# *Implementation Statement, covering the Plan Year from 6 April 2024 to 5 April 2025*

The Trustees of the Warburtons Pension & Life Assurance Plan (the "Plan") are required to produce a yearly Statement setting out how, and the extent to which, they have followed their Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made (including 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 2-9 below.

The Statement also has to include a description of the voting behaviour during the Plan Year by, and on behalf of, the Trustees (including the most significant votes cast by the Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

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 the Plan's SIPs in place at Plan Year end covering the DB Section (dated March 2025) and DC Section (dated May 2025). This Statement should be read in conjunction with the latest SIPs, which can be found here.

## 1. Introduction

**DB Section**

The DB Section SIP was reviewed and updated in March 2025 to reflect:

- The decision by the Trustees to emphasise climate change in the context their stewardship priorities. The Trustees' primary stewardship priority is now climate change, with secondary stewardship priorities of modern slavery and business ethics.

- The setting of a 2050 Net Zero ambition. In particular, the Trustees' ambition is to align the Plan's assets with net zero greenhouse gas emissions by 2050 by selecting managers and investing in funds with credible net zero targets, where feasible and appropriate to do so.

- Changes the Plan's strategic asset allocation. These changes include the removal of the strategic weighting to private credit, reflecting that these mandates are winding down (with capital being repaid to the Plan when the underlying loans mature).

**DC Section**

The DC Section SIP was reviewed and updated during the Plan Year in August 2024 to reflect:

- The Trustees' policy in relation to investment in illiquid assets within the DC Section

- Changes to the underlying allocation of the Warburtons Diversified Growth Fund, which took place in July 2024.

The DC Section SIP was further updated in May 2025 to reflect:

- The Trustees' decision to emphasise a focus on climate change in the context of their stewardship priorities.

**Both Sections**

In their opinion, the Trustees have followed the policies in the DB and DC SIPs during the Plan 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 towards reaching full funding on a gilts-flat assessment of the liabilities 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 Visualise', which is an online tool provided by the Plan's investment adviser which shows key metrics and information on the Plan, including the expected return and risks of the investment strategy.

The Trustees remain comfortable that the level of risk and expected returns associated with the Plan's investment strategy remains appropriate.

**DC Section**

As part of the Plan's triennial performance and strategy review of the DC default arrangement, which commenced in March 2025 the Trustees considered the DC Section's membership demographics and the variety of ways that members can draw their benefits in retirement from the Plan. This review is ongoing.

The Trustees also provide members with access to a range of investment options which they believe are suitable for this purpose and enable appropriate diversification. The Trustees offer members alternative lifestyle strategies and a range of self-select funds covering all major assets classes.

The Trustees monitor the take up of these funds, which has been limited. The Trustees have reminded members to review their investment holdings in targeted communications to check they are suitable for their risk tolerances and retirement planning.

The Trustees also review changes in member choices, behaviour and trends each quarter using administration reports. Over the Plan year there were no material changes.

## 3. Investment strategy

**DB section**

The Joint Investment Sub-Committee ("JISC"), with the help of its advisers and in consultation with the sponsoring employer, reviewed the investment strategy during the Plan Year. The agreed changes included:

- amending the target weightings to the various asset classes that comprise the Plan's return-seeking investments; and

- increasing the overall the weighting to return-seeking investments by 10% (with the weighting to the matching investments reduced by an equivalent amount).

As part of this review, the Trustees made sure the Plan's assets were adequately and appropriately diversified between different asset classes. The Trustees updated the DB Section's SIP to reflect the changes outlined above in March 2025.

As summarised in the SIP, the private credit mandates are currently winding down, meaning capital from these mandates will be gradually returned over time. In turn, this means that there is an expectation that the Plan's actual asset allocation will deviate from the strategic asset allocation set out in the SIP. As and when cash is received from these private credit mandates, the Trustees will redeploy the proceeds across the Plan's investment portfolio, which will move the Plan's actual allocation closer to its strategic allocation.

**DC Section**

A review of the Warburtons Diversified Growth Fund began in June 2022 and concluded in December 2023. As part of this review, the Trustees engaged with the Plan's underlying fund managers by inviting them to present at subsequent Trustees' meetings.

The Trustees evaluated the objectives and monitoring of the funds and decided to replace the Schroders Sustainable Future Multi-Asset Fund and the BlackRock Aquila Life Market Advantage Fund with the L&G Diversified Fund within the Warburtons Diversified Growth Fund. The change was implemented during the Plan Year in July 2024.

With the help of its advisers and in consultation with the sponsoring employer, the Trustees commenced the review of the strategy and performance of the default arrangement within the Plan Year. They concluded that the 'catch all' target for the default remains an appropriate retirement target, based on member analysis, however the review of the asset allocation is ongoing.

As part of this review the Trustees ensure the Plan's default arrangement is adequately and appropriately diversified between different asset classes and that the self-select options offer a suitably diversified range from which to choose.

The Trustees also reviewed the retirement data as part of the performance and strategy review of the DC default arrangement during the Plan Year to see how members access their benefits.

The Trustees found that members have typically taken their benefits from the DC Section an average of 6 years before their Target Retirement Age.

## 4. Considerations in setting the investment arrangements

**DB section**

When the Trustees reviewed the DB Section's investment strategy over the Plan Year, they considered the investment risks set out in Section 4.1 of this Statement. They also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustees also considered the need for diversification and the specific circumstances of the Plan (eg the investment objectives and funding position).

**DC Section**

When the Trustees commenced its performance and strategy review of the DC default arrangement in March 2025, they considered the investment risks set out in Section 4.1 of this Statement. They 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.

**Both Sections**

The JISC and Trustees receive periodic training sessions from their investment advisor on topics relating to ESG and Stewardship, which has included training on:

- The Trustees' stewardship priorities. This training session resulted in the Trustees electing to prioritise climate change as their primary stewardship priority.
- Climate metrics. Following this session and post Plan year-end, the Trustees collected and reviewed various climate emissions metrics for the Plan's investments (where this data was available).

The Trustees invest for the long term, to provide for the Plan's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustees seek to appoint managers whose stewardship[1] activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Plan's investment adviser, LCP, monitors the investment managers used by the Plan on an ongoing basis, through regular research meetings. LCP also monitors any developments at managers and informs the Trustees promptly about any significant updates or events they become aware of regarding the Plan'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 in which the Plan invests, or any material change in the level of diversification in the fund.

The Trustees monitor the performance of the Plan's investment managers on a quarterly basis, using a monitoring report prepared by LCP, which shows the performance of each fund over the quarter, one year and three years. Performance is considered in the context of the managers' benchmarks and objectives.

### 4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of LCP (in respect of investment-related risks). The Trustees maintain a risk register which is reviewed on a regular basis.

**DB section**

[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' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, using advice from LCP or information provided to the Trustees by the Plan's investment managers. These include the risk of inadequate returns, credit risk, equity risk, currency risk, collateral adequacy risk and ESG (including climate) risks. The Trustees' implementation of its policy for some of these risks during the year is summarised below.

With regard to the risk of inadequate returns, as part of the DB investment strategy review conducted over the Plan Year, a key consideration for the JISC and Trustees was the expected return of the Plan's investment strategy being sufficient to fulfil the Trustees' objectives.

The Plan's interest and inflation hedging levels are monitored on an ongoing basis as part of the quarterly monitoring reports. Over the Plan Year the hedging levels were broadly in line with the target levels.

With regard to collateral adequacy risk in the DB Section, the investments in the Aegon and Ruffer funds are held within the CTI Bespoke Fund, meaning these holdings are available for CTI to access at short notice if needed to reduce leverage within the LDI portfolio.

Together, the investment and non-investment risks give rise generally to funding risk. The JISC and Trustees monitor the funding position at their quarterly meetings and have the ability to monitor this daily on LCP Visualise.

**DC Section**

With regard to the risk of inadequate returns, the Trustees use 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 option and are also made available within the self-select options.

These funds are expected to produce adequate real returns over the longer term. The Trustees monitor the standard deviation and returns of these funds on a quarterly basis. They also monitor the performance of the self-select funds in the context of wider market volatility in quarterly monitoring reports. The Trustees remain comfortable with the overall risk/return trade-off for the Plan's investment arrangements in relation to current market conditions.

The Trustees last formally reviewed the asset allocation of the growth phase of the default option as part of the strategy review which commenced in March 2025, when it was agreed that the risk/return trade-off for these funds remains suitable for the membership of the DC Section.

With regards to risk of volatility close to retirement, the Trustees make use of diversified growth funds within the default and alternative lifestyles in the approach to retirement in order to reduce volatility.

With regards to currency risk, the Trustees manage the amount of currency risk by investing in pooled equity funds that provide some hedging against currency exposure.

**Both Sections**

The following risks are covered elsewhere in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

## 5. Implementation of the investment arrangements

**DB Section**

The Trustees did not make any changes to the fund managers used in the DB section during the Plan Year.

**DC Section**

During the previous Plan year, the Trustees agreed to appoint L&G as the new underlying investment manager for the Warburtons Diversified Growth Fund.

Before appointing the manager, the Trustees received information on L&G's investment process and philosophy, the investment team and past performance. The Trustees also considered L&G'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 investment advice from LCP before investing in the L&G Diversified fund and made sure the investment portfolio of the fund chosen was adequately and appropriately diversified. The Trustees rely on LCP's research to understand managers' investment approaches, and ensure they are consistent with the Trustees' policies prior to any new appointment. The change was implemented during the Plan Year in July 2024.

The Trustees undertook a "value for members" assessment in September 2025 for the Plan Year to 5 April 2025. This assessed a range of factors, including the fees payable to managers in respect of the DC Section, which were found to be reasonable when compared against schemes with similar sizes of mandates. The Trustees negotiated a fee reduction with Fidelity for the Warburtons Global Equities Fund, in order to bring its platform charge in line with the rest of the self-select fund range.

**Both Sections**

Overall, the Trustees believe the Plan's investment managers provide reasonable value for money.

The Trustees evaluate manager performance over both shorter and longer periods, encourage managers to improve practices and consider alternative arrangements where they are not meeting performance objectives.

## 6. Realisation of investments

**DB section**

The Trustees review the Plan'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 Plan Year, the Trustees used cashflows to help rebalance the Plan's asset allocation towards the strategic target.

The Plan receives income from the private credit mandates managed by GreenOak, Alcentra and Barings. This income is retained initially in the Trustee bank account. If the Trustees' bank account balance grows beyond expected short-term cashflow requirements, surplus assets are then redeployed across the Plan's investment portfolio to bring it closer to the strategic asset allocation.

**DC Section**

It is the Trustees' policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC Section funds which the Trustees offered during the Plan Year are daily priced.

## 7. Financially material considerations, non-financial matters

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

**DB section**

The JISC undertakes periodic reviews of the effectiveness of the Plan's investment managers' approaches to voting and engagement, relying in part on the results of LCP's annual Responsible Investment ("RI") Survey.

The JISC was satisfied with the results of the most recent review and engaged with the open-ended fund managers on areas in which they wished to see improvement, including responsible investment, engagement and systemic stewardship practises.

In addition, where investment managers attend JISC meetings to provide an update on their investment portfolios, the JISC also receives updates on ESG topics and their voting and engagement practices.

Finally, the over the Plan Year the Trustees set a net zero ambition. They are aiming to align the Plan's assets with net zero greenhouse gas emissions by 2050 by selecting managers and investing in funds with credible net zero targets, where feasible and appropriate to do so.

**DC Section**

Within the DC Section, the Trustees recognise that some members may wish for ethical features to be taken into account as part of their investments. With this in mind (and as mentioned in the SIP), the 'Warburtons Ethical Fund' is available as an investment option. The Trustees have also added a Shariah-compliant equity fund, (the 'Warburtons Shariah Fund') to the self-select range for members who wish to invest in accordance with Shariah law.

In March, the Trustees reviewed LCP's RI scores for the Plan's existing managers and funds, together with LCP's qualitative RI assessments for each fund, including any red flags for managers of concern. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme, which in turn directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's RI Survey 2024.

Where relevant, the Trustees wrote to managers to request that they improve their RI practices. Further details of the Trustees' monitoring of and engagement with managers to improve ESG practices can be found in Section 8 below.

## 8. Voting and engagement

The Trustees delegate the exercise of rights attaching to investments, including voting rights, and engagement to the investment managers. However, the Trustees take ownership of the Plan's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, 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 monitoring and engagement with their investment managers on specific ESG factors. At the Q1 2025 meeting, the Trustees discussed and agreed priority levels for the Plan's previously agreed stewardship priorities which were: Climate Change (now the main priority), and Modern Slavery and Business Ethics (now the secondary priorities).

These priorities were selected because the Trustees believe these represent key market-wide risks and areas where they believe that good stewardship and engagement can improve long-term financial outcomes for the Plan's members.

The Trustees' expectations in relation to these priorities have previously been communicated to the investment managers. Specifically, the Trustees' expectations of their managers were:

- To take account of financially material factors (including climate change and other ESG factors) when investing the Plan's assets, and to improve their ESG practices over time, within the parameters of the mandate.
- To undertake engagement on the Trustees' behalf in line with the managers' stewardship policies, considering the long-term financial interests of the Trustees.
- To provide information on the managers' respective stewardship policies, activities and outcomes, as requested by LCP from time to time, to enable the Trustees to monitor them.

The JISC regularly invites the Plan's DB investment managers to present at its meetings. Over the Plan Year, the JISC met with all of the Plan's DB investment managers to discuss the Plan's investments. At these meetings, the JISC engaged with the managers on the topic of ESG and how the managers implement their policies in practice.

The JISC and Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they can improve. Therefore, the JISC and Trustees aim to have an ongoing dialogue with the Plan's managers to clarify expectations and encourage improvements.

## 9. Description of voting behaviour during the Plan Year

All of the Trustees' holdings in listed equities within the Plan are held within pooled funds, which means that the Trustees have delegated the exercise of voting rights to their investment managers.

This also means that the Trustees are unable to direct how votes are exercised (the Trustees have not used proxy voting services over the Plan Year). However, the Trustees monitor managers' voting and engagement behaviour 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 UK guidance, Pensions UK Vote Reporting template and DWP's guidance, on the Plan's funds that hold equities as follows:

- Ruffer Total Return Fund;
- L&G Low Carbon Transition Global Equity Fund (hedged and unhedged currency versions);
- Schroder Sustainable Future Multi-Asset Fund (until July 2024);
- BlackRock Aquila Life Market Advantage Fund (until July 2024); and
- L&G Diversified Fund (from July 2024).

**DB Section**: We have omitted the Alcentra, Barings, GreenOak, Aegon and Columbia Threadneedle mandates on materiality grounds since these mandates have no listed equity holdings.

**DC Section:** For the DC Section we have only included the funds that hold equities and are or were used in the default strategy over the Plan Year, given that a significant majority of active members (95% as at 31 March 2025) are invested in the default strategy.

The Trustees have sought to obtain the relevant voting data from all the investment managers listed above.

### 9.1 Description of the voting processes

## *DB Section*

**Ruffer**

It is Ruffer's policy to vote on Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) resolutions, including share-holder resolutions, as well as corporate actions. It endeavours to vote on the vast majority of its holdings but retains discretion to not vote when it is in its clients' best interests (for example in markets where share blocking applies).

To apply this policy, it works with various industry standards, organisations and initiatives and actively participates in debates within the industry, promoting the principles of active ownership and responsible investment. It also participates in several working groups at the Investment Association and, through its commitment to Climate Action 100+, has co-filed resolutions where it felt that was the most appropriate course of action.

Ruffer has access to proxy voting research from Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues. Although it is cognisant of proxy advisers' voting recommendations, in general, it does not delegate nor outsource its stewardship activities when deciding how to vote on its clients' shares.

Supported by Ruffer's responsible investment team, research analysts are responsible for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based on their knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff: if agreement cannot be reached, there is an option to escalate the decision to the Responsible Investment Council or the Executive Committee, depending on materiality.

Ruffer looks to discuss with companies any relevant or material issue that could impact its investments. It will ask for additional information or an explanation, if necessary, to inform its voting discussions. If Ruffer decides to vote against the recommendations of management, it will endeavour to communicate this decision to the company before the vote along with its explanation for doing so.

## *DC Section*

**L&G**

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

Every year, L&G holds a stakeholder 'roundtable event' where clients and other stakeholders are invited to express their views directly to the members of L&G's Investment Stewardship team. The views expressed by attendees during this event form a key consideration in developing L&G's voting and engagement policies. L&G also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

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

L&G's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to vote electronically. All voting decisions are made by L&G; they do not outsource any part of the strategic decisions. ISS' recommendations are used to augment L&G's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports received from the independent external research provider, ISS for UK companies when making specific voting decisions.

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

L&G retain the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows L&G to apply a qualitative overlay to its voting judgement. L&G has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform L&G of rejected votes which require further action.

**Schroders**

Schroders evaluates voting resolutions arising at investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities and in what Schroders deems to be the interests of their clients.

Their Corporate Governance specialists assess each proposal and consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Schroders's specialists draw on external research, such as that provided by Glass Lewis ("GL"), the Investment Association's Institutional Voting Information Services, and public reporting. Their own research is also integral to their process; this is conducted by both financial and Sustainable Investment analysts. For contentious issues, the Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

GL acts as Schroders' 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 its own bespoke guidelines, in addition, it receives GL's Standard research. This is complemented with analysis by Schroders' in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

GL automatically votes all Schroders' holdings of which Schroders own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in Schroders' voting decisions as well as creating a more formalised approach to their voting process.

**BlackRock**

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa - 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.

BlackRock takes a case-by-case approach to the items put to a shareholder vote. Analysis is informed by internally developed proxy voting guidelines, their pre-vote engagement with the company, research, and any situational factors for a particular company.

BlackRock aims to vote at all shareholder meetings of companies in which their clients are invested. In certain markets, there might be regulatory constraints or operational issues which can affect BlackRock's ability to vote on certain proxies, as well as the desirability of doing so. It does not support impediments to the exercise of voting rights and will engage regulators and companies about the need to remedy the constraint. Where it experiences impediments in relation to a specific shareholder meeting, it will review the resolutions to assess whether the business under consideration warrants voting, despite the complications caused by the impediment.

BlackRock will vote in favour of proposals where it supports the approach taken by a company's management or where they have engaged on matters of concern and anticipate management will address them. BlackRock will vote against management proposals where it believes the board or management may not have adequately acted to advance the interests of long-term investors. BlackRock ordinarily refrains from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option (in accordance with company by-laws) for voting against management, there is a lack of disclosure regarding the proposal to be voted, or an abstention is the only way to implement its voting intention.

BIS prioritises work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. Their year-round engagement with clients to understand their priorities and expectations, as well as their active participation in market-wide policy debates, help inform these themes. The themes BlackRock has identified in turn shapes their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies.

Whilst BlackRock does subscribe to research from the proxy advisory firms, ISS and GL this is just one among many inputs into their voting decision process. BlackRock primarily uses proxy research firms to transform corporate governance information and analysis into a concise, easily reviewable format so that BlackRock's investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information BlackRock uses includes the company's own reporting (such as the proxy statement and the website), their engagement and voting history with the company, the views of their active investors, public information and ESG research.

### 9.2 Summary of voting behaviour

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

| | Ruffer Total Return Fund | L&G Low Carbon Transition Global Equity Fund (hedged and unhedged currency versions); | L&G Diversified Fund | Schroders Sustainable Future Multi-Asset Fund | BlackRock Aquila Life Market Advantage Fund |
|---|---|---|---|---|---|
| Total size of fund at end of the Plan Year | £1,590m | £1,644m (hedged)<br>£5,561m (unhedged) | £11,976m | £1,008m | £629m |
| Value of Plan assets at end of the Plan Year | £9.8m | £101m (hedged)<br>£101m (unhedged) | £90m | £0* | £0* |

| | Ruffer Total Return Fund | L&G Low Carbon Transition Global Equity Fund (hedged and unhedged currency versions); | L&G Diversified Fund | Schroders Sustainable Future Multi-Asset Fund | BlackRock Aquila Life Market Advantage Fund |
|---|---|---|---|---|---|
| Number of equity holdings at end of the Plan Year | 163 | 2,737 | 7,203 | 822 | 1,588 |
| Number of meetings eligible to vote | 72 | 4,703 | 10,796 | 711 | 2,091 |
| Number of resolutions eligible to vote | 1,201 | 47,050 | 107,020 | 8,884 | 22,458 |
| % of resolutions voted | 100.0% | 99.8% | 99.8% | 94.7% | 99.0% |
| Of the resolutions on which voted, % voted with management | 97.0% | 79.6% | 76.5% | 88.1% | 94.6% |
| Of the resolutions on which voted, % voted against management | 2.9% | 19.2% | 22.4% | 11.9% | 5.4% |
| Of the resolutions on which voted, % abstained from voting | 0.1% | 1.2% | 1.1% | 0.3% | 1.3% |
| Of the meetings in which the manager voted, % with at least one vote against management | 27.8% | 61.4% | 69.3% | 54.4% | 26.6% |
| Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor | 4.5% | 10.9% | 13.7% | 9.6% | 0.2% |

*The Schroders Sustainable Future Multi Asset Fund and the BlackRock Aquila Life Market Advantage Fund were removed from the Plan in July 2024 and were both replaced by the L&G Diversified Fund. Since this change occurred within the Plan Year, voting data has been included for these funds. These funds were both valued at c£40m as at 30 June 2024 before the combined AUM was transferred to the L&G Diversified Fund.

### 9.3 Most significant votes

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

Given the large number of votes which are cast by managers during every AGM season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees have created a retrospective shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of the ten most significant votes, and suggested the managers could use Pension UK's criteria[2] for creating this shortlist. By informing their managers of their stewardship priorities and through their regular interactions with the managers, the Trustees believe that their managers will understand how they expect them to vote on issues for the companies they invest in on their behalf.

The Trustees interpret "significant votes" to mean those that align with the Trustees' stewardship priorities or votes that have been highlighted by the manager as a significant development. The Trustees have reported on two of these significant votes per fund only as the most significant votes.

# *DB Section*

### Ruffer

#### Deere & Co, February 2024

- **Summary of resolution:** Report on the effectiveness of Deere's efforts to create a meritocratic workplace
- **Relevant stewardship priority:** Business Ethics
- **Approx size of the holding at the date of the vote:** 0.29%
- **Why this vote is considered to be most significant:** The vote relates to the Trustees' secondary stewardship priority, Business Ethics, and Ruffer believes this vote will be of particular interest to its clients.
- **Company management recommendation:** Against **Fund manager vote:** Against
- **Rationale:** Ruffer voted against a shareholder proposal seeking a report on the effectiveness of Deere's efforts to create a meritocratic workplace. Ruffer's decision to not support this proposal is based on two reasons. First, Deere provide detailed disclosure on its workforce in its data book. Second, Deere refers to its suite of policies relating to human rights, including its 'Global Policy Against Discrimination & Harassment' last updated in June 2022. Given Deere's transparency, disclosure, and its core values, Ruffer believes there is little merit in requesting additional and probably duplicative information from Deere.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps:** Proposal withdrawn. Ruffer will continue to monitor the company and may seek to engage if no progress is seen.

#### Glencore Plc, May 2024

- **Summary of resolution:** Approve Glencore's 2024-2026 Climate Action Transition Plan
- **Relevant stewardship priority:** Climate Change
- **Approx size of the holding at the date of the vote:** 0.29%
- **Why this vote is considered to be most significant:** The vote relates to the Trustees' main stewardship priority, climate change, and Ruffer believes this vote will be of particular interest to its clients.
- **Company management recommendation:** For **Fund manager vote:** For
- **Rationale:** In Ruffer's opinion, the plan overall represents an improvement on the prior report, while acknowledging the uncertainty regarding the acquisition of Elk Valley Resources and removal of the previously stated production cap. Although the plan may be subject to criticism for the choice of the baseline year and, arguably, insufficient disclosure on internal carbon price used for capital budgeting, Ruffer believes that Glencore has provided sufficient explanations as to why it has made certain decisions. For example, by stating the IEA NZE scenario is "increasingly unrealistic" while positioning Glencore's reduction targets ahead of both the IEA Stated Policies Scenario and the Announced Pledges Scenario, is helpful to shareholders as it suggests Glencore is aligning with the Paris Goals.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps:** Passed. Ruffer noted they supported managements' climate action transition plan cognisant of the fact Glencore is seeking to acquire Elk Valley Resources (metallurgical coal) and then split itself into two separate entities: transition metals and minerals, and the coal business. Ruffer are awaiting completion of this transaction before determining next steps.

---

[2] Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

# DC Section

## L&G

L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.

### L&G Low Carbon Transition Global Equity Fund (hedged and unhedged currency versions)

#### Walmart, June 2024

**Summary of resolution:** Establish a Company Compensation Policy of Paying a Living Wage.

**Relevant stewardship priority:** Business ethics.

**Approx size of the holding at the date of the vote:** 0.37%

**Why this vote is considered to be most significant:** The vote relates to the Trustees' main stewardship priority. This shareholder resolution is also considered significant as L&G has been engaging with Walmart on the topic of living wages for several years. In 2023, L&G launched their income inequality engagement campaign which targeted 15 of the largest global food retailers, asking them to set out their policy on living wages for workers within their own operations and their supply chain.

Walmart, as the largest food retailer in the world, is part of this campaign. While the company has improved on some areas of L&G's requests in terms of training opportunities, the company does not have a policy on the living wage, and its minimum wage of $14 per hour for store employees is much less than the living wage, which is around $25 per hour.

**Company management recommendation:** Against. **Fund manager vote:** For

**Rationale:** A vote in favour is applied as L&G would encourage the company to establish a compensation policy that ensures employees earn a living wage. L&G believe paying a living wage may reduce the potential negative financial impacts that stem from low worker morale/poor health/absenteeism/presenteeism, high staff turnover etc.

**Outcome of the vote and next steps:** Not passed. L&G will continue to engage with the company and monitor progress.

#### Unilever Plc, May 2024

**Summary of resolution:** Approve Climate Transition Action Plan ("CTAP")

**Relevant stewardship priority:** Climate change

**Approx size of the holding at the date of the vote:** 0.23%

**Why this vote is considered to be most significant:** The vote relates to the Trustees' main stewardship priority. L&G is also publicly supportive of so called "Say on Climate" votes. L&G expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, L&G deem such votes to be significant.

**Company management recommendation:** For **Fund manager vote:** For.

**Rationale:** A vote for the CTAP is applied as L&G understand it to meet L&G's minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5Â°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, we note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. L&G therefore remain supportive of the net zero trajectory of the company at this stage.

**Outcome of the vote and next steps:** Passed. L&G will continue to engage with the company and monitor progress.

### L&G Diversified Fund

### BHP Group Limited, October 2024

**Summary of resolution:** Approve climate transition action plan.

**Relevant stewardship priority:** Climate change.

**Approx size of the holding at the date of the vote:** 0.23%

**Why this vote is considered to be most significant:** The vote relates to the Trustees' main stewardship priority L&G also view the shareholder resolution as significant due to the relatively high level of support received.

**Company management recommendation:** For. **Fund manager vote:** For.

**Rationale:** The critical minerals that mining companies provide are essential to the energy transition. It is clear that BHP has made significant strides in carrying out its core role in the transition in a sustainable manner, and has demonstrated this through the substantial alignment of its Climate Transition Action Plan (CTAP) with L&G's framework for assessing mining company transition plans. Therefore, L&G have supported BHPs CTAP. Going forwards, L&G will assess the disclosure of progress on BHPs plans for the development of a more targeted methane measurement, management and mitigation strategy, as well as the plans it is executing to support the decarbonisation of steelmaking. L&G will also continue to engage with BHP to ensure resilience whilst navigating the dynamic market for metallurgical coal.

**Outcome of the vote and next steps:** Passed. L&G will continue to engage with the company and monitor progress.

### National Grid, July 2024

**Summary of resolution:** Approve CTAP

**Relevant stewardship priority:** Climate change

**Approx size of the holding at the date of the vote:** 0.23%

**Why this vote is considered to be most significant:** The vote relates to the Trustees' main stewardship priority. L&G is also publicly supportive of so called "Say on Climate" votes. L&G expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, L&G deem such votes to be significant.

**Company management recommendation:** For **Fund manager vote:** For.

**Rationale:** L&G voted in favour of the National Grid Climate Transition plan. L&G commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science-based targets. L&G also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.

**Outcome of the vote and next steps:** Passed. L&G will continue to engage with the company and monitor progress.

### Schroders

### Schroders Sustainable Future Multi-Asset Fund

### Goldman Sachs Group, Inc., April 2024

**Summary of resolution:** Shareholder proposal regarding clean energy supply financing ratio.

**Relevant stewardship priority:** Climate Change

**Approx size of the holding at the date of the vote: 0.1%**

**Why this vote is considered to be most significant:** The vote relates to the Trustees' main stewardship priority. Schroders also considered this vote significant as it addresses the transparency of Goldman Sachs' climate-related financing activities. The proposal seeks disclosure of the ratio of financing for low-carbon energy supply versus fossil fuel supply, which is a key metric for assessing the company's alignment with global climate goals.

**Company management recommendation:** Against. **Fund manager vote:** For.

**Rationale:** Schroders voted in favour of the proposal, contrary to management's recommendation, as Schroders believe that Shareholders would benefit from disclosure of the ratio of its financing of low carbon energy supply relative to its financing of fossil-fuel supply to better enable shareholders to assess the company's progress in meeting its climate goals. Schroders, therefore, believe how they have voted is in the best financial interests of their clients' investments.

**Was the vote communicated to the company ahead of the vote:** No.

**Outcome of the vote and next steps:** Failed. Schroders will continue to engage with the company and monitor progress.

### Mondelez International, May 2024

**Summary of resolution:** Shareholder proposal regarding report on child labour in cocoa supply chain

**Relevant stewardship priority:** Business Ethics and Modern Slavery.

**Approx size of the holding at the date of the vote:** 0.1%

**Why this vote is considered to be most significant:** The vote relates to two of the Trustees' stewardship priorities, modern slavery and business ethics.

**Company management recommendation:** Against. **Fund manager vote:** For

**Rationale:** Schroders believe shareholders would benefit from enhanced disclosure specifically on steps the company is taking to eradicate child labour in the cocoa supply chain, including progress on interim targets to meet the Company's 100% eradication goal. Schroders believe how it has voted is in the best financial interests of its clients' investments.

**Was the vote communicated to the company ahead of the vote:** No.

**Outcome of the vote and next steps:** Failed. Schroders will continue to engage with the company and monitor progress.

## BlackRock

### BlackRock Aquila Life Market Advantage Fund

### Amazon.com, Inc., May 2024

**Summary of resolution:** Report on Efforts to Reduce Plastic Use

**Relevant stewardship priority:** Climate Change.

**Approx size of the holding at the date of the vote:** 0.36%

**Why this vote is considered to be most significant:** The vote relates to the Trustees' main stewardship priority. This vote is considered to be significant by BlackRock due to the increasing global concern over plastic pollution and the role large corporations play in contributing to or mitigating this issue. As one of the world's largest e-commerce and logistics companies, Amazon's plastic packaging footprint is substantial. Shareholder proposals on this topic are viewed as key indicators of investor pressure for improved environmental practices and transparency.

**Company management recommendation:** Against **Fund manager vote:** Against.

**Rationale:** BlackRock voted Against the proposal, in alignment with management's recommendation. The rationale provided is that Amazon already offers sufficient disclosure on its efforts to reduce plastic use and is actively enhancing its reporting. BlackRock decided that the proposal did not present a compelling case for additional reporting that would benefit shareholders.

**Was the vote communicated to the company ahead of the vote:** N/A, fund manager voted in line with company recommendation.

**Outcome of the vote and next steps:** Failed. BlackRock will continue to engage with the company and monitor progress.

### Tesla, Inc., June 2024

**Summary of resolution:** Report on Harassment and Discrimination Prevention Efforts

**Relevant stewardship priority:** Business Ethics

**Approx size of the holding at the date of the vote:** 0.11%

**Why this vote is considered to be most significant:** The vote relates to one of the Trustees' stewardship priorities business ethics. This vote is also considered significant by BlackRock due to the reputational, legal, and operational risks associated with workplace harassment and discrimination. Tesla has faced multiple allegations and lawsuits related to its workplace culture, making this issue highly material. The proposal seeks greater transparency and accountability, which are core to ethical business conduct.

**Company management recommendation:** Against. **Fund manager vote:** For.

**Rationale:** BlackRock voted in favour of the proposal, contrary to management's recommendation. The rationale is that greater disclosure on Tesla's efforts to prevent harassment and discrimination is essential to the long-term interests of shareholders. Enhanced transparency would help investors better assess the company's risk exposure.

**Was the vote communicated to the company ahead of the vote:** No.

**Outcome of the vote and next steps:** Failed. BlackRock will continue to engage with the company and monitor progress.