Smiths Industries Pension Scheme – Statement of Investment Principles ("SIP") Implementation Statement

Introduction

This SIP Implementation Statement (the "Statement") has been prepared by the Trustee of Smiths Industries Pension Scheme ("Trustee") and relates to the Smiths Industries Pension Scheme ("Scheme"). This Statement covers the reporting period 1 April 2025 to 31 March 2026 ("the reporting period").

This Statement:

- Sets out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the reporting period;
- Describes any review of the SIP undertaken during the reporting period in accordance with regulation 2(1) of The Occupational Pension Schemes (Investment) 2005 ("Investment Regulations") and any other review of how the SIP has been met;
- Explains any changes made to the SIP during the reporting period and the reasons for the changes;
- Where no such review was undertaken during the reporting period in accordance with regulation 2(1) of the Investment Regulations, gives the date of the last review; and
- Where relevant, describes the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the reporting period and states any use of the services of a proxy voter during that reporting period.

From 1 October 2022, further Department for Work and Pensions ("DWP") guidance on the reporting of stewardship activities through Implementation Statements came into effect. This updated guidance follows the publication of the Shareholder Rights II and how this guidance has been followed is detailed in this report.

The Statement is split into four sections:

1. An overview of the actions of the Trustee and highlights in the Defined Benefit ("DB") and Defined Contribution ("DC") Sections during the reporting period;
2. The policies set out in the Scheme's SIP for the DB and DC Sections and the extent to which they have been followed in the reporting period;
3. Commentary on any engagement activities undertaken by the fund managers of the DB and DC Sections on behalf of the Scheme during the reporting period; and
4. Commentary on any voting behaviour and significant votes undertaken by the fund managers of the DC Section on behalf of the Scheme during the reporting period.

Overview of Trustee's actions – DB Section and DC Section

SIP Updates

The SIP was last updated in the previous reporting period, becoming effective from 8 October 2024. Wording on the asset allocation was updated, removing references to Colliers Capital UK Ltd to reflect the prior completion of the full sale of the Scheme's property holdings. A minor update was also made to the investment objective of the M&G Multi-asset Credit fund.

The Scheme's Statement of Investment Principles can be found at the following web address: https://pensions.smiths.com/smiths-industries-pension-scheme/statement-of-investment-principles

Trustee's policies for investment managers – DB Section

The Trustee relies on investment managers for the day-to-day management of the Scheme's assets but retains control over the Scheme's investment strategy.

Around 38% of the Scheme's invested assets are held in pooled investment vehicles, which are managed according to standardised fund terms.

The Scheme holds segregated mandates for Liability Driven Investment ("LDI") with BlackRock Inc and Buy and Maintain ("B&M") Corporate Bonds with Insight Investments. No changes were made to the Scheme's Investment Management Agreements ("IMA") during the reporting period from 1 April 2025 to 31 March 2026.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets, and expects its investment managers to invest with a medium- to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes where relevant.

Trustee's policies for investment managers – DC Section

The Scheme's DC Section provides supplementary benefits to certain members i.e. members who made Additional Voluntary Contributions ("AVCs"), funds held for members who have transferred benefits from schemes relating to previous employments and additional contributions made by the employer in respect of senior employees ("MPS Section").

During this reporting period, the DC Section's investments were held with Legal & General ("L&G"), Phoenix Life and Prudential.

It is the Trustee's policy to review arrangements within the DC Section regularly to ensure they continue to be appropriate, and to obtain written advice from its DC Investment Adviser.

The Trustee uses the criteria set out in the Investment Regulations when selecting direct investments.

The Trustee asked its DC Investment Adviser to formally review the DC Section arrangements during the reporting period and the report was circulated in July 2025. The review considered the providers' financial strength and standards of administration, quality and suitability of the available investment options (including liquidity) and the costs and charges paid by members.

The review concluded that the providers and the Scheme's DC Section arrangements remained fit for purpose.

The review of the DC Section arrangements and the actions taken by the Trustee as a result show that the Trustee adhered to the policies set out in the SIP over this reporting period.

Final remarks – DB Section and DC Section

The Trustee confirms that it has acted in accordance with the policies outlined in the Scheme's SIP over the reporting period of this Statement.

Whilst acknowledging the Trustee is ultimately responsible for stewardship activities taken on behalf of the Scheme, the Trustee delegates the exercise of day-to-day stewardship activities to the Scheme's investment managers. The Trustee expects the managers to exercise their voting powers with the objective of preserving and enhancing long term shareholder value.

The Trustee recognises that stewardship encompasses engagement with the companies in which the Scheme invests, as this can improve the longer-term risk-adjusted returns from the Scheme's investments. The Trustee therefore encourages the Scheme's investment managers to actively engage with portfolio companies in order to improve the risk-adjusted returns from the Scheme's investments. In order to best channel managers' stewardship efforts, the Trustee has decided to focus on climate change as its stewardship priority, or theme. Specific engagement examples by the Scheme's investment managers are provided under "Voting and Engagement – DB Section".

Review of SIP policies – DB Section and DC Section

Policy	Has the policy been followed?	Evidence
Policy review		
The SIP will be reviewed at least every 3 years or following a change in investment policy.	Yes, the Trustee is satisfied that this policy has been followed.	The SIP was updated and finalised in October 2024. The main change was the removal of references to Colliers Capital UK Ltd to reflect the prior completion of the full sale of the Scheme's property holdings.

Investment objectives and strategy – DB Section

The Trustee's investment objectives and strategy for the DB Section remained unchanged during the period from 1 April 2025 to 31 March 2026. The Trustee continued to target the primary objective of reaching full funding on a Solvency basis and preparing the Scheme for a potential full buy-in. No changes were made to the Scheme's strategic asset allocation or risk framework during the period. Instead, the Trustee's focus was on implementing and embedding the investment strategy agreed in prior years, including progressing towards a final bulk annuity purchase covering all deferred members and all pensioners not already covered by the previous bulk-annuity purchases. As part of this, minor changes were made within the LDI portfolio, including reducing the maturity of certain gilt repo contracts to better align them with the target date for the bulk-annuity transaction.

Policy	Has the policy been followed?	Evidence
Investment objective and strategy		
The Trustee's objective is to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee uses a risk management framework (known as the "Pension Risk Management Framework" or "PRMF") to monitor the Scheme's progress towards its funding objective. This framework includes a risk budget, which helps the Trustee to ensure that portfolio risk remains at acceptable levels. The Trustee has set tolerances around this budget and other metrics in the PRMF. If these tolerances were breached, appropriate action is taken. The Trustee monitors the Scheme's position against the objective using the risk budget, other metrics and tolerances. The investment adviser formally reports on this on a quarterly basis. At each quarterly meeting there is a discussion around whether corrective action is required.

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Policy	Has the policy been followed?	Evidence
The PRMF exists to ensure that both the level of risk and outperformance target are monitored by the Trustee on a regular basis and calls to action for funding, risk, hedging and liquidity are easily identified.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee monitors this on a quarterly basis using reports issued by its investment adviser, with more frequent updates provided during periods of market volatility. The investment adviser notifies the Trustee of any calls to action, which are then discussed by the Investment Committee ("IC"). If a tolerance range around one of the metrics in the PRMF is breached but no action is required, this is still raised with the Trustee and a decision is taken.
The Trustee monitors the bulk annuity market in order that it can take advantage of future opportunities if appropriate.	Yes, the Trustee is satisfied that this policy has been followed.	During the Scheme year ended 31 March 2026, the Trustee continued to work towards this objective. Activity during the period centered on ensuring that the Scheme's assets remained appropriately structured and operationally ready for a transaction. On 1 July 2026, after the end of the financial year, the Trustee completed a c. £760 million bulk annuity purchase with Prudential Assurance Company Limited, covering all deferred members and all pensioners not already covered by the previous bulk annuity purchases.
The Trustee and Smiths Group have agreed to reduce investment risk over time in a phased manner and in the event that the funding level improves ahead of expectation.	Yes, the Trustee is satisfied that this policy has been followed.	No further de-risking actions were required during the period, with the portfolio's risk profile remaining appropriate following de-risking completed in the prior Scheme year. As mentioned, following the end of the Scheme year the Trustee completed a final bulk-annuity transaction.
The investment strategy agreed between the Trustee and Smiths Group targets an expected return over the liabilities with the intention of achieving a fully funded position within agreed timescales.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee's primary investment objective is for the Scheme to be fully funded on a Solvency (buy-in) basis by 2030. Throughout the Scheme year, the expected return of the Scheme's assets remained above the return required to meet its objective.

Policy	Has the policy been followed?	Evidence
Risk		
The Trustee continues to monitor the risks detailed in the SIP using the PRMF, and receives formal quarterly reports on funding, cashflows, investment managers (including performance) and diversification.	Yes, the Trustee is satisfied that this policy has been followed.	Throughout the Scheme year, the Trustee received quarterly reports from its service providers covering these points, which were then discussed when relevant. With respect to the Scheme's investment managers, the Trustee's investment adviser has continued to proactively monitor each manager against ten key factors and actively engages on the Trustee's behalf on any issues highlighted with respect to these factors. No actions were required during the period. The Trustee is satisfied that the Scheme's risks have been well managed throughout the reporting period.
Counterparty risk is reduced by limiting the exposure to any one counterparty, together with the use of a collateral mechanism for derivative positions that is calculated daily.	Yes, the Trustee is satisfied that this policy has been followed.	Throughout the Scheme year, the Scheme's LDI manager reported on the Scheme's counterparties every quarter and this was monitored by the Trustee's investment adviser. The Trustee is satisfied that the Scheme's counterparty risk was appropriately managed and diversified over the reporting period. The LDI manager also continued to monitor the Scheme's collateral position daily, notifying the Trustee if the Scheme's collateral needed replenishing.
Operational risk is reduced as far as possible by due diligence on the appointment and review of investment managers, annuity providers and advisers, and by contracts of engagement.	Yes, the Trustee is satisfied that this policy has been followed.	Reviews of the Scheme's providers and mandate/contract terms are carried out by the Scheme's legal advisers prior to investment. The Trustee's investment adviser reviews operational controls as part of their manager selection and monitoring process and any significant issues are discussed with the Trustee. No new managers were selected during the reporting period. In terms of ongoing monitoring, the Scheme's investment adviser brings to the Trustee's attention any concerns that they are aware of. Investment adviser performance is measured on a regular basis against an agreed set of objectives. If an adviser review was required, investment advisers would be selected using a documented tender process. Contract terms would be reviewed by the Scheme's legal advisers prior to appointment. During the reporting period, the IC reviewed its DB and DC investment advisers' performance at the September 2025 meeting. The results of the reviews were positive, consistently tending towards the upper end of the scoring range, with only minor areas identified for comment or improvement.

Policy	Has the policy been followed?	Evidence
General governance		
The Trustee, and investment managers (where delegated), will use the criteria set out in the Occupational Pension Schemes (Investment) Regulations 2005, when selecting direct investments on behalf of the Scheme.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee and its managers have met the criteria set out in the Investment Regulations when selecting investments on behalf of the Scheme.
Assets directly held by the Trustee, including policies of assurance such as AVCs, will be regularly reviewed to ensure that they continue to be appropriate, and written advice will be obtained from the investment adviser.	Yes, the Trustee is satisfied that this policy has been followed.	An annual review of the suitability of the Scheme's DC providers is carried out by the DC investment adviser and presented to the IC. Annual due diligence is carried out by the Trustee's risk adviser in respect of the bulk annuity providers with whom buy-ins have been transacted, and this is presented to the IC who will discuss any concerns raised. No such concerns were raised during the reporting period.

Policy	Has the policy been followed?	Evidence
Responsible investment (RI): environmental, social and governance (ESG) factors		
ESG issues may be financially material to the investment portfolio over the Scheme's time horizon. The Trustee considers the long-term financial interests of the Scheme to be paramount and, where appropriate: • Expects investment managers to consider financially material environmental (including climate change risks), social and governance issues in investment decision-making. • Expects investment managers to practise good stewardship, which includes engaging with issuers of debt or equity on financially material ESG issues.	Yes, the Trustee is satisfied that this policy has been followed.	The investment adviser considers ESG risks when making recommendations to the Trustee, and the Trustee considers ESG risks when making investment decisions. No new managers were selected during the reporting period. In terms of ongoing monitoring, ESG issues are a key consideration within the investment adviser's manager research process. The investment adviser monitored the approach of the Scheme's managers throughout the reporting period and raised no concerns about the managers' consideration of ESG risks. In addition to ongoing monitoring, the investment adviser also provides an annual RI update on the approaches of the Scheme's managers. The report was presented and discussed at the IC meeting in May 2025. In terms of voting, as the DB Section of the Scheme did not invest in assets that have voting rights attached to them during the Scheme year, there is no voting data to report. To help in its monitoring, the Trustee submitted its latest annual climate disclosure report. As part of the required disclosures, the Trustee has selected four climate-related metrics, which are reviewed and reported against annually. The four metrics reported for the DB and DC Section assets are: total carbon emissions, carbon intensity, data quality and alignment to the goals of the Paris Agreement (as measured through the Science Based Targets initiative scores). The Trustee reviewed its selected metrics and believes they remain appropriate for the latest reporting period. Through this reporting, the Trustee is able to track whether each metric is in line with the Trustee's expectations. Where it is not, the Trustee may consider engaging with the relevant manager through available channels. Engagement examples are included in the "Voting and Engagement – DB Section".

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Policy	Has the policy been followed?	Evidence
Stewardship policy		
When selecting, monitoring and de-selecting asset managers, engagement is factored into the decision-making process to the appropriate level for the specific asset class in question. The Trustee's policy is to delegate responsibility for direct engagement with underlying companies (as well as other relevant persons) in respect of shares and debt to investment managers. Investment managers are, in the Trustee's opinion, best placed to make judgments and to engage with the underlying issuers. Where relevant, the Trustee expects its managers to use voting rights to achieve the best possible sustainable long-term outcomes. The Trustee requires its investment adviser to report annually on how the managers have acted in accordance with the Trustee's policy on stewardship and engagement.	Yes, the Trustee is satisfied that this policy has been followed.	When selecting and monitoring the Scheme's investment managers, the Trustee considers a manager's ESG and stewardship capabilities. Managers' approaches to ESG are one of several key factors that are assessed by the Scheme's investment adviser when making any manager recommendations to the Trustee, and these are monitored on an ongoing basis after appointment. The Trustee expects all its investment managers to practise good stewardship. When selecting new managers, the Trustee's investment adviser assesses the ability of each investment manager to engage with underlying companies to promote the long term success of the investments and reports any significant findings to the Trustee. As at 31 March 2026, all of the Scheme's asset managers were signatories to the UN Principles of Responsible Investment (UN PRI). No new managers were selected over the reporting period. The Scheme's investment adviser provides updates if there are any concerns regarding the approaches taken by the Scheme's managers. Moreover, in the previously mentioned annual Responsible Investment Update, the investment adviser provided an update on their views on the approach of the Scheme's managers to responsible investment. The Trustee was satisfied with the approach taken by the Scheme's investment managers and that no action was required. To help in its monitoring, the Trustee receives an annual stewardship update from its investment adviser. The latest update was provided at the May 2025 IC meeting, and this covered the stewardship activities undertaken by the Scheme's investment managers, focussing on those related to the Trustee's chosen stewardship theme, climate change. In addition, the Trustee also receives annual ESG analysis on its managers from its investment advisers, including reporting on the Scheme's chosen TCFD metrics. The Trustee also requires its managers to practise good stewardship on its behalf in order to promote the long-term value of the Scheme's investments. Being cognisant of the DWP's updated guidance emphasising the need for asset owners to be more "active" in their approach to stewardship, the Trustee continues to place greater emphasis on its stewardship actions through the following: • In meetings with Investment managers, the IC (on behalf of the Trustee) has continued to ensure specific examples of engagement are presented, with questions raised to the managers specifically on their stewardship progress. • The annual stewardship update by the Scheme's DB investment adviser has continued to summarise the investment managers' stewardship actions over the reporting period, including engagement activity. • The Trustee continues to ensure that the selected key theme for its stewardship activity, climate change, is communicated to any new investment managers. This is in line with the SIP and ensures alignment across all stewardship and engagement actions.

Policy	Has the policy been followed?	Evidence
The Trustee meets directly with each of its investment managers at least annually and – where relevant and appropriate – questions the manager on their activities with respect to stewardship and engagement.	Yes, the Trustee is satisfied that this policy was followed.	The Trustee met with at least one of its investment managers in each of its quarterly IC meetings and questioned them on stewardship/engagement activities. The Trustee is satisfied with the approaches of the Scheme's investment managers. Over the reporting period, the Trustee was able to meet with all five of the Scheme's investment managers.
Whilst the Trustee chooses managers that align with its beliefs on stewardship, there are instances where the Trustee has less direct influence over the managers' policies on the exercise of investment rights (for example, where assets are held in pooled funds). In these cases, the Trustee monitors and discloses any voting behaviour carried out on its behalf. If the Trustee deems this behaviour inadequate, it will engage with the relevant manager and seek to better align the behaviour of the manager with the Trustee's policy.	Yes, the Trustee is satisfied that this policy has been followed.	As mentioned previously, as the DB Section of the Scheme does not currently invest in assets that have voting rights attached to them, there is no voting data to report.
The Trustee has a preference for "engagement" rather than "exclusion" as a method of incorporating environmental, social and governance risks into an effective risk management framework. However, this preference is kept under review and may be updated in the future should circumstances change. The Trustee expects its investment managers to independently consider whether exclusion or engagement is more appropriate within their investment process.	Yes, the Trustee is satisfied that this policy has been followed.	In terms of ongoing monitoring, the Scheme's investment adviser monitored the approach of the Scheme's investment managers throughout the reporting period and raised no concerns about the managers' engagement practices. The investment adviser also provided an update on the managers' engagement capabilities as part of its annual RI review . Examples of engagement from the Scheme's investment managers are also provided in the "Voting and Engagement – DB Section.

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Policy	Has the policy been followed?	Evidence
Asset manager policy		
For pooled arrangements, the Scheme's investments are managed according to standardised fund terms, which are reviewed by the Scheme's legal and investment advisers at the point of investment to ensure that they are aligned with the Scheme's long-term investment strategy and market best practice. These terms are reviewed at the point of investment and following any material changes notified by the manager.	Yes, the Trustee is satisfied that this policy has been followed.	As far as the Trustee is aware, all pooled investment mandates in which the Scheme invests have been managed in line with the standardised fund terms during the reporting period.
For segregated arrangements, the terms of the long-term relationship between the Trustee and its managers are set out in separate IMAs. These document the Trustee's expectations of their managers, alongside the investment guidelines they are required to operate under. The investment guidelines are consistent with the policies set out in the SIP.	Yes, the Trustee is satisfied that this policy has been followed.	The Scheme has segregated mandates with BlackRock and Insight. No changes have been made to the IMAs with both Insight and BlackRock over the reporting period.
The Trustee reviews the portfolio transaction costs and managers' portfolio turnover ranges where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations.	Yes, the Trustee is satisfied that this policy has been followed.	Where feasible, the Trustee's investment adviser monitors transaction costs and portfolio turnover on a regular basis and notifies the Trustee of any points of concern. There were no such issues during the reporting period of this Statement.
The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has maintained its partnerships with its appointed managers. Investment managers are selected based on their strategic fit for the Scheme over the long term. No new investment managers were appointed during the reporting period.

Policy	Has the policy been followed?	Evidence
Managers are paid an ad valorem fee for a defined set of services. The Trustee reviews the fees annually to confirm they are in line with market practices	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee reviews investment manager fees annually. The last review was presented to the IC at its February 2026 meeting and the IC was satisfied with the outcome.

Investment objectives and strategy – DC Section

Policy	Has the policy been followed?	Evidence
General Governance		
Assets directly held by the Trustee, including policies of assurance such as AVCs, will be regularly reviewed to ensure that they continue to be appropriate, and written advice will be obtained from the investment adviser.	Yes, the Trustee is satisfied that this policy has been followed.	An annual review of the suitability of the Scheme's DC providers is carried out by the DC investment adviser and presented to the IC. This was carried out during the reporting period in July 2025.

Voting and Engagement – DB Section

Where the Scheme holds equity investments in companies, the Trustee (or managers acting on their behalf) has the right to vote at the shareholder meetings of these companies. The DB Section of the Scheme did not hold equities over the reporting period; therefore, there is no voting data to report.

The Trustee expects the nature of engagement to vary between asset classes. The Trustee believes engagement should take place across the Scheme's investments and is not restricted to equity investments. With this in mind, shown below are examples of engagement by the Scheme's credit managers.

CQS – Direct Engagement
Company: Global shipping company
Focus of the engagement: Climate transition / industry decarbonisation
Details of the engagement: CQS engaged on an ongoing basis with the c-suite and investor relations team of a global shipping company to discuss its decarbonisation efforts and wider climate transition strategy. During the most recent engagement in Q4 2025, discussions revisited the company's climate commitments, including its decarbonisation pathway, progress on the adoption of alternative fuels and updates on vessel retrofitting. As the shipping sector is considered a hard-to-abate industry, the engagement also explored the limitations of current technology and the challenges associated with the availability and cost of alternative fuels.
Outcome of the engagement: The engagement provided CQS with greater clarity on the company's transition plans and the structural constraints facing decarbonisation in the shipping industry. Due to concerns over the pace of meaningful decarbonisation ahead of 2030–35, CQS reduced its exposure to the company and will continue to monitor progress against its climate transition strategy.

TwentyFour – Direct Engagement
Company: Citigroup Inc.
Focus of the engagement: Environmental
Details of the engagement: During the reporting period TwentyFour engaged with Citigroup following its departure from the Net Zero Banking Alliance (NZBA). The engagement sought to understand whether this decision represented a shift away from Citi's net-zero commitments and to raise concerns regarding Citi's fossil fuel financing policies, which remain relatively weak despite some recent improvements in reported financing data.
Outcome of the engagement: Citigroup explained that its exit from NZBA reflected a shift in focus within the Glasgow Financial Alliance for Net Zero (GFANZ) towards capital mobilisation for emerging markets, rather than a change in its underlying climate ambitions. Citi reaffirmed its public net-zero commitments and confirmed continued participation in GFANZ, with senior leadership remaining involved. Overall, TwentyFour considered the response reasonable and broadly consistent with peer institutions, with no evidence of material changes to Citi's stated climate commitments, and will continue to monitor developments.

M&G – Direct Engagement
Company: Yara International ASA
Focus of the engagement: Thermal coal exposure and disclosure of carbon emissions and decarbonisation targets.
Details of the engagement: During the reporting period, M&G engaged with Yara International ASA as part of a collaborative investor call in relation to progress on its climate transition strategy. The engagement focused on encouraging Yara to set targets to increase the proportion of ammonia and fertilisers produced using renewable hydrogen and ammonia, to commit to disclosing Scope 3 upstream emissions targets, and to provide clearer disclosure of capital and operating expenditure commitments for decarbonisation projects beyond existing initiatives.
Outcome of the engagement: Yara confirmed its commitment to adapting its feedstock strategy to include renewable hydrogen and ammonia and highlighted existing renewable products and ongoing testing of different approaches. The company emphasised the importance of financial viability and market readiness, noting that it continues to seek to persuade customers to adopt lower-carbon products. Yara also acknowledged the need to improve disclosure on transition-related capital and operating expenditure and confirmed that additional disclosures would be provided. M&G will continue to engage with Yara and monitor progress during 2026.

Insight Investments – Direct Engagement Company: London & Quadrant Housing Trust
Focus of the engagement: Energy efficiency of housing stock, Scope 3 emissions and sustainability risks
Details of the engagement: During the reporting period Insight engaged with a London-focused housing association as part of Insight's Housing Association engagement programme. The engagement was informed by screening which identified a significant proportion of homes below Energy Performance Certificate (EPC) C, alongside ongoing tenant service weaknesses. Insight discussed progress on emissions reporting, with the issuer confirming that it has moved beyond office-based emissions and now includes tenant energy use within Scope 3 emissions reporting. Insight encouraged further expansion of Scope 3 disclosures to capture embodied carbon (Category 1), in line with sector best practice. The issuer outlined a "worst first" retrofit strategy to improve energy efficiency across its housing stock and noted that a refreshed five-year plan is being developed. It highlighted challenges around retrofit cost inflation, particularly due to London-specific labour and materials constraints, and the tension between the ambition to reach EPC C by 2030 and the practical ability to deliver within funding limitations.
Outcome of the engagement: The issuer demonstrated progress in EPC planning, building safety remediation and service delivery reform, including increased board-level oversight. However, Insight noted that full implementation is likely to take time due to cost pressures and complex safety case backlogs. Insight communicated expectations around the publication of a clear EPC glidepath with associated costs and targets, as well as improvements in data quality and service performance. Insight will monitor progress and expects demonstrable improvement over the next 6–12 months.

Voting and Engagement – DC Section

The UN PRI says that voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practise in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics provided for the Scheme's material DC funds. The voting information provided is for the latest 12-month period available. This is 31 March 2026 for the LGIM Multi-Asset Fund. Phoenix Life and Prudential have not **provided any voting statistics for the funds members hold.**

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM Multi-Asset Fund[1]	107,199	99.9	23.8	1.2

Source: L&G

[1] This is the underlying fund for the Legal & General (PMC) Multi Asset Fund

Use of proxy voting advisers

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support. Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

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The table below describes how the Scheme's managers use proxy voting advisers:

	Description of use of proxy voting adviser(s)
LGIM	"LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action."
Phoenix Life	**Phoenix Life delegates fund management to a number of fund managers, including Aberdeen, Janus Henderson, BlackRock and Invesco. The voting is carried out by those fund managers.** **Aberdeen** - "To supplement our own analysis, we make use of the benchmark research and recommendations provided by ISS, a provider of proxy voting services. In the UK we also make use of the Investment Association's (IA) Institutional Voting Information Service. We have implemented regional voting policy guidelines with ISS which ISS applies to all meetings in order to produce customised vote recommendations. Within our custom policies, however, we do specify numerous resolutions which should be referred to us for active review." **BlackRock** - "While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research." **Invesco** - "Invesco may supplement its internal research with information from independent third-parties, such as proxy advisory firms, to assist us in assessing the corporate governance of investee companies. Globally, Invesco leverages research from ISS and Glass Lewis. Invesco generally retains full and independent discretion with respect to proxy voting decisions. **Janus Henderson** - **"**To assist us in assessing the corporate governance of investee companies we subscribe to ISS. ISS provides voting recommendations based upon Janus Henderson's corporate governance policies and highlights key voting issues requiring review by investment teams. Our in-house Governance and Stewardship Team works with our investment teams and provides input into voting decisions. Fund managers have ultimate voting authority."

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Prudential	**Management of the With Profits Fund has been delegated to a number of fund managers, including M&G Investment Management, BlackRock and Lazard. The voting is carried out by those fund managers.** **M&G Investment Managers** – "We use the ISS STOXX voting platform to vote and implement M&G's voting policy through a custom voting service. As shareholder meetings arise, the custom voting service refers resolutions that contravene our voting policy. We also use research from ISS and the Investment Association's Institutional Voting Information Service (for UK companies) to help make voting decisions." **BlackRock** - See above. **Lazard** – "We currently subscribe to advisory and other proxy voting services provided by Institutional Shareholder Services Inc. ("ISS") and Glass, Lewis & Co. ("Glass Lewis"). These proxy advisory services provide independent analysis and recommendations regarding various companies' proxy proposals. ISS provides additional proxy-related administrative services such as vote execution, recordkeeping and reporting support services. The Proxy Administration Team reviews proxy information on a daily basis and regularly communicates with representatives of ISS to ensure that all agendas are considered and proxies are voted on a timely basis. Members of the Proxy Committee, along with members of the Legal & Compliance Team, conducts periodic due diligence of ISS and Glass Lewis."

Source: Fund Managers

Significant voting example

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds.

In the table below is a significant vote example provided by L&G. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the example below.

Phoenix Life and Prudential have not provided any significant voting examples.

LGIM Multi-Asset Fund	**Company name**	Mastercard Incorporated
	Date of vote	24 June 2025
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.08%
	Summary of the resolution	Oversee and Report on a Racial Equity Audit
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G business publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution Diversity: A vote in favour is applied as we support such information and risk management approach to Diversity.
	Outcome of the vote	Fail (11.5%)
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be "most significant"?	Thematic - Diversity: L&G views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the DC Section's material managers. The managers have provided information for the most recent calendar year. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the DC Section.

Funds	Number of engagements		Themes engaged on
	Fund specific	Firm Level	
LGIM Multi-Asset Fund	675	3,761	**Environment** - Climate Impact Pledge - Deforestation - Climate Change - Climate Mitigation – Methane measurement **Social** - Gender Diversity – Income inequality – Culture – Human rights **Governance** - Remuneration - Board Composition – Capital management – L&G ESG Score: governance campaign - Nominations and Succession **Other** - Corporate Strategy - Company Disclosure & Transparency - Regulation
M&G (material underlying manager for the Prudential With Profits Fund)	-	533	**Environment** - Climate change; Natural resource use/impact **Social** - Human and labour rights; Public health; Human capital management **Governance** – Remuneration; Strategy, Financial and Reporting; Board effectiveness – Other

Source: Fund Managers

Data limitations
Phoenix Life has not reported any voting or engagement activity.

M&G has not reported any voting data and has reported engagement activity only at firm level.