

Morgan Stanley UK Group

Pension Plan (the 'Plan')

Implementation Statement

Year to 31 December 2024

Background and Implementation Statement

Background

The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Statement

This implementation statement is to provide evidence that the Morgan Stanley UK Group Pension Plan (the 'Plan') continues to follow and act on the principles outlined in the Statement of Investment Principles (SIP), which is a statement intended to affirm the investment principles that govern decisions about the Plan's investments.

Two SIPs were in place over the Plan year. The latest SIP, dated April 2024, can be found online at the web address [UK Pension Statements | Morgan Stanley](#). A summary of changes made to the SIP over the Plan year are detailed on [page 10](#).

The Implementation Statement details:

- actions the Plan has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- a summary of any changes made to the SIP over the year
- the extent to which the Plan has followed

policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate

- stewardship covering the reporting year up to 31 December 2024 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf
- the policies in place to ensure the default strategy remains in the best interest of its members

Two Summary of key actions undertaken over the Plan reporting year

Both DC and DB assets:

1. Published the Plan's TCFD report covering the 12 month period to 31 December 2024.

DC assets only:

1. SIP Update
 - The SIP dated December 2022 was updated in April 2024 to include an illiquid assets policy, reflecting changes in regulatory requirements in relation to illiquid assets. No other changes were made to the SIP.
2. DC Triennial Investment Strategy Review:
 - An in-depth review of the current arrangement, membership trends, and operational constraints was conducted.
 - An evolution of the investment strategy was

discussed, leading the Investment Committee (IC) to recommend changes to the overall structure of the investment glidepath to the Board. The proposed structure includes:

- A shorter 10-year glidepath with Plan members able to select a retirement age specific to their objectives.
 - An increased level of expected return and risk throughout the glidepath
 - A reduced 10% standalone cash allocation at the point of retirement.
- Implementation considerations, including manager appointments and further exploration of private markets are ongoing.

3. Review of Investment Beliefs

- The session focused on ESG and investment beliefs, and focussed on five key areas:
 - The Trustee's Net Zero target was reaffirmed as appropriate, consistent with fiduciary duty, and aligned with Morgan Stanley's (the Firm) approach for its clients.
 - The increasing consensus around a positive impact through investing in private markets was noted, with the caveat that ESG impact should not be the sole factor for offering these assets to members.
 - Commitment to developing the DC self-select range was expressed, allowing members with strong ESG preferences to invest in a range of impact funds across different asset classes.
 - Regular monitoring of the Plan's strategy through manager assessments and TCFD monitoring was agreed to be beneficial.
 - The importance of stewardship was emphasised, with a consensus that it should be a key aspect in manager or fund selection.

These actions reflect a strategic focus on evolving the investment strategy, integrating ESG considerations, and ensuring robust governance and stewardship practices.

During the reporting year, the key action undertaken for the DB assets was:

- The maintenance of the de-risked portfolio consisting of a UK Government Bond (Gilts) portfolio to hedge the liabilities combined with high quality investment grade credit.
- During the year the Trustee replaced the corporate bond portfolio with an expansion of the Gilt portfolio as a broad hedge of the liabilities related to the DB/GMP underpins. This represents a further de-risking of the strategy.
- The Trustee added an Investment Grade Asset Backed Securities to the DB Portfolio during the year. The purpose of the fund is as a low-risk cash replacement with the fund focussed on short-dated AAA assets.

This statement demonstrates that the Morgan Stanley UK Group Pension Plan has adhered to its investment principles and its policies for managing financially material considerations, including ESG factors and climate change.

Signed: Alanna Lee

Position: **Chair of the Trustee**

Managing Risks and Policy Actions - DB Assets

During the Plan year, there have been two SIPs in place. The first covering from January to April and the second covering April to December. The following sets out the Trustee policies as set out in the SIP, April to December, and how they were each measured and followed during that period. The following table details policies for the DB assets within the Plan.

RISK/ POLICY	DEFINITION	HOW IT IS MEASURED	ACTIONS OVER THE PERIOD
Interest rate and inflation	The value of the Plan's liabilities will change in response to changes in interest rates and inflation.	The Plan hedges this risk using investments in Gilts as liability hedging instruments. This risk is also somewhat mitigated by a significant funding surplus.	Investment performance and changes in the value of the assets and liabilities were monitored and assessed on a quarterly basis.
Asset volatility	Investment in asset classes such as equities gives rise to volatility in the value of the assets	The Plan is substantially de-risked and does not hold any equities or other higher risk/return assets. Assets are held in Gilts for liability hedging alongside investment grade asset backed securities.	Investment performance and changes in the value of the assets and liabilities were monitored and assessed on a quarterly basis.
Counterparty credit	The Plan may use some interest rate and inflation swaps to hedge the Plan's interest rate and inflation risks. If the counterparties to these contracts default, the Plan may experience losses	Currently all interest rate and inflation hedging is done through investments in Gilts. The Plan does not employ any leverage within the DB assets which reduces counterparty risk.	Investment performance and changes in the value of the assets and liabilities were monitored and assessed on a quarterly basis alongside ongoing monitoring from the asset manager.
Credit	The Plan may invest in corporate bonds and money market instruments such as Floating Rate Notes. Any defaults or downgrades of these instruments may result in losses.	The Trustee will only take on credit risk to the extent that it is satisfied that the impact on total risk is acceptable and expects to hold investments that are predominantly or wholly investment grade (including Government Bonds). The Plan's credit holdings are in predominately AAA-rated Asset Backed Securities.	The Investment Committee reviewed the Plan assets on a quarterly basis. This includes data on the allocation to investments with credit risk.
Liquidity	The liquidity of investments may change over time, and this may have an impact on the expected transaction costs.	The Trustee has reviewed the likely cash requirements of the Plan and is satisfied that the investment arrangements provide sufficient liquidity. In addition, the Trustee explicitly considers transaction costs before any major restructuring of the Plan's assets. All DB assets are currently held in relatively liquid daily-traded funds.	The Investment Committee reviewed the liquidity requirements over the year and met all liquidity and cashflow requirements. The Plan used no leverage over the year within the DB assets, meaning lower liquidity needs outside of regular cashflow requirements.
Longevity	Longevity experience may differ from expectations, and that expectations may change over time.	The Trustee reviews the longevity assumption as part of the liability valuation every three years. Longevity risk is not currently hedged. Longevity risk is somewhat managed through a substantial funding surplus as a buffer.	The Trustee considers sensitivity analysis of different mortality experience as part of the triennial valuation.

RISK/ POLICY	DEFINITION	HOW IT IS MEASURED	ACTIONS OVER THE PERIOD
Risks relating to the GMP underpin	The Plan has an obligation to provide additional defined benefits ("the DB Underpin") for some DC members if the value of each member's DC assets is insufficient to secure a minimum level of benefits at retirement.	The Trustee recognises that the Plan is exposed, to a certain extent, to the risks arising from these members' underlying assets relative to the DB Underpin. The Trustee seek to mitigate this risk through investment in assets with similar characteristics but recognises that there are limited options available to fully or accurately mitigate this risk and monitors the situation on a regular basis. This risk is substantially managed through a funding surplus as buffer.	The Investment Committee reviewed (and continues to review) this risk as part of strategy reviews.
Custody of assets	The risk relating to the safekeeping of the Plan's assets.	Given that the Plan invests in pooled funds where the asset manager is responsible for custody of assets, the safekeeping of the underlying assets is undertaken by parties selected by the fiduciaries of the pooled funds. Both the asset manager and custodian are large, regulated organisations.	The Investment Committee monitored the asset position on a quarterly basis.
Environmental, Social and Governance	ESG factors can have a significant effect on the performance of the investments held by the Plan e.g. extreme weather events, poor governance.	<p>The Trustee expects the underlying managers to evaluate ESG factors (including climate change considerations and stewardship obligations attached to investments) in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.</p> <p>The Trustee has determined the following key themes as the basis for the Plans "most significant votes" in respect of the investment manager engagement activities:</p> <ol style="list-style-type: none"> 1. Environment – Climate change: low-carbon transition and physical damages resilience. 2. Environment – Pollution and natural resource degradation: air, water and land (forests, soils and biodiversity). 3. Social – Human rights: Modern slavery, pay and safety in workforce and supply chains, and abuses in conflict zones. 4. Governance – Diversity, Equity and Inclusion: inclusive & diverse decision-making; Pay and Executive Remuneration; company Board composition. 	These risks are substantially managed through a funding surplus as buffer and a de-risked asset allocation.

Managing Risks and Policy Actions - DC Assets

During the Plan year, there have been two SIPs in place. The first covering from January to April and the second covering April to December. The following sets out the Trustee policies as set out in the SIP, April to December, and how they were each measured and followed during that period. The following table details policies for the DC assets within the Plan.

RISK/ POLICY	DEFINITION	HOW IT IS MEASURED	ACTIONS OVER THE PERIOD
Incentivising asset manager strategy alignment	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies.	The underlying investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, it will look to replace the manager.	If the investment objective for a particular manager's fund changes, the Trustee reviews the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives. Over the year the Trustee completed their triennial strategy review, considering the overall strategic design of the investment arrangement as well as managers alignment to the Trustee objective. Managers were reviewed as part of this project and a number of changes will be implemented.
Incentivising asset manager decisions	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	The Trustee aims to meet with 1-2 of the underlying investment managers at each quarterly investment committee meeting and challenges decisions made including voting history and engagement activity, to try to ensure the best performance over the medium to long term. In addition, on an annual basis, it is the Trustee's policy to review the ESG policies of each of the underlying managers in the DC assets along with their voting and engagement records.	The Investment Committee met with a number of managers over the year, including: Nordea, Baillie Gifford, Wellington and BlackRock. The Trustee considered the investment consultant's assessment of how each underlying investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the underlying investment managers' policy on voting and engagement. Voting and engagement records are addressed later in this statement.
Fund performance and fees policy	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies.	If an underlying manager is not meeting performance objectives, or their investment objectives for the fund have changed, the Trustee may review the suitability of the manager and change managers where required.	The Trustee received detailed investment manager performance reports on a quarterly basis, which presented performance information over three months, one year, three years and five years. The Trustee reviewed the absolute performance, relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) net of fees. Whilst the Trustee's focus is on long-term performance, they also take shorter-term performance into account. The Trustee also received, via the IC, monthly performance updates and during volatile periods ad hoc performance commentary from their investment advisors.

RISK/ POLICY	DEFINITION	HOW IT IS MEASURED	ACTIONS OVER THE PERIOD
Turnover policy	How the Trustee monitor portfolio turnover costs incurred by the asset manager.	The Trustee considers the DC assets portfolio turnover costs as part of the annual value for money assessment.	Over the year, the Trustee considered the DC assets portfolio turnover costs as part of the annual Value for Members assessment and these are also disclosed in the annual Chair's statement.
Duration of asset manager arrangement	How the Trustee considers the duration of asset manager appointment.	The Trustee makes appointments with the view to them being long term (to the extent this is consistent with the Trustee's overall investment time horizon) and there is no set duration for the manager appointments. The DC funds have no set end date for the arrangement. An underlying manager's appointment may be terminated if it is no longer considered to be optimal or no longer has a place in the default strategy or general fund range.	The Trustee reviewed the performance of the Plan's funds quarterly. They also reviewed the underlying managers in the Default Diversified Option and self-select fund range as part of the triennial strategy review. When selecting managers, no set duration is set, however the Trustee considers where the fund will be used within the default and the members experience within that fund which may be for a shorter period if used within a de-risking lifestyle.
Investment strategy	<p>The Trustee regards its duty to be to make available a range of investment options sufficient to enable members to tailor, to their own needs, their investment strategy.</p> <p>How the Trustee has implemented the Plan's investment strategy relating to the default investment option and additional range of self-select funds.</p>	The Trustee makes a default investment strategy and broad range of self select funds available to members. The Trustee formally reviews the strategy at least once every three years or immediately following any significant change in investment policy or the Plan's member profile. A monitoring report is reviewed by the Trustee on a quarterly basis, this includes the performance of the funds that make up the Diversified Default Option and the self-select range. The monitoring report includes how each fund has performed against its specific benchmark. Monthly performance reports are also provided to the Trustee.	Over the year the Trustee completed their triennial strategy review, considering the overall strategic design of the investment arrangement as well as managers alignment to the Trustee objective. The Trustee reviewed the performance of the managers on a quarterly basis, with more regular updates provided through volatile periods.
Environmental, Social and Governance Risk	ESG factors can have a material impact on the performance of the investments held by the Plan e.g. extreme weather events, poor governance.	The Trustee expects the underlying managers to evaluate ESG factors (including climate change considerations and stewardship obligations attached to investments) in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee has determined the following key themes as the basis for the Plans "most significant votes" in respect of the investment manager engagement activities: 1. Environment – Climate change: low-carbon transition and physical damages resilience.	The Trustee reviews its investment managers' policies and actions in relation to ESG at least annually. Over the year the Trustee met with 1-2 of the underlying investment managers at each quarterly Investment Committee meeting and challenged decisions made including voting history and engagement activity as part of the process to ensure their policies and actions met the Trustee's expectations.

RISK/ POLICY	DEFINITION	HOW IT IS MEASURED	ACTIONS OVER THE PERIOD
		<p>2. Environment – Pollution and natural resource degradation: air, water and land (forests, soils and biodiversity).</p> <p>3. Social – Human rights: Modern slavery, pay and safety in workforce and supply chains, and abuses in conflict zones.</p> <p>4. Governance – Diversity, Equity and Inclusion: inclusive & diverse decision-making; Pay and Executive Remuneration; company Board composition.</p>	
Risk management and measurement	How the Trustee measures and monitors the main risks considered by the Trustee to be financial material in relation to the DC assets, including the Diversified Default Option.	<p>The Trustee has considered risk from a number of perspectives in relation to the DC assets, including the Diversified Default Option.</p> <p>The main risks considered to be financially material by the Trustee are outlined in the following section of this statement.</p> <p>The Trustee regularly monitors these risks and the appropriateness of the investments in light of the risks. The Trustee maintains a Risk Register that sets out the risks associated with the Plan, including those in relation to investments, and considers the impact, likelihood, controls and mitigation steps for each risk.</p>	<p>It is the Trustee's policy to monitor performance and rating of funds and market fundamentals on a quarterly basis. The Trustee reviewed financially material risks as part of their quarterly investment performance monitoring and risk register review.</p> <p>During the Plan year a detailed review of the Plans Risk Register was undertaken. This is then reviewed on a quarterly basis to reflect any significant changes / new risks as they occur.</p>

Risk Management and Measurement

The Trustee has considered risk from a number of perspectives in relation to the DC assets, including the Diversified Default Option. The list below is not exhaustive, but covers the main risks considered by the Trustee to be financially material.

RISK	WHAT IT IS	HOW IT IS MANAGED	HOW IT IS MEASURED/ ACTIONS OVER THE PERIOD
Market Risk	The risk that low investment returns over members' working lives or unfavourable market movements in the years just prior to retirement will secure an inadequate pension.	The Trustee provides members with a range of funds, across various asset classes, including actively and passively managed options. Members are able to set their own investment strategy in line with their aims and risk tolerances.	<p>The performance of the available funds is monitored on a quarterly basis by the Trustee with investment reporting provided by their adviser.</p> <p>The range of funds made available was considered as part of the triennial strategy review completed in 2024, ensuring suitable choice for members.</p>
Interest Rate Risk	The risk that unfavourable interest rate movements, particularly in the years just prior to retirement may lead to a reduction in the pension that the member's retirement account can secure.	The Trustee provides members with a range of funds, across various asset classes, which will have varying sensitivities to interest rate risk.	The performance of investment funds and market fundamentals, including interest rates, are monitored on a quarterly basis. Together this helps the Trustee understand the effect that changes in interest rates are having on the funds.
Inflation Risk	The risk that investments do not keep pace with inflation.	The Trustee provides members with a range of funds, across various asset classes, which have varying exposure to inflation risk. These include inflation index linked funds, as well as equities which are generally viewed to have inflation hedging properties.	Quarterly performance reports consider the long-term performance of the funds to help the Trustee assess whether the returns have kept pace with inflation.
Manager Risk	The risk that the chosen underlying investment manager underperforms the benchmark against which the manager is assessed.	In particular, the Trustee has considered the risk that active managers may underperform, whereas passive managers are likely to achieve a return close to any chosen benchmark. The Trustee believes active management skills exist and can be identified but not with complete certainty. As such the Trustee makes available to members both actively managed and passively managed funds.	The Trustee considers the opinion on investment strategies from their Investment adviser during the selection process. It is the Trustee's policy to monitor performance and rating of funds on an ongoing basis relative to the fund's benchmark and stated targets/objective. The managers appointed within the strategy were also reviewed as part of the triennial strategy review. Where new or replacement managers are being considered, the Trustee will be undertaking robust selection exercises supported by their adviser.
Mismatch risk	The risk that the financial assets a member is invested in as they approach retirement are not suited to the way they will access their retirement benefit	<p>The Trustee has made a range of funds available to members including share, cash, and bond funds that can be selected by members as they approach retirement.</p> <p>The Diversified Default Option follows a lifestyle strategy which progressively switches to assets the Trustee expects will be less</p>	<p>It is the Trustee's policy to monitor performance and rating of funds on an ongoing basis and identify how the characteristics of certain funds are suitable for different at-retirement options.</p> <p>The default investment strategy is designed to be flexible, supporting a broad range of outcomes. The Trustee recognises this may not be</p>

RISK/ POLICY	DEFINITION	HOW IT IS MEASURED	ACTIONS OVER THE PERIOD
		volatile to reduce mismatch risk for members targeting income drawdown.	a perfect match for all but is suitable for the majority. This was reviewed as part of the default strategy review.
Liquidity Risk	The risk that assets may not be readily marketable when required.	The pooled funds in which the Trustee allows members to invest provide the required level of liquidity. Units in the pooled funds in which the Plan invests are believed to be readily redeemable.	When considering new investment options or reviewing existing options, the Trustee considers the pricing and dealing terms of the underlying funds. When exploring illiquid assets, the Trustee will consider liquidity in stressed environments and the impact these have on the performance of the fund.
Concentration Risk	The risk that a portfolio has an over-allocation to a single asset class, sector, country, or counterparty, thereby having a high exposure to non-systemic risk factors.	The Trustee has made a range of funds available to members, so that they can choose to invest in a well-diversified portfolio. The range of funds enables diversification by asset class (e.g. equity, bonds, cash), by region and includes both passively and actively managed funds, which can help achieve diversification.	It is the Trustee's policy to monitor performance and rating of funds on an ongoing basis via quarterly performance reports. The Trustee also periodically reviews the default investment option and self-select range, and as part of this considers the correlations or similarities between the available funds. This was reviewed during the 2024 triennial strategy review.
Sponsor Risk	The risk that the sponsoring company of the plan will cease financial sponsorship.	The Trustee has considered the risk that the Company may be unwilling or unable to continue to contribute to the Plan in the future.	The Trustee has concluded that this risk is acceptable and that no further action is necessary to mitigate this risk at the current time. The Trustee will review this position in the event of any material changes in the sponsor's circumstances.
Exchange Rate Risk	The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	The Trustee has made available a global equity fund that hedges a portion of its developed market currency exposure in order to manage the exchange rate risk associated with overseas investment. The allocations to global small cap equities and emerging market equities are unhedged. This fund is utilised as part of the Active Diversified Growth Fund and Active Diversified Retirement Fund, within the Diversified Default Option.	Monitoring the performance of investment funds on a quarterly basis, including quarterly market reviews considering the movements in foreign currencies relative to pound sterling. The Trustee reviewed their position to currency risk as part of the triennial strategy review. Changes will be made to the default strategy, however the Trustee remains aware of risks faced.
Environmental, Social and Governance Risk	ESG factors can have a significant effect on the performance of the investments held by the Plan, e.g. extreme weather events, poor governance.	The Trustee's policy on ESG risks is set out in later in this Statement.	As set out in this statement, monitoring is undertaken on a regular basis and is documented at least annually.

During the Plan year, the Trustee did not consider non-financially material matters as part of their risk management processes and investment decision making. The current approach, which states that member views are not taken into account in the selection, retention and realisation of investments, but members have a variety of methods by which they can make views known to the Trustee, remained unchanged over 2024.

Changes to the Statement Investment Principles (SIP)

Over the period to 31 December 2024, two SIPs were in force. The first covering January to April and the second covering April to December. The Trustee made changes to the SIP in April to reflect the recent regulatory requirements to include an illiquid assets policy. No other changes were made to the SIP.

A summary of these changes and why they were made are included below:

POLICIES ADDED TO/ AMENDED IN THE SIP	
Date updated: April 2024	
Illiquid Assets Policy	<p>During the Plan year, the Trustee updated the SIP to include a new policy on their approach to including illiquid assets within the Plan's investment arrangements. A summary of this policy is included below:</p> <ul style="list-style-type: none">• The Trustee has acknowledged that the default arrangement currently has a direct allocation to illiquid assets, via an allocation to the Threadneedle Property Fund within the Active Diversified Growth and Active Diversified Retirement Funds. There is also an indirect allocation to illiquid assets through the Ruffer Diversified Return Fund. This fund is used within the Active Diversified Growth Fund and Active Diversified Retirement funds, as well as the Active Absolute Return Fund.• The Trustee is comfortable directly and indirectly investing a modest proportion of members' assets in illiquid assets. This is in order to capture the potential for higher returns and benefits of diversification relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer.• While these benefits are recognised by the Trustee, it is also aware of the risks to members. Given the potential for valuations of illiquid assets to be uncertain at a given time and concerns over liquidity management, the Trustee maintains the direct investment into illiquid assets at a relatively modest proportion of total assets. Given these liquidity management concerns but balancing this against the expected future cashflow into the Plan, the Diversified Default Option reduces a member's exposure to illiquid investments as they near retirement.

Responsible Investment and Corporate Governance

ESG as a financially material risk

The SIP describes the Plan's policy with regards to ESG as a financially material risk and notes that good stewardship can create and preserve value for companies and markets as a whole. The Plan is in the process of agreeing a more detailed ESG policy which describes how it monitors and engages with the investment managers. The Trustee considers the following ESG statements when setting or reviewing the strategy:

Investment Approach	<ul style="list-style-type: none">• Set a net zero target and develop a framework to monitor and achieve the target• If investing in private markets, the Plan will consider any impact focus• Offer a range of self-select funds for sustainability and impact• Support and take advantage of innovative technologies that advance ESG challenges, including environmental, climate, nature and social issues
Risk Management	<ul style="list-style-type: none">• Seek to minimise investments in industries with significant negative social or environmental impacts to avoid financial risk caused by reputational impact• Reflect the views of the Sponsor when considering how to integrate ESG considerations into the Plan's investment arrangements
Stewardship	<ul style="list-style-type: none">• Engage in investments, through assessments and engagements of its investment managers, in industries with significant negative social or environmental impacts to help them improve their ESG profile• Beyond integrating ESG factors into the selection of managers the Plan should review and engage them annually on their ESG processes to prompt best practice• Enhance stewardship by focusing on key themes and assessing managers' alignment

Reporting	<ul style="list-style-type: none"> Regular investment reporting should incorporate ESG specific metrics for all (or the majority of) mandates
Collaboration	<ul style="list-style-type: none"> Asset managers should go beyond basic industry compliance – e.g. aligning with UN PRI and Stewardship Code – and actively collaborating with other market participants to raise ESG investment standards and facilitate best practices.

Responsible Investment and Corporate Governance

When considering how managers engage with investee companies, the Trustee recognises managers will be voting at company AGMs. The Trustee has not provided managers with clarity on which votes they consider ‘most significant’ prior to these AGMs. The Trustee recognises that it is not common practice to specify investment restrictions where assets are managed via pooled funds. For the DC assets, it is noted that this is particularly true given that it is Scottish Widows Limited, the Plan’s investment platform provider, that has the direct relationship (and not the Trustee) with the third parties offering the funds.

The Trustee defines ‘significant votes’ as one which relates to the following key Stewardship Priorities:

- Environmental: Climate change: low-carbon transition and physical damages resilience; pollution and natural resource degradation: air, water, land (forests, soils, biodiversity)

- Social: Human right: modern slavery, pay (minimum/living wage etc.) and safety in workforce and supply chains, abuses and board composition
- Governance: Diversity, Equity and Inclusion (DEI) – inclusive and diverse decision making, executive remuneration and board composition

In addition to agreeing a detailed ESG policy, the Plan publishes an annual Task Force on Climate Related Financial Disclosures (TCFD) report. The TCFD report can be found online at the web address [UK Pension Statements | Morgan Stanley](#).

Examples of significant votes in relation to investments held by managers within the Plan are detailed later.

The next page details our view of the managers used throughout the Plan, our actions for engagement and an evaluation of the engagement activity.

ESG Summary and Actions with the Investment Managers

As the Plan's investment adviser, Isio engages with managers throughout the year on ESG themes, challenging managers on their policies and actions in this space.

These engagements focus on the continuing to develop strengths of each manager as well as highlighting any areas for potential improvement.

A summary of these activities with managers used in the Plan are outlined in the table below. These engagements are at the manager level, and not specific to the Plan or the Plan's funds.

ISIO SUMMARY	ESG SUMMARY	ACTIONS IDENTIFIED	ENGAGEMENT WITH MANAGER COMMENTARY
Baillie Gifford	<p>Baillie Gifford has strong firm-level policies and a dedicated ESG team covering research and Stewardship activities.</p> <p>They also have a strong firm-level approach to Stewardship and collaboration.</p>	<ul style="list-style-type: none"> Consider setting diversity targets and defined ESG training syllabus Increase proportion of firm assets covered by Net Zero commitments Reconsider position in relation to CA100+ and NZAMI membership following withdrawal 	<p>Isio engaged with Baillie Gifford regarding enhanced reporting by incorporating broader ESG scoring, data on carbon footprint, and implied temperature pathway in regular standard reports. The manager agreed with enhancing reporting and are including carbon footprint data in their annual Stewardship Report and are exploring including these metrics in regular reporting.</p> <p>Baillie Gifford presented to the Investment Committee of the Plan during the Plan year. This presentation also covered how Baillie Gifford consider ESG factors in their investment practices and decision making.</p>
BlackRock	<p>BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team. They collaborate with initiatives and institutions on a broad range of ESG risks.</p>	<ul style="list-style-type: none"> Introduce formal firm-level stewardship objectives within their ESG policy Commit to a Net Zero target, with meaningful interim targets Reconsider position in relation to CA100+ and NZAMI membership (following withdrawal in early 2025) 	<p>Isio engaged with BlackRock regarding improving stewardship and reporting on their passive equity mandates. This included evidencing collaborative engagements across industries and improved quality of stewardship engagements and providing more consistent and granular ESG scoring, whilst continuing work on improving TCFD reporting.</p> <p>The manager agreed to both areas, whilst no progress has been made on reporting, they have made progress with collaboration. BlackRock engages with companies independently, as in their experience that approach enables them to best advocate to client's long-term financial interests.</p>
HSBC	<p>HSBC has a well-resourced, self-standing ESG team and basic ESG training for employees.</p> <p>They set targets and track ED&I metrics.</p> <p>They publish firm-level ESG policies.</p>	<ul style="list-style-type: none"> Improve collaboration by engaging with academics and the wider community on ESG issues Introduce a formal ESG training programme 	<p>Isio engaged with HSBC covering risk management, climate and reporting. This included making sustainability training compulsory for the investment team, reporting on Scope 3 emissions and providing more consistent and granular ESG scoring whilst also working to improve data coverage.</p> <p>The manager has agreed on reporting Scope 3 emissions, with emissions data available upon request.</p>

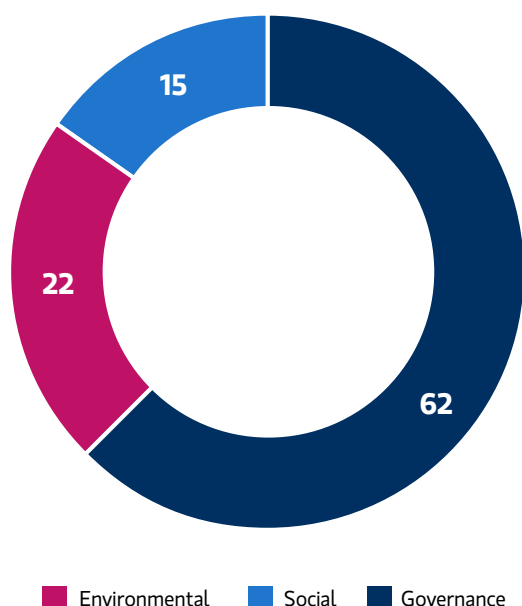
ISIO SUMMARY	ESG SUMMARY	ACTIONS IDENTIFIED	ENGAGEMENT WITH MANAGER COMMENTARY
LGIM	LGIM has strong firm-level policies, such as their commitment to achieving net zero emissions by 2050. They also maintain a robust approach to stewardship and collaboration. Additionally, LGIM is an active member of over 50 ESG initiatives and networks.	<ul style="list-style-type: none"> • Introduce a formal ESG training program with defined priorities • Consider developing connections with leading academic institutions to develop robust risk management frameworks 	<p>Isio engaged with LGIM covering fund investment approach, reporting and climate. This included considering having fund level ESG objectives, measuring of wider fund ESG metrics and having a fund decarbonisation target.</p> <p>The manager has agreed on the investment approach and will be integrating ESG through ESG tilting.</p>
M&G	M&G has established robust firm-level policies, including a commitment to achieving net zero emissions by 2050. Their stewardship approach is commendable, although it is currently focused primarily on addressing climate change.	<ul style="list-style-type: none"> • Consider including nature and social factors as a stewardship priority • Enhance collaboration with academic institutions to develop risk management frameworks 	<p>Isio engaged with M&G covering investment approach, risk management, stewardship and reporting. This included establishing more formal ESG training programme for Fund investment team and improving the proportion of emission data covered by the Fund.</p> <p>The manager has agreed to expanding emission data reporting by utilising a third-party data source and anticipate further enhancements as data availability increases and industry guidance covers more asset classes.</p>
Morgan Stanley	Morgan Stanley have set a firm-level ESG policy and a strong firm-level approach to Stewardship and Collaboration. Additionally, they have signed to multiple initiatives, including the UN PRI and UK Stewardship Code.	<ul style="list-style-type: none"> • Consider establishing a firm-level net zero commitment • Become a signatory of the Net-Zero Asset Manager's Initiative (NZAMI) and Climate Action 100+ 	<p>Isio engaged with Morgan Stanley regarding their Global Sustain Equity fund. Engagement covered risk management, climate, and reporting. This included setting a firm-level net-zero commitment with agreed interim decarbonisation targets. Isio has not engaged with Morgan Stanley regarding the Global Credit fund used within the Plan.</p>
Ninety One	Ninety One has established robust firm-level policies, including a strong commitment to achieving net zero emissions by 2050. Collaboration is one of their strengths, as evidenced by their active participation in key global initiatives. Additionally, they have partnered with academics to provide training for their investment specialists.	<ul style="list-style-type: none"> • Introduce explicit stewardship priorities around nature and social factors • The ESG team could be integrated into investment teams to ensure ESG risks are considered throughout the investment process 	<p>Isio engaged with Ninety One covering investment approach, risk management, stewardship, climate and reporting. This included developing fund specific ESG objectives, providing regular reporting of GHG emissions and developing impact reporting and setting explicit climate objectives and implementing decarbonisation targets.</p> <p>The manager has agreed to consider ESG at issuer level as part of the investment process.</p>
Nordea	<p>Isio has historically had little to no exposure to Nordea 15 Alpha MA, therefore no actions were identified during the Plan's reporting year.</p> <p>The Investment Committee met with Nordea over the Plan year who presented to the committee on the philosophy and performance of their fund. ESG factors were considered as part of this discussion.</p>		

ISIO SUMMARY	ESG SUMMARY	ACTIONS IDENTIFIED	ENGAGEMENT WITH MANAGER COMMENTARY
Ruffer	Ruffer has set strong firm-level policies along with a Net Zero commitment by 2050. They have a strong approach to Stewardship and have a stand-alone responsible investment team.	<ul style="list-style-type: none"> • Develop targets for Equality, Diversity and Inclusion (EDI) policy and mandatory training • Add social and nature/ biodiversity-based factors as explicit Stewardship priorities • Strengthen Stewardship processes and monitor progress against milestones. 	<p>Isio engaged with LGIM covering fund investment approach, reporting and climate. This included considering having fund level ESG objectives, measuring of wider fund ESG metrics and having a fund decarbonisation target.</p> <p>The manager has agreed on the investment approach and will be integrating ESG through ESG tilting.</p>
Sands Capital	Isio has historically had little to no exposure to Sands Capital Emerging Markets Growth fund, therefore no actions were identified during the Plan's reporting year.		
Threadneedle	Columbia Threadneedle (CT) has introduced a regular mandatory ESG training programme for its analysts and portfolio management team, and has established stewardship priorities focused on climate, nature, and social issues.	<ul style="list-style-type: none"> • Further refine its ESG policy to clarify its approach to stewardship and topics of focus • Further integrate the ESG team in asset class or PM team 	Isio engaged with CT regarding their investment approach, risk management and stewardship. Since the engagement CT have provided clear examples of engagements undertaken to enhance climate risk mitigation or to enhance social or nature/ biodiversity factors in their quarterly updates and annual reports.
Western Asset Management	Isio has historically had little to no exposure to Western Asset Management Multi Asset Credit fund, therefore no actions were identified during the Plan's reporting year.		
Wellington	<p>Wellington has set strong firm-level policies across climate and social factors.</p> <p>They have a strong approach to Stewardship and Collaboration, including with academic institutions.</p>	<ul style="list-style-type: none"> • Introduce specific Stewardship priorities to guide engagement • Strengthen Stewardship process and monitor progress and milestones • Expand Net Zero target to cover entirety of assets 	<p>Isio engaged with Wellington covering risk management and reporting. This included on updating the established ESG risk framework regularly to ensure it reflects the latest best practice, to broaden the range of TCFD metrics that are published in regular ESG reports, and to include social metrics as part of sustainability reporting. The manager has agreed on increasing their TCFD reporting capabilities by beginning to publish SBTi figures in their standardised reports.</p> <p>Wellington also met with the Investment Committee during the reporting year providing a deep dive of the Wellington Global Impact Fund as used within the Plan.</p>

Engagement

As the Plan invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 December 2024.

Baillie Gifford Long Term Global Growth



Baillie Gifford consider active ownership, stewardship and ESG matters as core beliefs in their investment management and how they interact with clients. They have provided stewardship principles and guidelines in a firm-wide document. These principles include long-term value creation, alignment in vision and practice, governance fit for purpose and sustainable business practices. Within these principles, it is further integrated with ESG factors which includes governance arrangements, human rights and labour rights, principles of the UNGC, diversity and inclusion, climate change and nature and biodiversity.

Engagement example:

Topic –
Social (Human and labour rights)

Baillie Gifford engaged with Amazon on an ongoing basis. This engagement was between Baillie Gifford and Amazon's experienced ESG team to discuss ongoing sustainability concerns, including employee engagement, supply chain transparency, human rights implications with cloud-hosting, AI governance and commitment to decarbonisation.

The discussion allowed Baillie Gifford to understand the Amazon's stance on various issues, supported by numerical evidence. They highlighted initiatives for employee engagement, including the 'Dragonfly' software, which actioned over 200,000 safety observations in 2023, leading to injury rates below the industry average. They are also working to monitor its

supply chain to prevent human rights abuses and have ambitious decarbonisation goals, contracting 28GW of renewable power in 2023.

The Plan is comfortable that Baillie Gifford is aligned with the Plan's social stewardship focus regarding human rights, as the engagement example above relates to this focus area. The manager also notes social factors as an engagement priority.

BlackRock Equity Funds

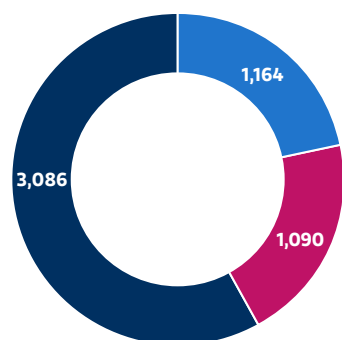
BlackRock provided a firmwide policy document which sets out their engagement priorities. The five engagement priorities are: board quality and effectiveness; strategy, purpose, and financial resilience; incentives aligned with financial value creation; climate and natural capital; and company impacts on people. The BlackRock Investment Stewardship engagement priorities reflect the themes on which the team most frequently engages companies, where they are relevant, as these can be a source of material business risk or opportunity.

BlackRock Investment Stewardship's five engagement priorities are: board quality and effectiveness; strategy, purpose, and financial resilience; incentives aligned with financial value creation; climate and natural capital; and company impacts on people. The BlackRock Investment Stewardship engagement priorities reflect the themes on which the team most frequently engages companies, where they are relevant, as these can be a source of material business risk or opportunity.

The stewardship team operates across nine offices globally (Delaware, New York, San Francisco, and Washington, D.C., in the U.S., London in EMEA; and Hong Kong, Singapore, Sydney, and Tokyo in APAC), engages locally in 50 markets with companies, and votes on behalf of clients – when authorized by them to do so – in 69 markets.

The BlackRock Investment Stewardship team primarily engages public companies on behalf of client assets invested in index strategies, and makes its company analysis and engagement meeting notes available to BlackRock's active portfolio managers. BlackRock Investment Stewardship's global reach and local presence enables more frequent and better-informed dialogue with companies, often in the local language. Other teams across BlackRock may engage with companies to help inform their work on a broad spectrum of risk and value drivers in their investible universe.

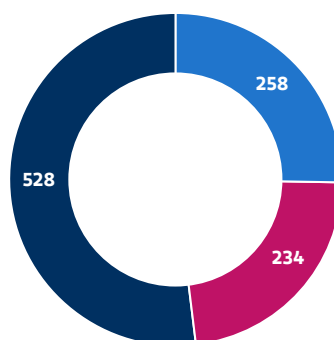
BlackRock ACS UK Equity Tracker Fund



Total engagements:
3,225

No. entities engaged:
2,267

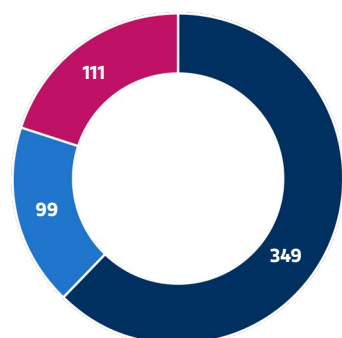
BlackRock ACS US Equity Tracker Fund



Total engagements:
551

No. entities engaged:
349

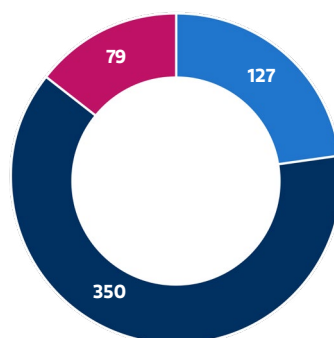
BlackRock ACS Continental European Equity Tracker Fund



Total engagements:
369

No. entities engaged:
215

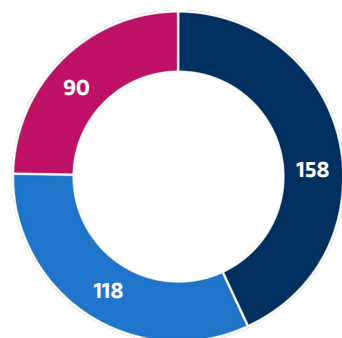
BlackRock ACS Japan Equity Tracker Fund



Total engagements:
364

No. entities engaged:
232

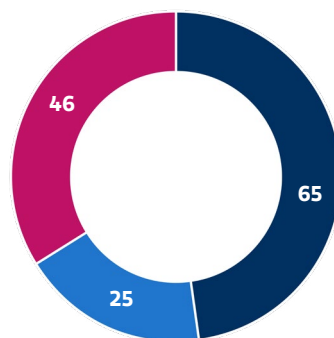
BlackRock Aquila Connect Pacific Rim Equity Fund



Total engagements:
174

No. entities engaged:
120

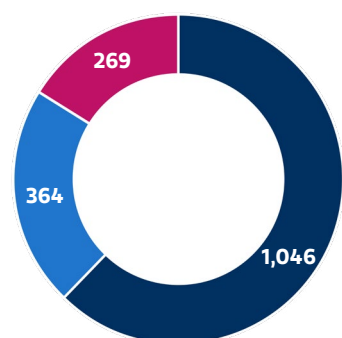
BlackRock Aquila Connect Emerging Markets



Total engagements:
69

No. entities engaged:
67

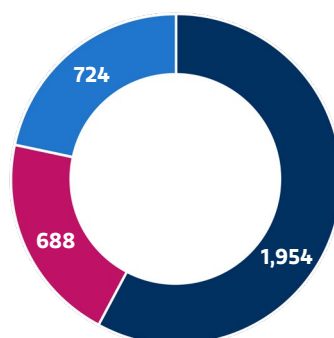
BlackRock Aquila Connect Pacific Rim Equity Fund



Total engagements:
1,073

No. entities engaged:
860

BlackRock Aquila Connect Emerging Markets



Total engagements:
2,036

No. entities engaged:
1,471

Environmental Social Governance

Engagement example:

Engagement topic -

Strategy, purpose and financial resilience

BlackRock engaged with Walt Disney Company (Disney), a US-based diversified global entertainment company with operations in three business segments: Disney entertainment, ESPN and Disney Experiences.

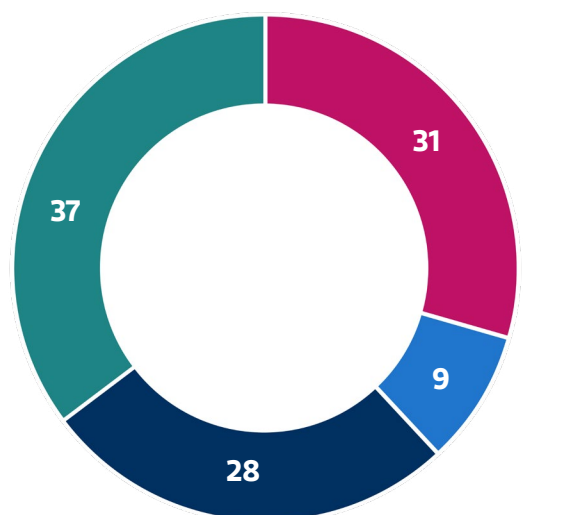
Disney faced three shareholder activist campaigns in recent years, each advocating different strategic changes for the company. Two shareholders sought to add dissident director nominees to Disney's board at its April 2024 AGM, proposing alternative candidates to the company's nominees. A third shareholder entered into an information-sharing agreement with Disney in January 2024 and pledged support for their board nominees.

Ahead of the AGM, BlackRock engaged with Disney's board and leadership, as well as with the dissident investors, to evaluate how their proposed strategies and board changes could enhance Disney's long-term economic value.

BlackRock supported Disney's management-recommended slate of directors, concluding that the board and leadership had taken meaningful steps to rebuild investor confidence, addressed shareholder concerns, and showed progress in executing the company's revised strategy. BlackRock determined that the existing directors were best suited to oversee the strategy's implementation and any required governance adjustments. At the April 2024 AGM, shareholders re-elected all management-nominated directors, with the CEO receiving approximately 94% support, reflecting strong investor backing for the board's direction.

The Plan is comfortable that the manager is aligned with the Plan's governance stewardship focus regarding board composition, as the engagement example above relates to this focus area. The manager also notes governance (strategy, purpose and financial resilience) as an engagement priority.

HSBC Islamic Global Equity



Total engagements:
70

No. entities engaged:
40

■ Environmental ■ Social ■ Governance ■ Other

HSBC have provided firmwide policy on their Stewardship plan and core engagement themes. The Stewardship plan is built on 6 steps: identifying core engagement themes, prioritising companies, carrying out engagement, monitoring engagement progress, voting at company meetings, and escalation. In 2024, HSBC have 8 core engagement themes covering: climate change, biodiversity and nature, human rights, corporate governance, diversity, equity and inclusion, inclusive growth and shared prosperity and trusted technology and data.

Engagement example:

Engagement topic –
Climate change (Scope 3 emissions) &
Corporate Governance (CEO Succession)

HSBC engaged with AstraZeneca Plc, a British-Swedish multinational pharmaceutical and biotechnology company specialising in research, development and commercialisation of medicines.

AstraZeneca has been innovative and successful in developing leading drugs, due to their CEO. However, HSBC have concerns about the impact of the CEO's succession on the company's stability and CEO's high pay. Additionally, HSBC believes AstraZeneca should aim to reduce its growing scope 3 emissions to maintain a strong license to operate, improve its ESG rating, and ensure a sustainable supply chain.

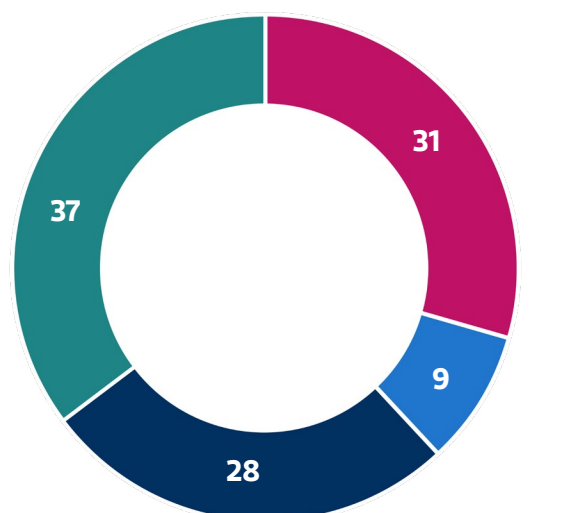
During the engagement discussions, HSBC addressed CEO pay, board practices, and concerns about rising scope 3 emissions despite reduction targets. HSBC praised AstraZeneca's efforts on health access in less wealthy countries and their commitment to living wages across production facilities and the supply chain. HSBC chose not to support the CEO pay package in 2024 due to its size and their views on inclusive growth and inequality and communicated this decision to AstraZeneca.

Though engagement is still in early stages, HSBC are pleased that AstraZeneca have set explicit targets for aligning its supply chain with science-based emission reduction goals. The head of sustainability indicated that some suppliers may need to be replaced if they fail to meet these targets, following a defined improvement process.

The CEO is not expected to step down soon, but HSBC are reassured by the robust talent pool and succession planning, which includes strong diversity elements. HSBC have urged clearer reporting on these aspects and will continue to monitor and engage with the company in 2025.

The Plan is comfortable that HSBC is aligned with the Plan's environmental and governance stewardship focus regarding pollution and board composition, as the engagement example above relates to these focus areas. The manager also highlights climate change and corporate governance as engagement priorities.

Morgan Stanley Global Brands



Total engagements:
103

No. entities engaged:
33

■ Environmental ■ Social ■ Governance ■ Other

Morgan Stanley's ESG engagements generally have three key purposes:

- Assessment of specific ESG issues relevant to companies that are potentially financially material
- Monitoring of progress
- Encouraging companies towards better practices

Engagement example:

Engagement topic -
Governance

Whilst Morgan Stanley do not consider this engagement to be directly connected to the UN SDGs, they selected this case study as an example of the alignment between their engagement and voting activities.

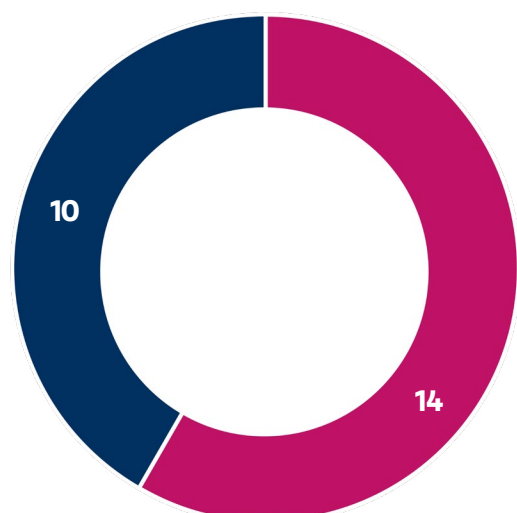
The objective was to discuss a shareholder proposal "requiring an independent board chair" prior to the company's Annual General Meeting (AGM), with the view of informing a voting decision.

Morgan Stanley engaged with the company in May 2024 and discussed the shareholder proposal. While they usually prefer a split between the roles of CEO and Chair, the case with ICE is unusual as the current CEO is also the company founder. During the call, they learnt about an amendment the company has made to its bylaws which means when the founder steps down from the role of CEO, the CEO/Chair roles will likely be split. We also learnt how the company has codified the role of the lead independent director.

Following discussion, Morgan Stanley were comforted by the amendment the company has made to its bylaws. They ultimately voted against the shareholder proposal.

Ninety One Emerging Markets Local Currency Debt

Engagement example:



Total engagements:
82

No. entities engaged:
18

■ Environmental ■ Governance

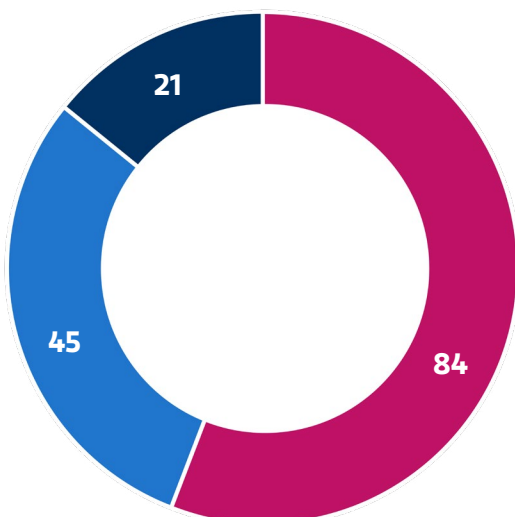
Engagement topic -
Climate Change

Ninety One engaged with Brazil's Ministry of Finance to understand Brazil's recent progress in drastically reducing deforestation and to ensure the gains were sustainable. It aligned with their broader engagement policy, and the Plan's environmental stewardship policy regarding physical damages resilience and natural resource degradation, to support impactful climate action and sustainability. The objectives included encouraging Brazil to enhance its NDCs, gaining insights into policies supporting NDC achievements, and monitoring progress on implementing a carbon market. This engagement is critical to fostering sustainable environmental and economic policies in a key global region.

Ninety One have a firmwide stewardship policy which sets out their stewardship principles. Ninety One's approach to engagement and voting is informed by policies in relation to five areas of corporate governance, which it considers key to ensuring long-term value:

- Leadership and strategic control
- Alignment with the long term
- Sustainability risks including climate change
- Protecting client capital
- Audit and disclosure

Nordea 15 Alpha MA



Total engagements:
150

No. entities engaged:
76

■ Environmental ■ Social ■ Governance

Nordea provided a firmwide responsible investment report which details their stewardship goals and how they engage with companies. These engagements are built on 4 focus areas:

- Biodiversity
- Climate
- Good governance
- Human rights

Engagement example:

Engagement topic -
Climate

Nordea engaged with NextEra Energy Inc. (NEE), a major renewable energy developer in the United States with a generating capacity of 58 GW. They were previously engaged by Nordea via the OGMP initiative but declined to join.

NEE discussed the Federal Energy Regulatory Commission's (FERC) approval of the Mountain Valley Pipeline (MVP) in Virginia, which NEE owns 33%. Nordea sought clarity on NEE's stake, strategy for conventional energy assets and approach to environmental and regulatory concerns, in line with Nordea's Paris Aligned Fossil Fuel Policy.

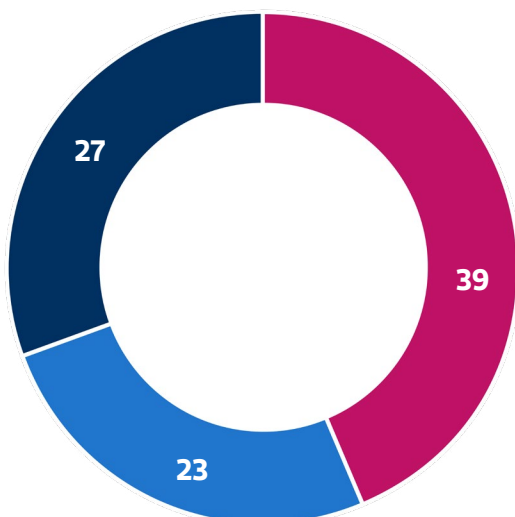
NEE highlighted their decade-long involvement in MVP, noting extensive environmental analysis and mitigation efforts, including trenchless construction techniques. They see the pipeline as a transitional support to renewables and have considered its future use for green hydrogen. NEE has no plans to divest, citing the challenges of building pipelines in the USA and potential negative outcomes if abandoned.

Nordea followed up with NEE regarding methane management and disclosure. They acknowledged the importance of methane disclosure and are open to enhancing their reporting practices. Currently, they disclose methane data through CDP but are exploring more comprehensive options. NEE is receptive to investor input on prioritizing disclosures to better communicate their emissions reduction strategy.

NEE has shown a strong commitment to transitioning towards renewable energy and proactively addresses environmental, social, and governance (ESG) issues. Nordea will continue to engage with the company to improve transparency, particularly on methane disclosures.

The Plan is comfortable that the manager is aligned with the Plan's environmental stewardship focus regarding climate change, a low-carbon transition and pollution, as the engagement example above relates to this focus area. The manager also notes governance as an engagement priority.

Ruffer Diversified Return



Total engagements:
46

No. entities engaged:
32

■ Environmental ■ Social ■ Governance

Ruffer provide firm level quarterly engagement reports which detail their goals alongside numerous case studies. Ruffer's responsible investment policy and stewardship principles are built on environmental, social and governance (ESG) factors, integration, ethical investment restrictions and client and investor reporting.

Engagement example:

Engagement topic -
Environmental and Governance

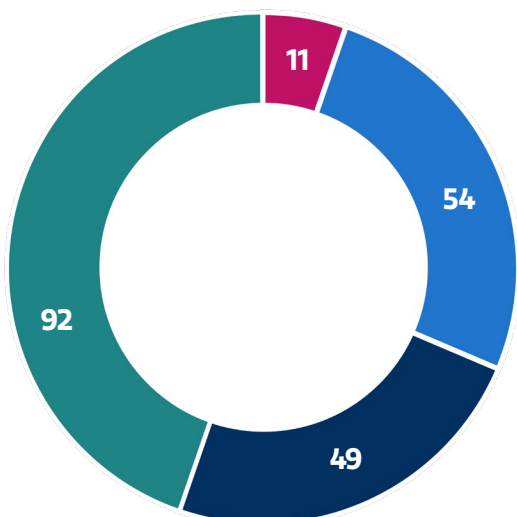
Ruffer engaged with Ryanair, an ultra-low-cost Irish airline group. Ruffer met with the Head of Investor Relations and the Director of Sustainability and Finance to discuss Ryanair's efforts in reducing carbon emissions, to encourage clearer disclosure of the sustainable aviation fuel (SAF) percentage uplift figure and lifecycle carbon intensity.

Ryanair has formally submitted its targets to the Science Based Targets initiative (SBTi), although the validation process has progressed slowly. Ryanair has been collaborating with SBTi during the development of aviation sector guidance. They provided an update on its partnership with Trinity College Dublin, which is focused on understanding CO2 savings in feedstock. Ruffer noted that while investors can infer SAF uplift figures from CDP disclosures, it would be beneficial for Ryanair to publish this data directly. With the incoming Corporate Sustainability Reporting Directive (CSRD) regulations, Ryanair is likely to include SAF uplift figures in its Sustainability Report.

Ruffer commends Ryanair for its approach to SAF and overall emission reductions, which are seen as strengthening its competitive edge during the transition. Ruffer will continue to monitor on Ryanair's disclosures and the Science Based Targets initiative (SBTi) database for updates on their emissions reduction targets. Additionally, there is anticipation for the next Sustainability Report to address requests for improved data disclosures.

The Plan is comfortable that the manager is aligned with the Plan's environmental stewardship focus regarding climate change and a low-carbon transition, as the engagement example above relates to this focus area. The manager also notes climate as an engagement priority

Sands Capital Emerging Markets Growth Equity



Total engagements:
114

No. entities engaged:
41

Environmental Social Governance Other

Sands Capital provide firm level annual engagement reports which detail their goals alongside numerous case studies. Sands Capital's investment approach and stewardship are built on environmental, social and governance (ESG) factors, culture, compliance, client relationships and company engagements.

Engagement example:

Engagement topic -
Environmental

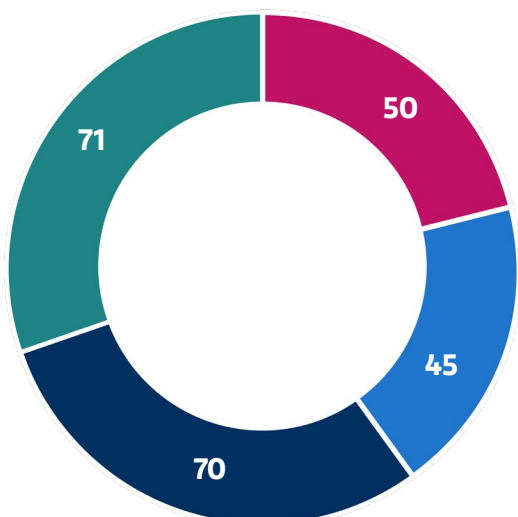
Sands Capital engaged with MercadoLibre, an Argentine online marketplace dedicated to e-commerce and online auctions. Sands Capital's lead analyst met with MercadoLibre to discuss their Science Based Target initiative (SBTi) as large logistic networks cause significant impact to the environment, with MercadoLibre being a large contributor to the strategy's carbon intensity.

MercadoLibre previously committed to the SBTi but over 2024, SBTi removed MercadoLibre's net-zero commitment due to a lack of carbon emissions reduction targets. Sands Capital discussed this change with MercadoLibre, as it raises concerns about their approach to setting and achieving climate targets.

MercadoLibre's investor relations team revealed that they struggled with SBTi's methodology for two years and couldn't establish suitable emissions reduction targets. Initially committed to near-term targets, MercadoLibre found SBTi's requirement to halve emissions by 2030 impractical. Instead, they will pursue alternative environmental strategies aligned with its business. Sands Capital will continue to monitor MercadoLibre's progress in emissions and decarbonization efforts.

The Plan is comfortable that the manager is aligned with the Plan's environmental stewardship focus regarding climate change and a low-carbon transition, as the engagement example above relates to this focus area. The manager also notes climate as an engagement priority.

Wellington Global Impact



Total engagements:
236

No. entities engaged:
78

Environmental Social Governance Other

The goal of Wellington's stewardship activities—engaging with company managements and voting proxies on their clients' behalf—is to support decisions that they believe will deliver sustainable, competitive investment returns and maximize the long-term value of securities they hold in client portfolios. Their commitment to active ownership combines deep research and constructive dialogue. This commitment anchors their investment philosophy and stewardship approach across asset classes.

Engagement example:

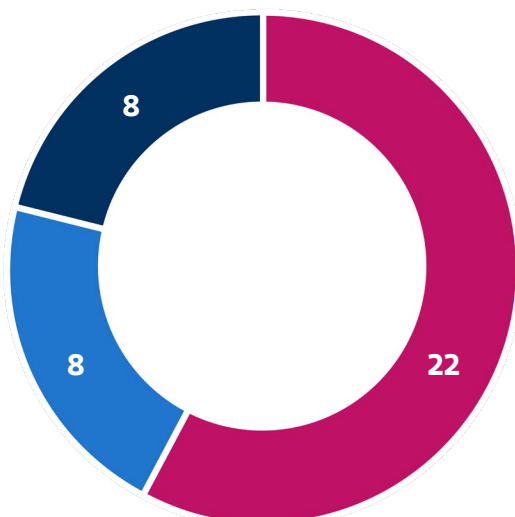
Engagement topic -
Governance

Wellington engaged with the CEO of Xylem, who addresses the collection, transport, and treatment of water, as well as the safe return of wastewater back to the environment, in Q4 24 as he nears the end of his first year in the role. They spent time reviewing the team's efforts to focus on streamlining efforts and avoiding portfolio creep, an approach they refer to as "80/20".

While Wellington remain positive on the direction of travel and the company's long-term outlook, it was also clear that change is occurring at a more measured pace than management had hoped and may bring near-term top-line pressures, information which led them to tactically reduce our position size.

Given the near-term outlook, Wellington felt it prudent to trim their outsized exposure, leaving room to add as the company gets to the other side of cost-cutting measures.

Western Asset Multi-Asset Credit



Total engagements:
38

No. entities engaged:
24

■ Environmental ■ Social ■ Governance

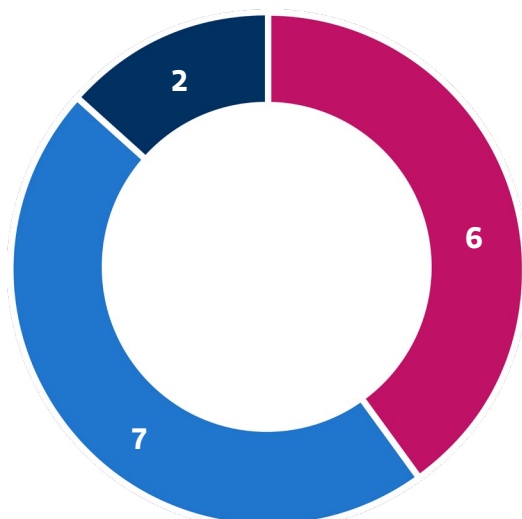
Western prioritises engagements with issuers that exhibit financially material ESG risks, in particular those the Firm has a large exposure to. The issues specifically explored during engagement are determined by analysts consistent with their ESG frameworks, which outline the material factors specific to each sector. The Firm's Analysts also prioritize engaging with companies that are at risk of violating the UNGC principles. The UNGC principles are widely accepted standards that meet fundamental responsibilities in the areas of anti-corruption, human rights, labour, and the environment.

Engagement example:

Engagement topic -
Climate Change

Western engaged with a portfolio company in the energy sector regarding effectively assessing methane risks. A questionnaire was sent to C-Suite for a detailed response on the following key areas: do they disclose 1) total flaring volume, 2) a breakdown between routine and event-driven flaring. Findings helped to affirm their view an update their internal rating, resulting in no reduction in portfolio weight. Western will continue to track and monitor the company's methane risk.

M&G All Stocks Corporate Bond



Total engagements:
15

No. entities engaged:
8

Environmental Social Governance

M&G Investments believes that the long-term success of companies is supported by effective investor stewardship, high standards of corporate governance and transparent engagement policies. The prioritisation of their resources is based on a range of factors, including the materiality of an issue and the size of their holding. their focus will be on issues that are likely to be material to the value of the company's shares.

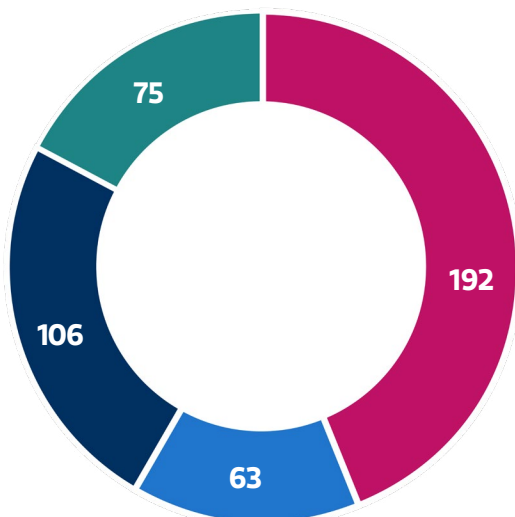
Engagement example:

Engagement topic -
Social

M&G engaged with Tesco, a British multinational food retailer, to provide an update on their approach to managing modern slavery risk in their supply chain and to provide an update on the Bovaer methane inhibitor trial.

Tesco's near term and long term net zero targets (which include scope 3) were validated by SBTi approximately a year ago. Tesco confirmed it has set a voluntary target to be carbon neutral across scope 1 and 2 by 2035 and that it has already delivered on its 2025 targets on scope 1 & 2. Tesco is currently piloting Bovear methane feed inhibitors in some of its dairy farms. Lab results suggest up to a 30% reduction in methane emissions. While it is too early to tell if the product is as effective on farm the company confirmed that the results so far have been very positive. M&G will continue to monitor progress. An annual follow up call will be held with Tesco's Head of ESG - Investor Engagement as part of the ongoing dialogue with the company.

LGIM Future World Annuity Aware



Total engagements:
325

No. entities engaged:
129

■ Environmental ■ Social ■ Governance ■ Other

M&G Investments believes that the long-term success of companies is supported by effective investor stewardship, high standards of corporate governance and transparent engagement of factors, including the materiality of an issue and the size of their holding. their focus will be on issues that are likely to be material to the value of the company's shares.

Engagement example:

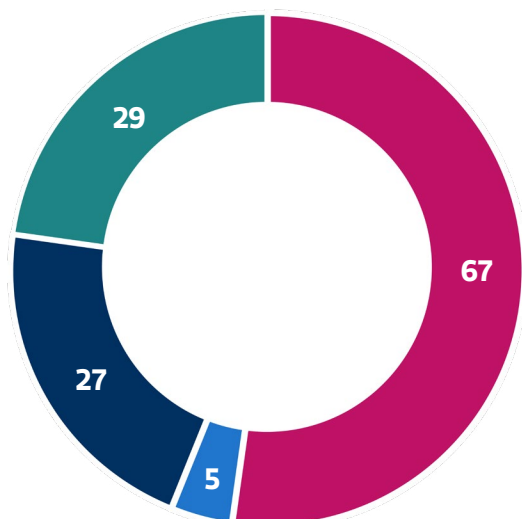
Engagement topic -
Social and Environmental

LGIM engaged with CK Infrastructure Holdings Ltd, which has a large allocation within the portfolio, twice during the year, once on human rights and once on their climate impact pledge. Full details on the engagement and outcome have not been provided, however the engagement is in line with the Trustee's social and environmental stewardship priorities, relating to human rights and low-carbon transition.

Threadneedle Property

The Fund's primary investment focus is on direct UK commercial property. Given the nature of these investments, which involve direct ownership and management of physical assets rather than equities or bonds, traditional engagement practices associated with shareholder activism do not apply. Instead, the Fund's engagement efforts are centred around active property management, tenant relations, and sustainable practices to enhance property value and ensure long-term viability. This includes maintaining regular communication with tenants, implementing environmentally sustainable initiatives, and ensuring compliance with local regulations and standards.

MSIM Global Credit



Total engagements (meetings): **62**

No. entities engaged: **46**

Environmental Social Governance Other

Morgan Stanley Investment Management (MSIM) Fixed Income has developed a targeted and thematic engagement programme on ESG issues. Their approach is fully integrated into their research and investment processes to identify opportunities for improved risk management and alpha generation through constructive dialogues with issuers, while encouraging them to pursue positive sustainability outcomes.

MSIM cannot provide a breakdown of the engagements by category during the year.

Engagement example:

Engagement topic - Social

In Q2 2024, MSIM engaged with a chocolate manufacturer, Barry Callebaut, as part of their pre-issuance roadshow for a traditional, non-sustainable bond. Their analysts had identified some financially material ESG risks and aimed to specifically engage on: The company's large upstream risk on human rights, including child labour in West Africa; and Allegations of deforestation in Indonesian rainforest within the company's supply chain.

Their fundamental analysts and ESG research analysts found that whilst the deforestation controversy appears to be addressed to a sufficient level, the risk of child labour and human rights abuses appears to be ongoing. The company faces significant NGO scrutiny, and their analysts noted this could present future regulatory risks due to upcoming EU requirements to identify and address adverse human rights/ environmental impacts of supply chains.

As a result, MSIM passed on the deal, with the engagement having a negative impact on their investment decision. The response from the company highlighted financially material ESG risks, which their team sought to avoid.

Engagement was in line with the Trustee's social stewardship priorities, relating to human rights and modern slavery, and resulted in the decision to not invest in a company which is held in the benchmark due to material ESG risks

BlackRock Aquila Connect All Stocks UK Gilt Index, iShares Index Linked Gilt Index, iShares Overseas Government Bond Index, BlackRock Sterling Liquid Environmentally Aware

The BlackRock Investment Stewardship team focuses its engagement efforts on public equity and corporate bond funds. As a result, they have not conducted any engagement activities or provided engagement data for the cash and gilt funds in which the Plan is invested. Consequently, there are no engagement examples or data available for these particular asset classes within the Plan.

Defined Benefit assets – BlackRock Gilt funds and Asset Backed Securities

Within Asset Backed Securities, BlackRock have set explicit stewardship priorities on which to engage with investee exposures, overseen by a central team. This is a developing area relative to engagement with companies within corporate credit.

BlackRock collaborate with initiatives and institutions on ESG risks. The Fund has qualitative ESG objectives, assessed via the baseline screening process, again this a newer development with Asset Backed Securities where data remains a challenge.

Within Gilt funds there is less scope for engagement and integration of sustainability considerations. The Plan does not employ any leverage within the DB assets and therefore there are no third-party counterparties outside of the UK Government.

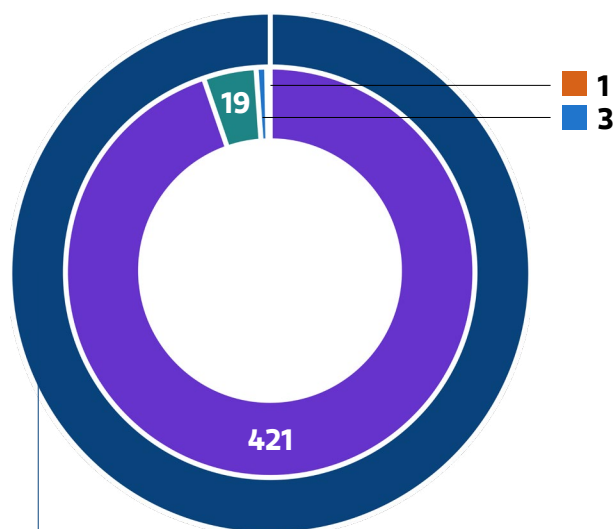
Voting (for Equity and Multi-Asset Funds only)

The Trustee uses pooled investment funds within the Plan, as such voting activity is delegated to the underlying managers. The Trustee monitors this voting activity to ensure it aligns with their own beliefs and stewardship priorities.

The Plan's fund managers have provided details on their voting actions including a summary of the activity covering the reporting year up to 31 December 2024.

As no equity funds are held within the DB assets of the Plan, the below votes related to the DC assets only.

Baillie Gifford
Long Term Global Growth



100.0% of 444 proposals voted on

Manager's voting approach

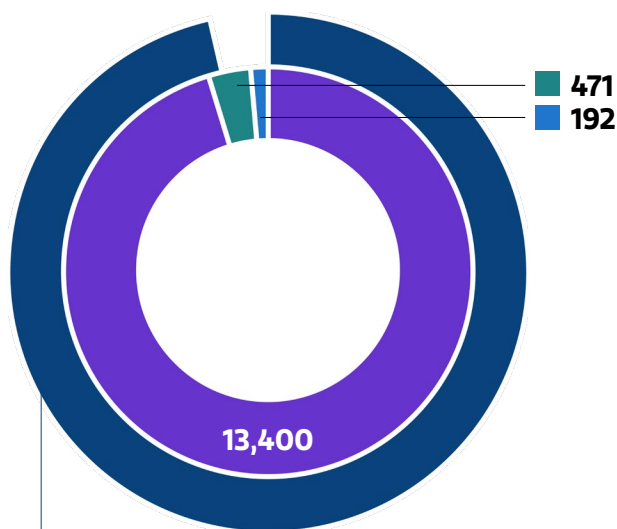
These engagements are built on 4 focus areas:

- Current holding has a material impact on the outcome of the meeting
- Resolution receives 20%+ support/opposition
- Egregious remuneration
- Controversial equity issuance
- Significant audit failing
- Mergers and acquisitions
- Opposing the annual report/financial statement

Baillie Gifford prioritise thoughtful voting of their clients' holdings as part of our stewardship commitment. Their ESG team, alongside investment managers, oversees voting analysis and execution.

Baillie Gifford proxy voting guidelines can be found [here](#). For further information on Baillie Gifford's voting and engagement policies, please refer to the following webpage which can be found [here](#).

BlackRock
ACS UK Equity Tracker Fund



96.9% of 14,322 proposals voted on

Manager's voting approach

BlackRock do not have a set criteria for assessing a vote to be significant, but they do publish key votes from shareholder meetings on their vote bulletin, which can be accessed [here](#).

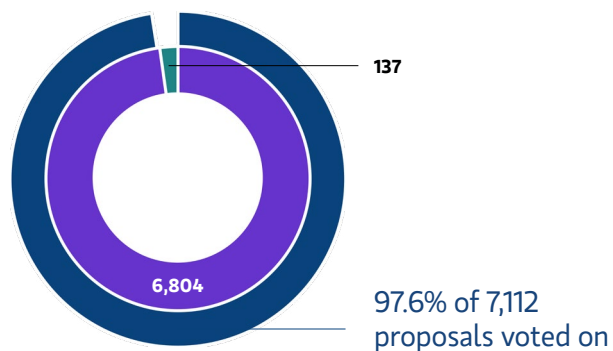
Manager's voting policy:
BIS Global Principles ([blackrock.com](#))

For further information on BlackRock's voting and engagement policies, please refer to the following webpage which can be found [here](#).

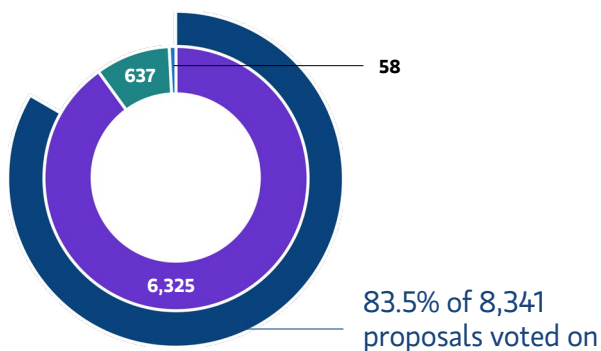
BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. For more information on BlackRock's use on proxy services, please refer to the following documents available on their website [here](#).

■ For vote
 ■ Against vote
 ■ Abstain vote
 ■ Withhold vote

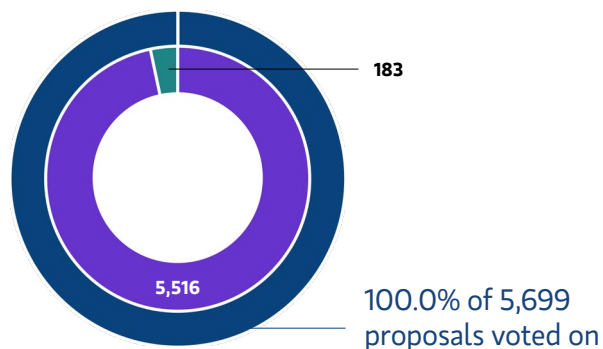
BlackRock
ACS US Equity Tracker Fund



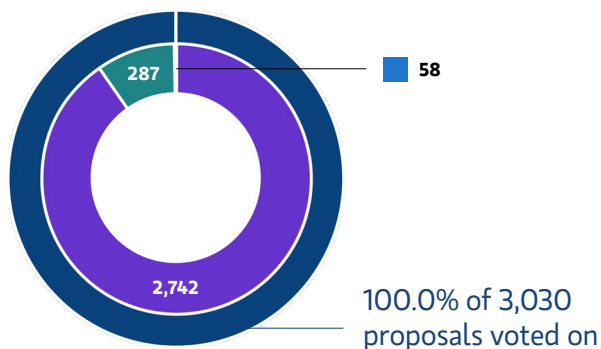
BlackRock
ACS Continental European Equity Tracker Fund



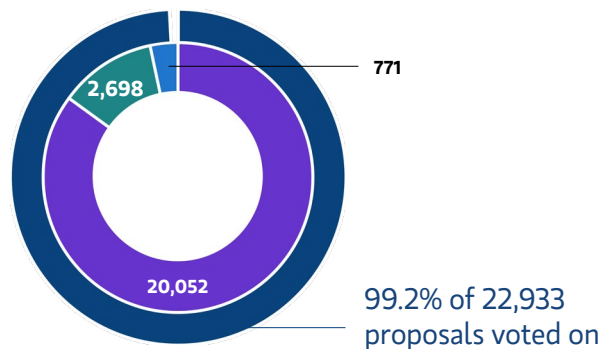
BlackRock
ACS Japan Equity Tracker Fund



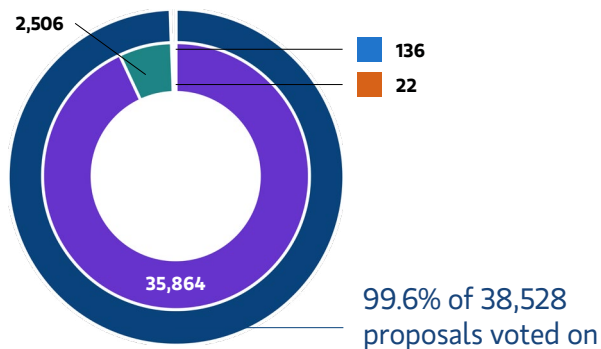
BlackRock
Aquila Connect Pacific Rim Equity Fund



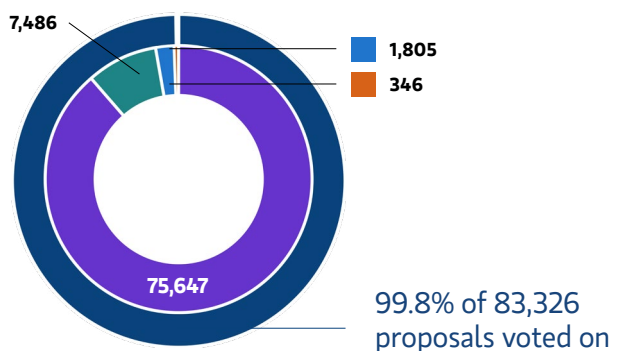
BlackRock
Aquila Connect Emerging Markets



BlackRock
Aquila Connect Global Small Cap Equity

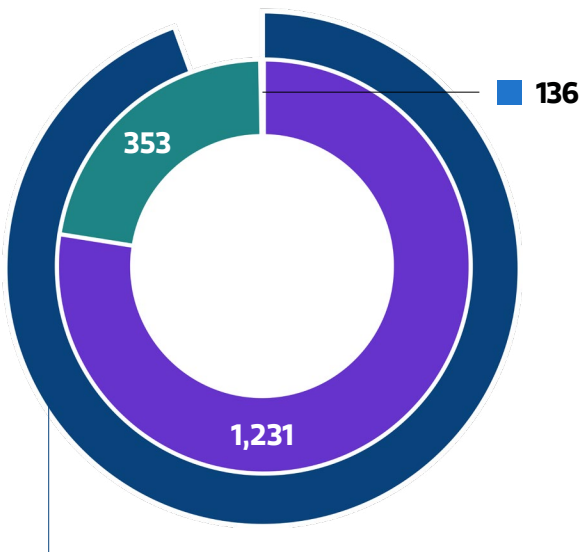


BlackRock
Aquila Connect Global Equity Blend



For vote Against vote Abstain vote Withhold vote

HSBC Islamic Global Equity



94.5% of 1,677 proposals voted on

Manager's voting approach

HSBC determine a significant vote to be:

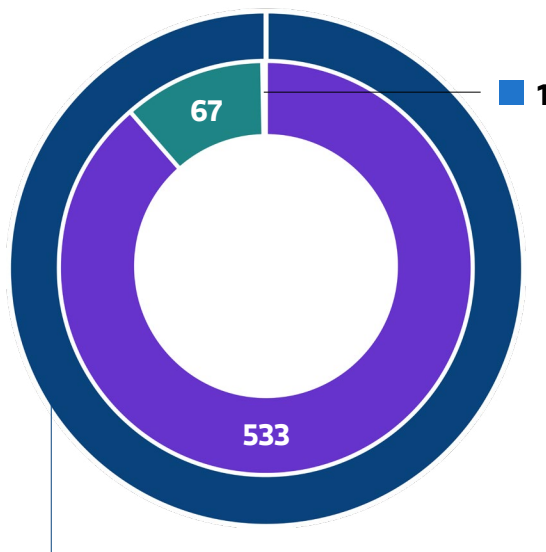
- Votes against management recommendation
- Companies with significant portfolio weighting
- Climate related resolution

Baillie Gifford prioritise thoughtful voting of their clients' holdings as part of our stewardship commitment. Their ESG team, alongside investment managers, oversees voting analysis and execution.

HSBC use ISS' voting research and platform to assist with the global application of their own bespoke voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC's guidelines. The bulk of holdings are voted on in line with the recommendation based on HSBC's guidelines.

For further information on HSBC's voting and engagement policies, please refer to the following webpage which can be found [here](#).

Morgan Stanley Global Brands



100.0% of 601 proposals voted on

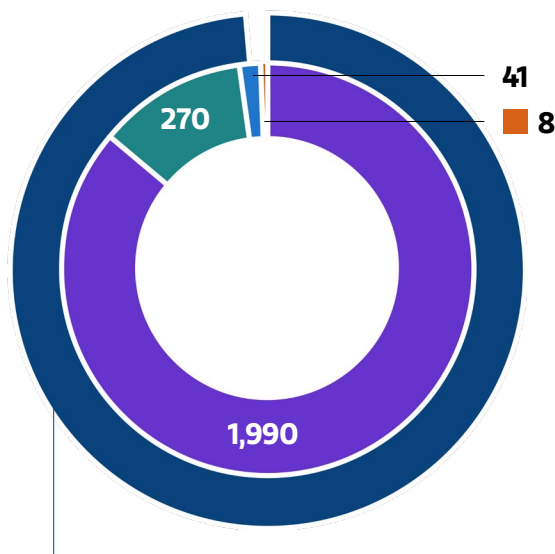
Manager's voting approach

Morgan Stanley do not have a set criteria for assessing a vote to be significant, however votes against management or in support of shareholder resolutions are potentially significant.

MSIM has retained Research Providers to analyse proxy issues and to make vote recommendations on those issues. While they review the recommendations of one or more Research Providers in making proxy voting decisions, they are in no way obligated to follow such recommendations. MSIM votes all proxies based on its own proxy voting policies in the best interests of each client. In addition to research, ISS provides vote execution, reporting, and recordkeeping services to MSIM.

For further information on Morgan Stanley's voting and engagement policies, please refer to the following webpage which can be found [here](#).

Nordea 15 Alpha MA



98.7% of 2,313 proposals voted on

Manager's voting approach

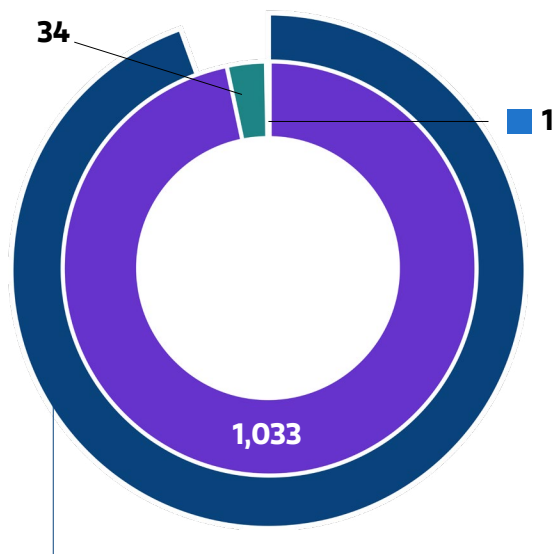
Nordea determine a significant vote to be:

- The board lacks oversight of ESG risks
- Board lacks diversity
- Climate resolutions if expectations are not met
- Company remuneration plans and reports fail to meet criteria
- Companies without a climate transition plan that aligns with Paris agreement
- Company with deficient corporate governance

Every vote Nordea cast is considered individually based on their bespoke in-house voting policy. They use ISS and NIS for proxy voting facilitation, execution, and analytic input. Glass Lewis is used for additional analytic input.

For further information on Nordea's voting guidelines and engagement policies, please refer to the following webpage [here](#).

Ruffer Diversified Return



100.0% of 1,068 proposals voted on

Manager's voting approach

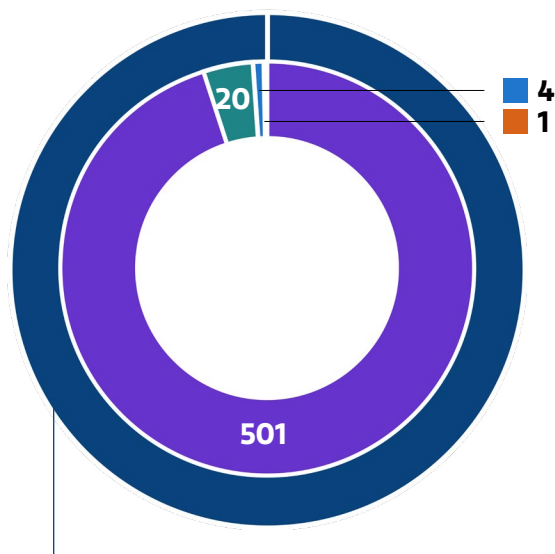
Ruffer determine a significant vote to be:

- Any vote against management or ISS recommendation
- Any vote misaligned with Ruffer's internal voting criteria
- Any shareholder resolution
- Any management proposed climate related resolution
- Dissident shareholder slate (US only)

Ruffer uses ISS as a proxy voting advisor but relies on their own internal voting guidelines. While ISS recommendations are considered, all voting decisions are made in-house by research analysts and the responsible investment team, who review issues on a case-by-case basis. Over 2024, Ruffer voted against ISS recommendations 5.1% of the time for the Diversified Return Fund.

For further information on Ruffer's voting guidelines and engagement policies, please refer to the following document [here](#).

Sands Capital Emerging Markets Growth Equity



100.0% of 526 proposals voted on

Manager's voting approach

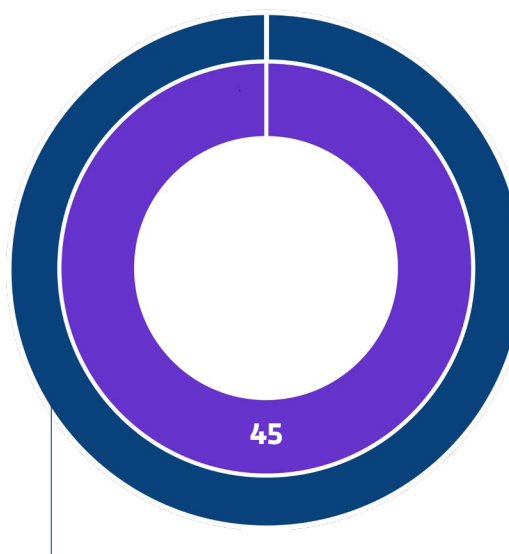
Sands Capital determine a most significant vote to be:

- Votes at the dissent level
- Voting *for* shareholder proposals
- Voting *against* management or ISS
- Historical votes on similar proposals
- Overall relevance to the strategy

Sands Capital take a proactive approach to voting as they retain the responsibility of voting proxies themselves. They consider the recommendations of proxy advisors (ISS and Glass Lewis) in their voting decisions.

For further information on Sands Capital's voting guidelines and engagement policies, please refer to the following webpage [here](#).

Wellington Global Impact Fund



100.0% of 45 proposals voted on

Manager's voting approach

Wellington determine a most significant vote to be:

- Votes against managementAny vote misaligned with Ruffer's internal voting criteria
- Type of proposalAny management proposed climate related resolution
- Holding size

Wellington vote proxies in the best interests of clients as shareholders and in a manner that's believed to maximize economic value. Importantly, Wellington do not automatically vote proxies either with management or in accordance with the "house" or benchmark recommendations of third-party proxy providers.

For further information on Wellington's voting and engagement policies, and proxy voting guidelines, please refer to the following webpage which can be found [here](#).

FUND NAME	COMPANY NAME	DATE OF VOTE	WHY THE VOTE IS SIGNIFICANT AND THEME	FUND HOLDING	SUMMARY OF RESOLUTION	HOW THE MANAGER VOTED	IF VOTED AGAINST MANAGEMENT, WAS IT SHARED AHEAD OF TIME WITH COMPANY	VOTING RATIONALE	OUTCOME OF VOTE	NEXT STEPS
Baillie Gifford Long Term Global Growth	The Trade Desk, Inc.	14/11/2024	Vote received greater than 20% opposition and aligns with the Trustee's governance stewardship priority	4.4%	Articles of Association	For	N/A	Baillie Gifford believes boards are best positioned to make decisions in the company's and shareholders' long-term interests. They found shareholder protections in Nevada and Delaware to be fairly similar, with only minor differences	✓	n/a
BlackRock ACS UK Equity Tracker Fund	Exxon Mobil Corporation	29/05/2024	Aligns with Trustee's governance stewardship priority	N/A	Report on reduced plastics demand impact on financial assumptions	Against	N/a	BlackRock believe that Exxon Mobil provide sufficient disclosure and reporting on the issue and are enhancing their relevant disclosures	✗	n/a
BlackRock ACS US Equity Tracker Fund	Tesla Inc.	13/06/2024	n/a	n/a	Ratify performance based stock options to Elon Musk	For	N/a	BlackRock voted for the resolution as Elon Musk had achieved all performance milestones (increasing market cap and operational metrics)	✓	BlackRock intend to provide feedback on go-forward and future executive compensation practices.
BlackRock ACS Continental European Equity Tracker Fund	Amplifon SpA	30/04/2024	Aligns with Trustee's governance stewardship priority	N/A	Proposal to enhance the increased voting rights mechanism currently in place	Against (Against management)	Either before or after casting votes ahead of shareholder meetings.	BlackRock believes this change would undermine the fundamental rights of minority shareholders, including BlackRock's clients, to express their views on the company's long-term financial performance	✓	n/a
BlackRock ACS Japan Equity Tracker Fund	Toyota Motor Corporation	18/06/2024	Aligns with Trustee's climate stewardship priority	n/a	Amend articles to report on corporate climate lobbying aligned with Paris Agreement	Against	Either before or after casting votes ahead of shareholder meetings	BlackRock believe the proposal will not serve the shareholder's best interests	✗	n/a
BlackRock Aquila Connect Emerging Markets	CSPC Pharmaceutical Group Ltd	28/05/2024	Aligns with Trustee's governance stewardship priority	n/a	To grant a mandate to the Directors to grant options under the Share Option scheme of the company	Against (Against management)	Either before or after casting votes ahead of shareholder meetings	BlackRock believe the share option scheme does not align with long-term financial value creation for shareholders	✓	n/a
BlackRock Aquila Connect Global Small Cap Equity	Jack in the Box Inc.	1/03/2024	Aligns with Trustee's climate stewardship priority	n/a	To disclose GHG emissions reduction targets	For	N/a	BlackRock believe supporting the proposal may accelerate Jack in the Box's progress on climate risk management and/or oversight	✓	n/a
BlackRock Aquila Connect Global Equity Blend	The Walt Disney Company	3/04/2024	Aligns with Trustee's governance stewardship priority	n/a	Elect management nominee Director Amy L. Chang	For	N/a	BlackRock believe the new Director is best suited to oversee the Disney's strategy implementation and necessary governance changes	✓	n/a
HSBC Islamic Global Equity	Microsoft Corporation.	12/10/2024	Microsoft has a significant weight in the portfolio	8.0%	Report on risks of using artificial intelligence and machine learning tools for oil and gas development and production	For	N/a	HSBC believe that the proposal to report on risks would contribute to better management of relevant issues	✗	HSBC will continue to support shareholder proposals on this issue as long as it is needed

FUND NAME	COMPANY NAME	DATE OF VOTE	WHY THE VOTE IS SIGNIFICANT AND THEME	FUND HOLDING	SUMMARY OF RESOLUTION	HOW THE MANAGER VOTED	IF VOTED AGAINST MANAGEMENT, WAS IT SHARED AHEAD OF TIME WITH COMPANY	VOTING RATIONALE	OUTCOME OF VOTE	NEXT STEPS
Morgan Stanley Global Brands	Visa Inc.	23/01/2024	Vote was against management and aligns with Trustee's governance stewardship priority	6.6%	Advisory vote to ratify named executive officers' compensation	Against (Against management)	No, MSIM do not share voting intentions with any parties internally or externally prior to votes	MSIM believe this aspect of pay program are not aligned with best practice, which may detract from long-term value.	✓	MSIM will continue to engage on the matter if they consider it to be a potentially financially material long-term ESG risk or opportunity
Nordea 15 Alpha MA	Mastercard Inc.	18/06/2024	Company remuneration plans and reports fail to meet criteria and aligns with the Trustee's social stewardship priority	1.4%	Report on gender-based compensation and benefit inequities	For	N/a	Nordea believe additional disclosure of the company's direct and indirect lobbying related expenditures would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.	✗	Nordea will continue to support shareholder proposals on this issue as long as it is needed
Ruffer Diversified Return	Bank of America	24/04/2024	Vote was against ISS recommendation and aligns with Trustee's climate stewardship priority	0.3%	Ratify performance based stock options to Elon Musk	Against (Against proxy advisor, in line with management)	N/a	Ruffer believe the Bank of America is committed to its Net Zero targets and provides much of the necessary data to support this. While Ruffer support enhanced disclosures more broadly, the proponent's required ratio is already available via a third-party (Bloomberg).	✗	Ruffer will continue to monitor Bank of America
Sands Capital Emerging Markets Growth Equity	Bajaj Finance Ltd.	19/03/2024	Aligns with Trustee's governance stewardship priority	4.7%	Proposal to enhance the increased voting rights mechanism currently in place	For	N/a	Sands Capita believe serving in boards of Bajaj group companies does not dilute focus for this board member	✓	None
Wellington Global Impact	Adtalem Global Education Inc	13/11/2024	Aligns with Trustee's governance stewardship priority	2.4%	Amend articles to report on corporate climate lobbying aligned with Paris Agreement	For	N/a	Wellington believe the appointment could enhance engagement within the company	✓	Wellington are to enhance engagement with Adtalem Global Education

There were no significant votes made in relation to the BlackRock Aquila Connect Pacific Rim Equity Fund over the reporting period.