

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Introduction

Under the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee is required to produce an annual Engagement Policy Implementation Statement ("EPIS"). This statement outlines how, and the extent to which, the policies relating to stewardship, voting and engagement as outlined in the Statement of Investment Principles ("SIP") have been followed.

This statement covers the Scheme's accounting year to 31 March 2025. It is intended to meet the updated regulations and is included in the Scheme's Annual Report and Financial Statements. In preparing this statement, the Trustee has taken advice from their professional advisers.

This statement details some of the activities taken by the Trustee, the Manager and the investment managers during the period, including voting statistics, and provides the Trustee's opinion on the stewardship activities over the period.

Policies

The Trustee's relevant policies regarding stewardship, voting and engagement are outlined in the SIP. The most recent version of the SIP is publicly available being online and will be updated from time-to-time.

The Trustee has appointed BlackRock as the investment adviser and Fiduciary Manager ("the Manager") for the Scheme. The Trustee delegates the day-to-day investment decisions and asset allocation to the Manager. The Trustee retains responsibility for the strategic investment objective and oversight of the Manager. A number of underlying investment managers (including the Manager) have been appointed to invest the Scheme's assets. The underlying investment managers are ultimately responsible for carrying out the stewardship, voting and engagement activities in respect of the Scheme's assets in line with the SIP.

During the year to March 2025, the Trustee reviewed the SIP and determined that no amendments were necessary. As such, the policies contained in the September 2023 SIP are those which are relevant to this Statement. The relevant excerpts from the SIP are included below.

SIP from September 2023 – present

9. Responsible Investing

The Trustee recognises that Environmental, Social and Governance (ESG) risks could impact the ability of the Scheme to meet its investment objectives. The Trustee has therefore considered how to evaluate and manage these risks when setting its investment strategy (along with other matters). The Trustee shall detail its policies with regards to ESG, stewardship and engagement in the ESG Policy, however a summary of these policies are provided in the paragraphs below and in Section 10.

The Trustee will ensure that the Scheme's Fiduciary Manager shall, alongside other investment risks, integrate consideration of ESG risks throughout its investment decision making processes.

The Trustee will request that for the DB Section, the Fiduciary Manager:

- *Assesses the approach of all the Scheme's investment managers in integrating ESG risks considerations into the selection, retention and realisation of investments as part of their due diligence process.*
- *Reviews the adherence of the Scheme's investment managers to their ESG principles as part of its ongoing monitoring. They will report on key ESG metrics for the Scheme's investment managers and aggregate these to portfolio level where appropriate. This will take place at least quarterly.*
- *Reports on its execution of voting and engagement responsibilities set by the Trustee as part of its ongoing quarterly monitoring. Where the Scheme invests in pooled funds, the Trustee recognises that the investment manager of the pooled funds is responsible for exercising voting rights and reporting on how they have exercised those rights.*

The Trustee does not take into account non-financial matters when selecting, retaining and realising investments. Non-financial matters are defined as the views of members and beneficiaries, including (but not limited to) their ethical views, and their views relating to social and environmental impact and quality of life. It is not possible to reflect individual member views as the assets are typically held in pooled arrangements.

However, the Trustee believes that by being a responsible investor, it is managing investment risk with the aim of enhancing long term portfolio returns, which is in the best interests of the members and beneficiaries of the Scheme.

10. Stewardship

The Trustee understands that stewardship can enhance value over the long term and recognises that it has a responsibility to act as a good steward and protect and grow the long-term value for the benefit of the members.

The Trustee recognises the importance of good stewardship, and it expects that the Fiduciary Manager is a signatory of the UN Principles for Responsible Investment (UN PRI) and the FRC UK Stewardship Code. The Fiduciary Manager has confirmed that it is a signatory of the UN PRI and the UK Stewardship Code.

In order to be a good steward, the Trustee has set a policy which states that the Scheme's respective stakeholders should undertake activities in relation to issues that have a material impact on the long-term value of the Scheme's investments.

The Trustee acknowledges that it retains ultimate responsibility for the way in which each appointed manager acts as a steward of the Scheme's assets, though the Trustee expects the Fiduciary Manager to ensure that the stewardship policy is appropriately implemented as far as is reasonably practicable. The policy includes ensuring to the extent possible that the underlying or external managers exercise on the Trustee's behalf rights and duties as an investor. This should include, where appropriate, voting and engaging with underlying investee companies, as part of an effective stewardship approach that meets the Trustee's expectations. The Trustee expects that voting and engagement activities are carried out in the best financial interests of the assets being managed.

The Trustee has delegated monitoring of underlying or external managers to BlackRock. As part of this responsibility, BlackRock is expected to:

- Use reasonable efforts to obtain voting and/or stewardship policies of the underlying or external managers.*
- Inquire about underlying manager's voting activity with respect to their stated policies, where appropriate.*
- Request that underlying investment managers report on an annual basis a summary of the voting actions which have been taken and any votes cast which differ from the stated voting policy of that manager.*
- Provide a summary to the Trustee of the overall level of voting activity on an annual basis.*

The Trustee will engage with BlackRock to understand any reports which have been provided and challenge any outcomes which they feel are not in keeping with policy. BlackRock is expected to engage with the underlying or external managers as and when required to facilitate this. Where an underlying or external manager is not adhering to this policy in line with the Trustee's expectations, the Trustee would expect BlackRock to consider appropriate actions having regard to the long-term financial interests of the Scheme.

Appendix A – Investment Beliefs

Climate Change

a) We believe that the risks associated with climate change can have a significant, negative impact on the investment returns of occupational pension schemes and could impact the security of members' benefits over the short, medium and long term.

b) We believe that climate change may also present significant investment opportunities.

Environmental, Social and Corporate Governance (excluding climate change)

a) We believe that the risks associated with ESG matters can have an impact on the investment returns of occupational pension schemes and could, as a result, impact the security of members' benefits.

b) We believe that ESG matters may also present investment opportunities.

c) We will formulate our own policies on ESG matters and then appoint a fiduciary manager who is aligned to those policies to deliver effective stewardship of the investment portfolio.

Scope of this statement

The Trustee acknowledges that the extent to which the policies in relation to stewardship, voting and engagement can be applied varies across the portfolio, with equity managers generally having made more progress than fixed income managers. For example, in general, voting rights are not attached to fixed income securities, and the applicability to the LDI (liability-driven investment)

portfolio is limited. Nonetheless, the Trustee and the Manager expect all investment managers to take an active role in the stewardship of investments where possible.

This statement mainly focuses on equity investments; however, the Trustee notes that it is important to monitor how fixed income managers are implementing their stewardship efforts. An example is included below.

Scheme activity

The Trustee's SIP includes the Trustee's policy on Environmental, Social and Governance ("ESG") factors and stewardship. This policy sets out the Trustee's beliefs on ESG and the processes followed by the Trustee in relation to voting rights and stewardship.

As part of the Trustee's ESG policy, the Manager is required to request the underlying managers' policies and their adherence to them. The Manager reviews the policies of each underlying manager to ensure that these are appropriate. Furthermore, the Manager is required to engage with underlying managers to better understand their actions and understand their level of engagement. The Trustee is comfortable that the underlying managers are taking their voting and engagement responsibilities seriously.

The Trustee expects the Manager to continue to work with underlying managers in order to ensure those on the weaker side of voting and engagement take action to make improvements. The Manager has acknowledged that all managers have been taking steps to improve both their voting and engagement and "best in class" continues to evolve. The Trustee will be closely monitoring developments over the coming years.

DB Section Voting and Engagement

The Trustee has delegated to the Manager the responsibility of collecting the stewardship and engagement reports of the underlying managers and assessing the suitability, though the Trustee retains ultimate responsibility for the way in which each appointed manager acts as a steward of the Scheme's assets. The Trustee also expects the Manager to monitor the underlying manager's activity to ensure compliance and confirm that it remains a suitable investment for the Scheme. The Trustee is comfortable that under the governance structure the responsibility sits with the Manager to communicate with the underlying managers and on a regular basis collect information as required.

The Manager has noted that there is variability between managers in the extent of their engagement and voting policies, with equity managers generally having made more progress than fixed income.

The section below details the investment managers' approach to voting and engagement as well as some examples of significant engagements these managers have made over the 12 months in respect to the funds in which the Scheme is invested.

In addition, summary voting statistics in respect of the Scheme's equities funds over the year to 31 March 2025 have been included. Voting statistics have been reported over the one-year period to 31 March as this likely to result in greater coverage across investment managers and therefore also provide greater comparability and consistency going forwards.

The Trustee notes that the voting statistics are broadly in line with the 2024 statement where the same investments were held in both periods and are comfortable with these voting activities.

BlackRock:

The Scheme has a portion of its Growth assets invested in funds managed by the Manager. Given the Manager's appointment as both the fiduciary manager as well one of the investment managers, the Trustee recognises the importance of ensuring that the Manager's own policies and actions are appropriate for the Scheme. The Manager publicises its own policies as well as quarterly updates online (which can be accessed <https://www.blackrock.com/corporate/about-us/investment-stewardship>) which the Trustee has visibility of. This includes details of any changes to policies and also reports at an aggregate level the impact of its voting and engagement. The Trustee is comfortable that the transparency of the Manager in publicising reports and developments online ensures alignment with the interests of the Scheme.

Whilst it is important to monitor the activities of the Manager at a high level through this publicly available information, it is also important to monitor the voting and engagement activities undertaken on behalf of the Trustee by the Manager on a more granular level.

With the exception of the BlackRock European Equities, BlackRock Factor Equities and BlackRock Thematic Equities (sold August 2024), the Scheme's BlackRock equities funds are passive (i.e. index) strategies. In respect of passive strategies, there is a wide universe of underlying companies which may number in the hundreds if not thousands. Where strategies are actively managed, investments are typically more concentrated. As such, ownership is more concentrated for actively managed strategies and therefore there will be fewer resolutions in which to vote. In addition, actively managed strategies have the option to sell holdings in companies at its discretion. For these reasons, in the context of passive strategies, it is important that voting and engagement rights are exercised and that this is monitored. Examples of significant votes in respect of the BlackRock holdings are included below. The Trustee notes that while some of these examples vote against proposals that could suggest improvement for companies on ESG related issues, these examples illustrate extensive engagements carried out by the Manager which are intended to be in the best interests of their clients.

The summary voting statistics below illustrate that the voting rights attached to the underlying investments in these instances have been exercised to a large extent.

The Manager's approach to voting is described in the table below, along with summary voting statistics for the Manager's equities funds.

Approach to voting

BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty and as a way to enhance the value of clients' assets, using their voice as a shareholder on their clients' behalf to ensure that companies are well led and well managed.

BlackRock does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance matters and, for those clients who have given BlackRock authority, through voting proxies in the best long-term economic interests of its clients.

BlackRock's stewardship policies are developed and implemented separately by two independent, specialist teams, BlackRock Investment Stewardship (BIS) and BlackRock Active Investment Stewardship (BAIS). While the two teams operate independently, their general approach is grounded in widely recognised norms of corporate governance and shareholder rights and responsibilities.

BIS is a dedicated function within BlackRock, which is responsible for stewardship activities in relation to clients' assets invested in index equity strategies. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in each case, in accordance with its Global Principles and custom market-specific voting guidelines.

BAIS, established in January 2025, manages BlackRock's stewardship engagement and voting on behalf of clients invested in active strategies globally. Their activities are informed by their Global Engagement and Voting Guidelines and insights from active investment analysts and portfolio managers, with whom they work closely in engaging companies and voting at shareholder meetings.

Index or active, BlackRock's stewardship teams, and all of BlackRock's stewardship efforts across the firm, are focused on making decisions in the best interests of BlackRock's clients.

BlackRock stewardship analysts engage with the boards and management of companies in which clients are invested to listen to their perspectives on material business risks and opportunities they are facing to help make more informed voting decisions. Voting at a company's shareholder meeting is a basic right of share ownership and the formal means by which investors express their views on a company's corporate governance and performance. When authorised by clients to vote on their behalf, BlackRock votes to convey support for or concern about a company's approach to delivering financial returns for investors over time.

BlackRock contracts primarily with the vote services provider ISS and leverages its online platform to supply research and support voting, record keeping, and reporting processes. BlackRock also use Glass Lewis' research and analysis as an input into their voting process. Whilst BlackRock subscribes to research from the proxy advisory firms, it is just one among many inputs into its vote analysis process, and it does not blindly follow their recommendations on how to vote. BlackRock does not follow any single proxy research firm's voting recommendations. It subscribes to research providers and uses several other inputs in its voting and engagement analysis, including a company's own disclosures, public information and ESG research. In certain markets, BlackRock works with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform their voting decision.

Noodles & Company (US, Consumer Discretionary)	<p>Noodles & Company is a U.S.-based restaurant chain. As of January 2024, 90 out of the 470 operated restaurants were franchise locations.</p> <p>In May 2024 AGM, there was a shareholder proposal requesting that the company to disclose its current GHG emissions, establish and publish targets for measurably reducing them, and regularly report progress meeting those targets.</p> <p>Currently, Noodles & Company does not disclose data on its GHG emissions, nor has it set reduction targets. The company lags its peers by not disclosing GHG emissions. However, Noodles & Company is currently in a challenging financial position. Its stock price is down more than 80% over the last 3 years, total revenues have fallen 1.2% in 2023 compared to 2022, average unit volumes decreased 2.3% in 2023 compared to 2022, and it returned a net loss of \$9.9 million in FY2023. The company ended its fiscal year with \$80.2 million in long-term debt (up from \$46.1 million at the end of the previous fiscal year)</p>
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and, as of the company's annual meeting date, had a market capitalisation of approximately \$97 million. In addition, the company recently had a leadership change with new CEO named in March 2024.

Based on BIS assessment, the financial cost to the company to provide the information sought in the proposal outweighed the informational benefit to investors in light of its financial condition. Given the company's situation, it is in their clients' long-term financial interests for the board and management to focus on executing the strategic turnaround plan and bolstering the company's capacity for sustained earnings growth. In their view, it would be more productive to wait for the company to stabilise before seeking climate-related disclosures. Accordingly, BIS did not support the shareholder proposal. As previously mentioned, BIS evaluate shareholder proposals on a pragmatic, case-by-case basis, with a singular focus on its implications for the long-term financial value creation by that company. As the company improves its long-term financial resilience, as discussed in their U.S. proxy voting guidelines, understanding the company's scope 1 and scope 2 emissions will become increasingly helpful to assess underlying long-term investment risk.

PepsiCo Inc.
(US,
Consumer
Staples)

At PepsiCo's request, BIS engaged with members of the company's management team in advance of their May 2024 AGM. In that engagement, BlackRock learned about PepsiCo's Positive Agriculture agenda. PepsiCo's business relies on a secure source of crops and ingredients to manufacture its products. The company's Positive Agriculture agenda is designed to address risks such as freshwater scarcity and soil degradation.

From engagement as well as the company's disclosure, we also learned that PepsiCo is striving to mitigate natural capital related risks across its value chain. PepsiCo is committed to expanding bio-diversity related disclosure and are assessing how they might incorporate the Taskforce on Nature related Financial Disclosures (TNFD) into future reporting as they seek to comply with other requirements, such as ISSB and the Corporate Sustainability Reporting Directive (CSRD). BIS did not support the natural capital related shareholder proposal at PepsiCo's May 2024 AGM, which received around 18% shareholder support. In BlackRock's assessment, PepsiCo's existing disclosure on these issues is robust and the company has policies and practices in place to manage material natural capital related risks and opportunities.

**Temenos
AG**
(Switzerland,
Information
Technology)

Temenos AG (Temenos) is a Swiss company specialising in providing banking software to financial institutions globally. BIS was concerned that the changes to the remuneration policy would further misalign payments to executives and financial returns to shareholders.

BIS did not support Temenos' executive remuneration policy, because in their view, the proposed remuneration structure and disclosures lacked sufficient detail as to how it aligns with the long-term financials of interests of minority shareholders, including BlackRock's clients.

The proposal did not pass at the May 2024 AGM, receiving approximately 33% shareholder support. In response, Temenos released a statement re-affirming the board's awareness of shareholder concerns while attributing remuneration issues to "exceptional circumstances around the transition to a new CEO." The company also stated that it will continue to reflect on the vote result and provide a more detailed rationale in its remuneration disclosures.

BIS recognises the importance of competitive executive pay, including performance incentive awards, in attracting and retaining talented company leaders. However, BIS look to companies to demonstrate that incentive pay for executives is performance-based and consistent with the long-term financial returns received by shareholders. BIS will continue to engage with the company to discuss its approach to future remuneration structures.

		Year to 31 March 2025
BlackRock Europe Equities (Active)	Votable proposals	853
	% of resolutions voted	100%
	% of resolutions voted against management	8%
	% of resolutions abstained	2%
		Year to 31 March 2025
BlackRock US Equities (Index)	Votable proposals	6,960
	% of resolutions voted	98%
	% of resolutions voted against management	2%
	% of resolutions abstained	0%
		Year to 31 March 2025
BlackRock UK Equities (Index)	Votable proposals	9,801
	% of resolutions voted	100%
	% of resolutions voted against management	3%
	% of resolutions abstained	0%
		Year to 31 March 2025
BlackRock Asia Pacific Equities (Index)	Votable proposals	3,228
	% of resolutions voted	100%
	% of resolutions voted against management	10%
	% of resolutions abstained	0%

BlackRock Japan Equities (Index)	Year to 31 March 2025	
	Votable proposals	5,918
	% of resolutions voted	100%
	% of resolutions voted against management	3%
	% of resolutions abstained	0%
iShares Edge MSCI USA Value Factor ETF (Index)	Year to 31 March 2025	
	Votable proposals	2,039
	% of resolutions voted	100%
	% of resolutions voted against management	1%
	% of resolutions abstained	0%
BlackRock Factor Equities (Active)	Year to 31 March 2025	
	Votable proposals	2,625
	% of resolutions voted	96%
	% of resolutions voted against management	2%
	% of resolutions abstained	0%
BlackRock Thematic Equities (Active) (sold August 2024)	Year to 31 March 2025	
	Votable proposals	4,774
	% of resolutions voted	99%
	% of resolutions voted against management	5%
	% of resolutions abstained	0%

Other Investment Managers

The approach to voting and engagement of the Scheme's other equities managers, Schroders, Wellington and American Century are detailed below. These managers are appointed in relation to the Scheme's equity holdings.

Schroders

Approach to Voting:

The overriding principle governing Schroders' approach to voting is to act in the best interests of its clients. Schroders' voting policy and guidelines are outlined in its publicly available Environmental, Social and Governance Policy. Schroders evaluates voting issues arising and, where it has the authority to do so, votes on them in line with its fiduciary responsibilities in what it deems to be the interests of its clients. In applying the policy, Schroders considers a range of factors, including the circumstances of each company, performance, governance, strategy, and personnel.

It is Schroders' policy to vote all shares at all meetings globally, except where there are onerous restrictions – for example, share blocking. Schroders utilises the services of ISS and the Investment Association's Institutional Voting Information Services ('IVIS') in conjunction with its own research and policies when formulating voting decisions. Glass Lewis (GL) also act as one of Schroders service providers 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 their own bespoke guidelines, in addition, they receive 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.

For certain holdings of less than 0.5% of share capital in the USA, Australia, New Zealand, Japan, and Hong Kong, Schroders has implemented a custom policy that reflects the views of its ESG policy and is administered by Schroders' proxy voting provider, ISS. Schroders votes on both shareholder and management resolutions. Aligned with Schroders Engagement Blueprint, they have ongoing engagement programmes with emerging market companies on the importance of corporate governance, amongst other topics. Schroders actively vote against individuals on boards that are not making enough progress on the priorities identified in the Engagement Blueprint. Schroders significant vote criteria are broad, it is all votes against management that are considered significant.

Schroders may tell the company of the intention to vote against the recommendations of the board before voting, in particular if the fund is a large shareholder or if there is an active engagement on the issue. Schroders always endeavours to inform companies after voting against any of the board's recommendations.

<p>Mahindra & Mahindra Ltd (Indian automotive company)</p>	<p>Mahindra & Mahindra is an Indian automobile manufacturing company headquartered in Mumbai.</p> <p>In July 2024, there was a vote on the election of Ranjan Pant and Haigreve Khaitan as board members, as well as the re-appointment and approval of remuneration for Anish Shah (Managing Director and CEO) and Rajesh Jejurikar (Whole-time Director).</p> <p>Schroders vote was against management due to concerns about independence, as less than 50% of the non-executive directors could be considered independent, and concerns of "over boarding" due to one or more of the nominees sitting on multiple external boards, potentially impacting their effectiveness in their role.</p>
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<p>China Petroleum & Chemical Corp (Chinese oil refining conglomerate)</p>	<p>China Petroleum & Chemical Corp is a Chinese oil and gas enterprise based in Beijing. It is one of the world's largest oil refining conglomerates and has the second highest revenue in the world.</p> <p>In June 2024, there was a vote to elect Chairman Ma Yongsheng. Schroders voted against management as they had concerns over multiple topics. Notably, Schroders believed there was insufficient independence on the nomination committee, a lack of gender diversity on the board, and concerns over independent oversight. Less than half of the committee can be considered independent.</p>
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Year to 31 March 2025

Schroders EM Equities	Votable proposals	2,062
	% of resolutions voted	100%
	% of resolutions voted against management	9%
	% of resolutions abstained	1%

Wellington**Approach to Voting:**

Wellington votes according to its Global Proxy Voting Guidelines and employs a third-party vendor, Glass Lewis, to perform administrative tasks related to proxy voting. Wellington does not automatically vote proxies either with management or in accordance with the recommendations of third-party proxy providers, ISS and Glass Lewis. Wellington has its own ESG Research Team, which provides voting recommendations. Based on these resources and in conjunction with Wellington's Global Proxy Voting Guidelines, individual portfolio managers have authority to make final decisions on voting. There is no "house vote". Wellington's proxy voting system allows different votes to be submitted for the same security. Various portfolio managers holding the same securities may arrive at different voting conclusions for their clients' proxies.

**Ryder
System, Inc.**
(American
transport
company)

Ryder System, Inc. is an American transportation and logistics company. It is a third-party logistics provider and provides supply chain, transportation and fleet management solutions to companies. At the May 2024 AGM there was a shareholder proposal for additional climate transition reporting. The additional reporting would include disclosure on the impact of the company's climate change strategy on relevant stakeholders, including employees, workers in the supply chain and the communities in which they operate. The Board recommended shareholders to vote AGAINST this item. This was because they believed they already provide shareholders with sufficient information on their progress of their environmental initiatives and impacts of the business on various stakeholders.

Wellington voted FOR the proposal. This was because they believe that the addition reporting would help mitigate risks, would demonstrate accountability for the company to perform against their targets. Therefore, enhanced disclosure was in the best interests of shareholders.

**H&R Block
Inc.**
(American Tax
Company)

H&R Block Inc. is a tax preparation company headquartered in Kansas City, Missouri, United States. It provides tax return preparation services and related financial products to individuals and small businesses in the United States, Canada, and Australia.

On November 6th, 2024, a significant vote took place regarding the election of Victoria J. Reich to the board of directors. The vote was cast against the proposal due to concerns about "over boarding", as the nominee sits on multiple external boards, which could impact her effectiveness in the role. This vote was assessed by Wellington as significant due to the vote against

management, the fund's holdings, and the type of resolution. There are potential implications for enhancing company engagement in the future.

Year to 31 March 2025		
Wellington Small Cap Equities	Votable proposals	1,474
	% of resolutions voted	99%
	% of resolutions voted against management	5%
	% of resolutions abstained	0%

American Century

Approach to Voting:

American Century's (ACI) Guiding ESG Principle are outlined in its ESG Policy and are as follows:

ACI's primary mission is to deliver superior, long-term, risk-adjusted returns for clients. ACI focuses on material ESG issues, which are financially material. ACI seeks to integrate the analysis of potential risks and opportunities associated with ESG issues into its fundamental research process. ACI's goal is to mitigate downside risks and capture upside potential without compromising its fiduciary duty to act in the best interest of clients.

ACI states that "in addition to conducting business with the highest ethical standards and complying with all applicable laws and regulations, our ESG approach is regularly reviewed against industry investment stewardship and governance standards and other ESG methodologies to ensure alignment with our processes."

American Century subscribes to the proxy voting services of Institutional Shareholder Services ("ISS"), including their proxy voting platform, voting advisory services, and vote disclosure services. While American Century reviews and considers ISS's research, analysis, and recommendations, it votes proxy using the ISS voting platform in accordance with the ACI's proxy voting policies, which can differ from those of ISS.

Brookfield Infrastructure Corporation is a Canadian alternative asset management company that focuses on investments in real estate, renewable power, infrastructure, credit and private equity, headquartered in Toronto, Canada.

Brookfield Infrastructure Corporation (Canadian asset management company)

In December 2024, there was a vote to approve a reorganisation /restructuring plan that maintains the benefits of the business structure, while addressing proposed amendments to the Income Tax Act (Canada) that are expected to result in extra costs for the company if action isn't taken. American Century voted for the proposal. The rationale behind this decision was to support maximising shareholder value. The plan was passed successfully, and there are no known implications at this time but American Century will continue to monitor the impact of the plan. This vote was assessed by American Century as most significant due to its nature as a material corporate transaction.

		Year to 31 March 2025
American Century Small Cap Equities	Votable proposals	1,467
	% of resolutions voted	100%
	% of resolutions voted against management	12%
	% of resolutions abstained	1%

DB Section Fixed Income

The Scheme has fixed income exposure via fixed income funds managed by BlackRock, T. Rowe Price, Payden & Rygel, PGIM, Wellington and Neuberger Berman. Despite not having voting rights attached to the investments, the Trustee expects fixed income managers to be active owners and engage with issuers.

Voting and engagement practices with regards to listed equities are generally more developed than other asset classes, with greater transparency and standardisation of reporting. In addition, where there are funds which invest in government bonds (for example the BlackRock funds, Payden & Rygel and Neuberger Berman), the method by which an investment manager engages with an issuer are often more complex.

The Trustee acknowledges that the propensity to engage with issuers will vary depending on the type of bonds, the size of the issuer and issuance. There is more scope to engage as an investor in corporate debt than a holder of government bonds (e.g. UK gilts and US Treasuries). As such the Trustee has focused this report on corporate debt funds.

The Trustee is comfortable that the fixed income managers have provided examples of engagements with issuers to the Fiduciary Manager. One example of such engagement is set out below.

Manager T. Rowe Price – Global High Yield

BBVA is a retail-focused Spanish bank with a long-established presence in Latin America.

T Rowe Price engaged with BBVA on its climate strategy.

T Rowe Price joined a collaborative investor meeting with BBVA to discuss the bank's overall climate strategy and progress. They believe the bank is aligned with European peers on topics relating to sustainable financing, decarbonising the loan book, and engaging with counterparties on their transition plans. However, the bank falls behind the industry gold standard on various topics and the meeting gave T Rowe Price an opportunity to provide feedback to the bank on future enhancements.

BBVA (Spanish Bank)

Sustainable finance: The bank is on track to meet its 2018–2025 EUR 300bn sustainable financing target, with EUR 226bn committed as of March 2024. Most of this has been allocated to climate (80%) and inclusive growth (20%) categories, with BBVA noting that it expects the allocation to natural capital to grow from 2024 onward. The company also noted that its sustainable lending accounts for 15%–20% of all new lending, but it remains challenging for investors to understand the impact this is having on its profit and loss account. T Rowe Price recommended the bank

report the revenue contribution from its sustainable financing to bring it in line with the leading industry standards.

Sectoral targets: BBVA has financed emission reduction targets on eight sectors and noted it intends to announce targets for the commercial real estate, residential real estate, and aluminium sectors by June 2024 to meet its Net-Zero Banking Alliance (NZBA) commitments. T Rowe Price endorsed the bank's actions, which would bring it in line with the industry gold standard. T Rowe Price also encouraged the bank to set targets for its facilitated emissions (driven from its capital markets business) now that the Partnership for Carbon Accounting Financials (PCAF) has published its guidance. BBVA intends to report these in the first quarter of 2025.

Client engagement: The bank has developed a framework (Transition Risk Indicator) to measure the climate maturity of its counterparties and is reporting the % of customers (80% as of FY23) who are actively managing transition risks. T Rowe Price encouraged the bank to continue reporting this metric on an annual basis so that investors can better understand how the clients' transition efforts are maturing.

The engagement provided T Rowe Price with reassurance that the bank continues to evolve its climate strategy and is aligned with the "above average" banks in Europe. T Rowe Price also provided a series of recommendations to help the bank align with the industry gold standard.

DC section investment strategy and risk management

The Trustee reviews its defined contribution and additional voluntary contributions investments on an annual basis. The Trustee also receives reports on the performance of the funds on a quarterly basis and remains satisfied with the range of funds made available to the members following changes made in 2023.

DC section voting and engagement

BlackRock is the manager of the Aegon funds and so their approach to voting an engagement is as set out above. Their voting record is set out in the table below.

Fund Name	Aegon BlackRock Aquila Life 50:50 Global Equity Fund	Aegon BlackRock World Multifactor ESG Equity Fund	Aegon BlackRock Market Advantage Fund
Number of Votable Items	32,896	4,301	22,128
% of Items Voted	95%	90%	99%
% of votes against management	4%	4%	5%
% of votes abstained	0%	0%	1%

Shell Plc
(UK, Energy)

Shell plc is an energy company headquartered in the United Kingdom. BIS has had extensive, multiyear engagements with Shell where they have discussed, among other topics, board composition, corporate strategy, and the board's oversight of, and management's approach to, climate-related risks and opportunities.

At the May 2024 AGM, BIS supported management's proposal to approve Shell's energy transition update and its Energy Transition Strategy 2024. Shell first submitted its Energy Transition Strategy for a vote at the May 2021 AGM, when it received 89% support from shareholders, including BIS. In the two subsequent years, the company proposed an advisory shareholder vote on the progress made to date against its Energy Transition Strategy. The proposals received 79.9% and 80% shareholder support in 2022 and 2023, respectively, including from BIS. In BIS' view, Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risk and opportunities, while also demonstrating progress its stated Energy Transition Strategy.

Shell's 2023 Capital Markets Day highlighted its strategy to deliver "more value with less emissions," focusing on markets where it has a competitive edge, like decarbonising transportation. By the end of 2023, Shell had achieved over 60% of its goal to reduce scope 1 and 2 emissions by 50% by 2030. The company is also progressing towards eliminating routine flaring and achieving near-zero methane emissions by 2030. Due to changes in energy markets and its power business strategy, Shell adjusted its climate targets, including retiring its 2035 net carbon intensity (NCI) target and modifying its 2030 NCI reduction target to 15-20%. These adjustments are seen as reasonable and transparent efforts to manage climate-related risks and opportunities.

The Boeing Company
(US, Aerospace)

The Boeing Company is a U.S. aerospace company that designs, develops, manufactures, sells, and services, and support commercial jetliners, military aircraft, satellites, missile defence, human space flight, and launch systems.

At the May 2024 AGM, BIS did not support the re-election of Director David L. Joyce, who serves as Chair of the Board's Aerospace Safety Committee. While BIS notes that Boeing is taking the 2024 Alaska Airlines incident seriously, the National Transportation Safety Board and Federal Aviation Administration's findings highlight the scale of the deficits in Boeing's overarching safety culture. Boeing's compliance issues related to manufacturing and quality control identified by the National Transportation Safety Board (NTSB) and the Federal Aviation Administration (FAA) indicate shortfalls in the board's approach to overseeing management and the company's quality control and safety policies, processes, and culture. As such, BIS did not support Mr. Joyce's re-election as Chair of the Aerospace Safety Committee to convey their concerns about continuing oversight missteps and BIS' view that to protect the interests of the company and its stakeholders, the board and management need to act swiftly and effectively to address the issues identified.

BIS notes Boeing's efforts to further enhance the oversight of, and management's approach to, its quality control and safety processes since the Alaska Airlines incident. They also recognise that effective board oversight of Boeing's complex businesses, which ranges across various commercial, defence, and space areas, necessitates a high level of institutional knowledge.

BIS supported the election of other directors at the May 2024 AGM because they recognise that the expertise of the members of the Aerospace Safety Committee will be important as the company works to address the issues identified.

BIS will continue to engage with members of the Committee and Boeing's executive leadership to understand how these issues are being rectified, and robust practices are being established to safeguard key stakeholders and advance the long-term financial interests of shareholders.

Baillie Gifford

Approach to Voting:

All voting decisions are made by Baillie Gifford's ESG team in conjunction with investment managers. Baillie Gifford does not routinely engage with clients prior to submitting votes. However, if a segregated client expresses a specific view on a vote, the firm will engage with them accordingly. In cases where a vote is particularly contentious, the investment manager may proactively reach out to clients to inform them or request the recall of any stock on loan.

Thoughtful voting of client holdings is a core component of Baillie Gifford's stewardship responsibilities. The firm believes that voting should be investment-led, as it is an integral part of the long-term investment process. For this reason, Baillie Gifford strongly prefers to be entrusted with this responsibility by its clients. The ability to vote on client shares also enhances the firm's influence when engaging with investee companies. The ESG team oversees voting analysis and execution in collaboration with investment managers. Unlike many peers, Baillie Gifford does not outsource any aspect of the voting process to third-party providers. Proxy adviser research is used solely for informational purposes. All meetings are analysed in-house in accordance with Baillie Gifford's ESG Principles and Guidelines, and the firm endeavours to vote every client holding in all markets.

While the firm is aware of voting recommendations from proxy advisers such as ISS and Glass Lewis, it does not delegate or outsource any stewardship activities, nor does it follow or rely on those recommendations when determining how to vote. All voting decisions are made internally, based on Baillie Gifford's own policy rather than those of proxy voting providers. In addition, the firm engages specialist proxy advisers in the Chinese and Indian markets to obtain more nuanced, market-specific insights.

PT Bank Rakyat Indonesia Tbk (Indonesian Bank)

PT Bank Rakyat Indonesia Tbk (BRI) is one of the largest banks in Indonesia. In March 2025, there was a vote to approve non-executive remuneration. Baillie Gifford opposed the remuneration for the board as independent directors and commissioners receive incentive-based pay which Baillie Gifford believe could compromise their objectivity.

Baillie Gifford will continue to monitor the company's approach to non-executive remuneration and will keep encouraging removal of the performance-based elements for non-executive directors.

**Remitly
Global Inc.**
(US Digital
Financial
Services
Provider)

Remitly Global Inc., is a digital financial services provider. Baillie Gifford spoke with the newly appointed VP of Social Impact, ESG and Sustainability at Remitly. The reason for the call was for Baillie Gifford to better understand the company's approach to ESG, and to emphasise their expectations on impact and climate reporting.

Their call was illustrative of the importance Remitly places on its social missions which include financial inclusion, but also climate resilience. On the former, Baillie Gifford heard the steps Remitly is taking on improving cost, access and use for its customers, including by promoting financial literacy. Baillie Gifford also heard about the fee waivers which have been introduced to support customers' families facing natural disasters caused by climate change. In all cases, these steps are supportive of Baillie Gifford positive change hypothesis for Remitly, but they also help to build customer trust, vital in this industry. It was also reassuring for Baillie Gifford to hear the focus placed on customer experience and protection.

On the call, Baillie Gifford also emphasised the importance they place on measuring whether a company is achieving its mission. The Remitly team is considering how to improve on its existing approach to impact measurement, which is helpful but with room for further improvement.

Baillie Gifford offered their availability for further discussion on this, and they will continue to encourage improvement in operational reporting ahead of emerging regulation.

Baillie Gifford Positive Change Fund	Year to 31 March 2025	
	Votable proposals	322
	% of resolutions voted	100%
	% of resolutions voted against management	5%
	% of resolutions abstained	1%

Concluding remarks

The Trustee is comfortable that the policies in the SIP have been followed over the year to 31 March 2025. The Trustee expects that the format and content will evolve over time, in line with guidance and to reflect any future changes in the SIP.

The Trustee recognises the responsibility that institutional investors have to promote high standards of investment stewardship and will continue to use the influence associated with the Scheme's assets in order to positively influence the Scheme's investment managers.

Address for UKPN Pensions Team

If you wish to contact the UKPN Pensions Team regarding this statement or any other matter regarding the Scheme, their address is as follows: The UK Power Networks Pension Scheme, Energy House, Hazelwick Avenue, Three Bridges, Crawley, West Sussex, RH10 1EX.

Telephone: 03330 090007

Email: pensionservices@ukpowernetworks.co.uk

This statement was approved at the Trustee meeting held on 16 September 2025.

Andrew Pace
Chairman