	79.6%	94.6%	89.5%
Of the resolutions on which voted, % voted against management	17.5%	19.2%	5.4%	10.5%
Of the resolutions on which voted, % abstained from voting	0.3%	1.2%	0.0%	0.1%
Of the meetings in which the manager voted, % with at least one vote against management	73.5%	61.4%	34.7%	54.9%

Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	13.6%	10.9%	4.9%	9.4%
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12.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

The Trustees have interpreted "significant votes" to mean those that:

- align with at least one of the Trustees' stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- are shareholder resolutions which received material support;
- the subject of the resolution aligned with the investment manager's engagement priorities or key themes; and/or
- the Scheme or the sponsoring company may have a particular interest in.

The Trustees have reported on only one of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustees.

LGIM Ethical Global Equity Index Fund

- **Shell, 21 May 2024**
- **Summary of resolution:** Approve the Shell Energy Transition Strategy
- **Vote cast:** Against resolution, **Outcome of the vote:** Pass
- **Relevant stewardship priority:** Climate Change
- **Management recommendation:** For
- **Rationale for voting decision:** LGIM voted against this resolution, although not without reservations. LGIM acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and they view positively the commitments made to reduce emissions from operated assets and oil products. However, LGIM expects Shell to better demonstrate how these plans are consistent with an orderly transition to net zero emissions by 2050. They seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation.
- **Approximate size of the mandate's holding at the date of the vote:** 0.6%
- **Why this vote is considered to be "most significant":** This vote aligns with one of the Trustees' stewardship priorities and there was misalignment with how the Trustees' managers voted.
- **Was the vote communicated to the company ahead of the vote:** It is LGIM's policy not to engage with their investee companies in the three weeks prior to an annual general meeting as their engagement is not limited to shareholder meeting topics. However, LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.
- **Outcome and next steps:** LGIM will continue to engage with the company, publicly advocate their position on this issue and monitor company and market-level progress.

LGIM Low Carbon Transition Global Equity Fund

- **Unilever Plc, 1 May 2024**
- **Summary of resolution:** Report on climate transition plan describing efforts to align financing activities with Greenhouse Gas (GHG) targets.
- **Vote cast:** For resolution, **Outcome of the vote:** Pass
- **Relevant stewardship priority:** Climate Change
- **Management recommendation:** For resolution
- **Rationale for the voting decision:** LGIM voted for the amendment as they understand it meets LGIM's minimum expectations. This includes the disclosures of scope 1, 2 and material scope 3 GHG emissions consistent with a 1.5 °C Paris goal. LGIM note that the company has recently submitted near term 1.5 °C aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.
- **Approximate size of the mandate's holding at the date of the vote:** 0.2%
- **The reason the Trustees considered this vote to be "most significant":** This vote aligns with one of the Trustees' stewardship priorities.
- **Was the vote communicated to the company ahead of the vote:** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.
- **Outcome and next steps:** LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Newton Real Return Fund

- **Amazon.com, Inc. 22 May 2024,**
- **Summary of resolution:** Commission a Third Party Audit on Working Conditions
- **Votes cast:** For resolution, **Outcome of the vote:** Did not pass
- **Relevant stewardship priority:** Human Capital and Business Ethics
- **Management recommendation:** Against resolution
- **Rationale for voting decision:** Newton supported the shareholder proposal asking for an audit on working conditions as they consider this to be material to the company, and the conclusion of an audit would help the board understand potential shortcomings and respond adequately to shareholder concerns. Moreover, this will support Newton's engagement efforts with the company.
- **Approximate size of the mandate's holding at the date of the vote:** 1.4%
- **The reason the Trustees considered this vote to be "most significant":** This vote aligns with two of the Trustees' stewardship priorities
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome and next steps:** Newton consider the issue of working conditions material to the company, and the conclusion of an audit would help the board understand potential shortcomings and respond adequately to shareholder concerns. Newton will continue to engage with Amazon.

Schroders Diversified Growth Fund

- **Alphabet Inc, 7 June 2024.**

- **Summary of resolution:** Shareholder Proposal Regarding Targets and Report on Child Safety Impacts
- **Vote:** For resolution, **Outcome of the vote:** Did not pass
- **Management recommendation:** Against resolution
- **Relevant Stewardship Priority:** Business Ethics
- **Rationale for the voting decision:** Schroders believe the company should adopt targets, disclosed publicly, for improving child safety and reduction of child safety incidents on its platforms. Schroders think that the report should also provide a formulaic way of measuring risks to child safety on its platforms. Schroders believe how they have voted is in the best financial interests of their clients' investments.
- **Approximate size of the mandate's holding at the date of the vote:** 1.4%
- **The reason the Trustees considered this vote to be "most significant":** This vote aligns with one of the Trustees' stewardship priorities.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome and next steps:** Schroders monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or Schroders' other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity, Schroders may also vote against other resolutions at future shareholder meetings.

HSBC Islamic Global Equity Index Fund

- **Exxon Mobil Corporation, 25 May 2024.**
- **Summary of resolution:** Report on Median Gender/Racial Pay Gaps
- **Vote:** For resolution **Outcome of the vote:** Did not pass
- **Management recommendation:** Against resolution
- **Relevant Stewardship Priority:** Business Ethics
- **Rationale for the voting decision:** HSBC believe that the proposal would contribute to improving gender inequality.
- **Approximate size of the mandate's holding at the date of the vote:** 1.8%
- **The reason the Trustees considered this vote to be "most significant":** This vote aligns with one of the Trustees' stewardship priorities.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome and next steps:** HSBC will likely vote against a similar proposal should they see insufficient improvements.

12.4 Votes in relation to assets other than listed equity

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

Aegon European ABS Fund (DB Section)

Aegon had the following to say in regard to the voting that took place during the Scheme Year:

"Voting is very rare and in principle always relates to technical adjustments of the transaction documentation, such as cash flows of trigger dates or necessary language to comply with changing regulation. Our policy is to vote in

line with the mandate restrictions and in the best economic interest on the client. Investment decisions within the limits of the mandate restrictions are not consulted with clients beforehand.

When we receive a notification for a vote, we first investigate the situation and the options. If the issuer has not already reached out to us, we reach out to the issuer to make sure the situation and motives are fully clear. All votes we experienced were related to technical adjustments of the transaction documentation, such as cash flows or trigger dates or necessary language to comply with changing regulation. The best vote for the clients is determined within the ABS investment team, in case needed with input or advice from experts. Our votes are cast via our Blackrock Aladdin systems and need authorisation of at least two portfolio managers.”

Of the data provided by Aegon, there were 11 resolutions that Aegon were eligible to vote on, with all of the respective votes in line with management.