

Annual Implementation Statement - covering 1 January 2024 to 31 December 2024

Fujifilm UK Limited Pension and Life Assurance Scheme

Introduction

This statement is produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and subsequent amendments; and the statutory and non-statutory guidance from the Department of Work and Pensions. The statement sets out:

- how and the extent to which, in the opinion of the Trustees of the Scheme, the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the period 1 January 2024 to 31 December 2024 ('the Scheme Year');
- details of any review of the SIP during the Scheme Year;
- subsequent changes made with the reasons for the change; and
- the dates of the last review of the SIP.

The Implementation Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustees (including the most significant votes cast by the Trustees or on their behalf) and state any use of the services of a proxy voter during the Scheme Year. This is set out in this Statement.

This Implementation Statement covers both the Scheme's defined benefit ('DB') section and the Scheme's defined contribution ('DC') section. The statement is in accordance with and should be read in conjunction with the Scheme's SIPs that were in place over the Scheme Year. The latest version of the SIP is dated March 2025 and can be found at the link below:

[Fujifilm UK Limited Pension Life Assurance Scheme SIP 2025.pdf](#)

Investment Objectives of the Scheme

DB Section

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. As set out in the SIP, the Trustees' primary investment objective for the DB Section of the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustees have also received confirmation from the Scheme Actuary during the process of revising the investment strategy that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

DB Investment Strategy

During the course of the financial year, the Trustees after considering appropriate investment advice, invested the Scheme's DB Section assets via a Trustee Investment Policy ("TIP") issued by Mobius Life Limited ("Mobius"), whose appointment foregoes the need for a Custodian.

DC Section

The Trustees aim to provide suitable investment options that are aligned to the needs of their members.

The Trustees recognise that in a defined contribution arrangement, members assume the investment risks themselves. The Trustees further recognise that members are exposed to different types of risk at different stages of their working lifetimes (those risks are summarised in section 2 of the SIP and expanded upon in section 5).

The Trustees are mindful of their responsibility to provide members with an appropriate range of investment funds and a suitable default lifestyle strategy.

The Trustees will review the investment approach from time to time and make changes as and when it is considered appropriate.

Review of the SIP

The Trustees review the SIP at least once every three years as part of the triennial Actuarial Valuation and/or after any significant change in investment policy. During the Scheme Year, the SIP was updated in July 2024 to reflect the Trustees' policy in relation to the DC Section Default Arrangement investing in illiquid assets.

The SIP was further updated in March 2025, after the Scheme Year-end, to reflect the DB Section's investments in a Trustee Investment Policy through Mobius Life, and the Trustees' investment adviser's duties in relation to monitoring Mobius Life as the Trustees' investment platform provider.

Assessment of how the policies in the SIP have been followed during the Scheme Year

The information provided in the table below summarises the work undertaken by the Trustees during the Scheme Year (or over a longer term where relevant) and sets out how this work has followed the Trustees' policies in the SIP.

DB Section

	Matter	Summary of Trustees' policy / key extracts from policy	Summary description and evaluation of work undertaken in the year to 31 December 2024
1	Securing compliance with the legal requirement to obtain and consider proper advice on the question of whether an investment is satisfactory.	<p><i>In preparing the SIP, the Trustees have:</i></p> <ul style="list-style-type: none"> <i>obtained and considered written advice from a suitably qualified individual, employed by their Investment Adviser, Mercer, whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and</i> <i>consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.</i> <p><i>SIP Introduction</i></p>	<p>In March 2024, the Trustees invested the Scheme's DB Section assets via a TIP issued by Mobius, after considering appropriate investment advice. Mobius appointment foregoes the need for a Custodian.</p> <p>Following the Scheme year-end, the Trustees have updated the SIP to reflect these changes and consulted with the Company on adopting the new SIP.</p> <p>The revised SIP is available on the Company's website.</p>
2	The kinds of investments to be held.	<p><i>The Trustees have adopted investment arrangements to enable benefits to be paid as and when they fall due.</i></p> <p><i>SIP section 4.3 & 6.2</i></p>	<p>The Trustees invest in pooled Diversified Growth Funds ("DGF"), which are actively managed multi-asset funds and invest across a diversified range of assets.</p> <p>The Trustees also invest in Liability Driven Investment ("LDI") funds which perform in a similar way to the Scheme's liabilities as a result of movements in interest rates and inflation. LDI reduces the volatility of the Scheme's funding level.</p> <p>The Trustees receive semi-annual investment performance reporting from</p>

			<p>the investment consultant and use the reports to monitor the investments and funding level of the Scheme.</p> <p>The Trustees hold a buy-in policy with PIC. The policy insures the interest rate, inflation and longevity risks associated with the pensioner members covered by the policy.</p>
3	The balance between different kinds of investments.	<p><i>Within the DB investments the Trustees have established a strategic benchmark for the Scheme assets.</i></p> <p><i>The Trustees monitor the asset allocation from time to time and may rebalance the Scheme's investments if necessary to bring them in line with the strategic benchmark.</i></p> <p><i>SIP section Appendix 1</i></p>	<p>As part of the semi-annual performance reporting at each Trustee meeting, the actual allocation has been (and will continue to be) compared to the strategic benchmark allocation. An under or overweight position acts as a trigger for discussion.</p>
4	Risks, including the ways in which risks are to be measured and managed.	<p><i>Under the Pensions Act 2004, the Trustees are required to state their policy regarding the ways in which risks are to be measured and managed. These are set out in section 5 of the SIP.</i></p> <p><i>SIP section 5</i></p>	<p>The Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</p> <p>These risks are also managed by using the Mobius platform for the DB Section, which enables quick and efficient replacement of managers if appropriate, and on an ongoing basis monitors changes to the regulatory and operating environments of the underlying investment managers.</p> <p>On a semi-annual basis, the Trustees review the Scheme's asset allocation compared with the target and the portfolio may be rebalanced to ensure that the targeted levels of risk and return are maintained.</p>

5	Expected return on investments.	<p><i>The Scheme's assets are expected to provide an investment return commensurate with the level of risk being taken.</i></p> <p><i>SIP section 2</i></p>	<p>The investment monitoring report is reviewed by the Trustees on a semi-annual basis. The monitoring report includes how each investment manager is delivering against their specific mandates.</p>
6	Realisation of investments.	<p><i>Ad hoc cashflow requirements are taken from the Scheme's assets in a manner consistent with the strategic asset allocation.</i></p> <p><i>The Trustees consider the liquidity of the investment in the context of the likely needs of members.</i></p> <p><i>SIP section Appendix 3</i></p>	<p>The Scheme's assets are a combination of daily and weekly dealt pooled investment vehicles.</p> <p>The disinvestment policy for meeting benefit payments consists of disinvesting in a structured approach to rebalance the actual allocation with the strategic allocation.</p>
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments.	<p><i>The Trustees consider financially material considerations in the selection, retention and realisation of investments. Within the funds consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager.</i></p> <p><i>Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</i></p> <p><i>SIP section 4.4 & 4.6</i></p>	<p>The Scheme's SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship.</p> <p>The Trustees keep their policies under regular review with the SIP subject to review at least triennially.</p> <p>The investment performance report is reviewed by the Trustees on a semi-annual basis – this includes ratings (both general and ESG-focused) from the investment consultant. All of the managers remained generally well rated during the year. Where managers were not highly rated from an ESG perspective, the Trustees continue to monitor them.</p>

			<p>The Trustees have not set any investment restrictions on the appointed investment manager in relation to particular products or activities, but may consider this in future.</p> <p>In setting their investment strategy for the DB Section, the Trustees have prioritised funds which provide leveraged protection against movements in the Scheme's liability value and also funds which provide actively managed diversification across a wide range of investment markets and consider the financially significant benefits of these factors to be most important.</p> <p>The Trustees note that ESG considerations are not paramount to the first level decision making process within the funds which provide either actively managed diversification or leveraged liability protection. However, in the actively managed Diversified Growth Funds in which the DB Section invests, whilst managers typically do not put ESG considerations at the heart of their asset allocation decisions, they will embed ESG considerations into the management of the underlying asset classes where it is appropriate to do so.</p> <p>The Scheme's assets are invested in pooled funds. The Trustees accept the fact that they have very limited ability to influence the ESG policies and practices of the companies in which managers invest. The Trustees have reviewed the ESG policies of their managers and concluded that they are appropriate. The Trustees will therefore rely on the policies and judgement of fund managers when assessing the impact on the value of the Scheme's investments.</p>
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8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.	<p><i>The Trustees do not take account of non-financially material considerations.</i></p> <p><i>SIP section 4.5</i></p>	Not applicable.
9	The exercise of the rights (including voting rights) attaching to the investments.	<p><i>Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</i></p> <p><i>SIP section 4.4 & 4.6</i></p>	<p>The Trustees have delegated their voting rights to the investment managers. In the Trustees' opinion the investment managers have appropriate knowledge and experience for exercising voting rights and the managers are carrying out their work competently.</p> <p>Investment managers are expected to provide voting summary reporting at least annually.</p> <p>The Trustees do not use the direct services of a proxy voter.</p> <p>Voting activity information including information on what the Trustees have deemed "significant votes" from each of the underlying investment managers (where provided) is summarised in the voting section of this statement.</p>
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees would monitor and engage with relevant persons	<p><i>The Trustees consider how ESG, climate change and stewardship is integrated within investment processes, in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement.</i></p> <p><i>Outside of those exercised by investment managers on</i></p>	<p>As the Scheme invests solely in pooled funds, the Trustees require their investment managers to engage with the underlying companies on their behalf.</p> <p>The investment advisor's ESG ratings help the Trustees to understand which managers are engaging and integrating ESG issues into their investment decision making and these are reviewed on at least a six-monthly basis.</p>

	about relevant matters).	<p><i>behalf of the Trustees, no other engagement activities are undertaken.</i></p> <p><i>SIP section 4.4</i></p>	<p>The Trustees wish to encourage best practice in terms of corporate activism to the extent that it is expected to positively affect financial performance/ risk/ not result in any financial detriment. They encourage their investment managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes.</p> <p>Investment managers are expected to provide reporting on a regular basis, at least annually, including stewardship monitoring results.</p>
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustees' policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement]	<p><i>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 or classes they are selected to manage.</i></p> <p><i>The Scheme currently invests entirely in pooled investment vehicles, and therefore the Trustees accept that it has no direct ability to specify the risk profile and return targets of the managers, but appropriate mandates can be selected to align with the overall investment strategy.</i></p> <p><i>SIP section 3.3</i></p>	Over the period the Trustees believed that the appointments with their investment managers were consistent with their long-term objectives and no changes were made.
12	How the arrangement incentivises the asset manager to make decisions	<i>The investment manager is aware that their continued appointment is based on their success in delivering the</i>	The Trustees review the performance of each manager with a long-term perspective.

	<p>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.</p>	<p><i>mandate for which they have been appointed to manage.</i></p> <p><i>SIP sections 3.3 & 6.2</i></p>	<p>The Trustees are content that the current investment managers maintain a long-term perspective when managing the underlying investments, and are consistent with the Scheme's primary objective; particularly with regard to ESG factors that are considered in the investment processes of the underlying managers.</p> <p>ESG policies are made available from the investment managers, and are reviewed from time to time by the Trustees.</p>
13	<p>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 Trustees' policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005</p>	<p><i>The Trustees are a long term investor and are not looking to change the investment arrangements on a frequent basis.</i></p> <p><i>The Trustees receive performance reports from Mercer on a semi-annual basis, which present performance over a variety of periods. Individual investment manager reports are also available to the Trustees on a quarterly basis.</i></p> <p><i>For the non-buy in assets, the investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme. The Trustees believe that this is the most appropriate basis for remunerating managers. None of the investment managers in which the Scheme's assets are invested have performance based fees which could encourage the manager to</i></p>	<p>The Trustees have considered the long term investment performance of the managers as part of the semi-annual monitoring, as well as their investment consultant's views of the investment managers, and are comfortable that the manager arrangements, longer term performance and forward-looking capabilities remained suitable.</p>

		<p><i>make short term investment decisions to hit their profit targets.</i></p> <p><i>SIP sections 3.3 & 6.2</i></p>	
14	How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p><i>For the DB Section, the Trustees have not historically monitored the investment manager's ongoing transaction costs explicitly but measure these implicitly through ongoing performance assessments which are net of these costs. The Trustees seek to explicit report on ongoing costs for the appointed investment manager.</i></p> <p><i>SIP section 6.3</i></p>	At present, the Trustees do not monitor portfolio turnover costs in any detail, although the performance monitoring which they receive is net of all charges, including such costs.
15	The duration of the arrangement with the asset manager.	<p><i>There is typically no set duration for the manager appointment. However, appointments typically can be terminated at short notice.</i></p> <p><i>SIP sections 3.3</i></p>	No action was taken in relation to investment manager appointments during the year.

DC Section

	Policy requirement	Policy	Summary description and evaluation of work undertaken in the Scheme Year
1	Securing compliance with the legal requirements about choosing investments	<p><i>In preparing the SIP, the Trustees have:</i></p> <ul style="list-style-type: none"> <i>obtained and considered written advice from a suitably qualified individual, employed by their Investment Adviser, Mercer, whom they believe to have a degree of knowledge and experience that is appropriate for the management of their investments; and</i> <i>consulted with the Sponsoring Employer, although they affirm that no aspect of their strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.</i> <p><i>SIP Section 1</i></p>	<p>No new investment funds were chosen during the year and as such the Trustees were not required to take appropriate advice. However, during the Scheme Year, the Trustees received appropriate advice as part of their investment strategy review (more details under Policy two below).</p>
2	The kinds of investments to be held.	<p><i>The Trustees recognise the benefits of diversification across asset classes, as well as within them, in reducing the risk that results from investing in any one particular market.</i></p> <p><i>The Trustees have chosen Target Date Funds (TDFs) for the Default Arrangement. The TDF manager selects and manages allocations across a diversified spectrum of assets based on the target date of the specific fund. The self-select</i></p>	<p>The Trustees, in conjunction with their investment adviser, reviewed the appropriateness of the default strategy during the Scheme Year in the context of achieving their investment objectives.</p> <p>As part of the review the Trustees considered</p> <ul style="list-style-type: none"> The demographics of Scheme members and their expected retirement adequacy The design and balance of investments within the default investment option,

		<p><i>fund range allows the members to invest in the following:</i></p> <ul style="list-style-type: none"> • <i>UK, Overseas and Emerging Market Equities</i> • <i>UK Government Bonds, Fixed and Inflation-linked</i> • <i>Corporate Bonds</i> • <i>Property</i> • <i>Diversified Growth Funds and</i> • <i>Cash.</i> <p><i>SIP Section 4.3</i></p>	<ul style="list-style-type: none"> • The balance of the Scheme's self-select investment range, and • Risk, diversification and potential returns within the default lifestyle strategy. <p>The Trustees agreed that the default strategy remains appropriate and the self-select fund range provides reasonable coverage across core asset classes and is suitable for members who wish to select their own investments.</p> <p>The next investment strategy review is scheduled for 2027.</p>
3	The balance between different kinds of investments.	<p><i>The Default Arrangement uses TDFs to provide members with "lower expected volatility of returns as they approach retirement" by gradually shifting their savings from long-term growth funds to those with lower volatility. Members further from retirement have opportunities for asset growth, albeit with some volatility in asset values. As they near retirement, "the level of diversification is increased" and more assets are switched into defensive funds to reduce expected investment volatility.</i></p> <p><i>SIP Appendix 2</i></p> <p><i>The Trustees also offer members a suitable range of self-select funds as an alternative to the default option.</i></p>	<p>See policy requirement 2 above for details of the Trustees' investment strategy review during the Scheme Year which considered the balance between different kinds of investments in the Default Arrangement and self-select fund range.</p>

		<i>SIP Section 4.1</i>	
4	Risks, including the ways in which risks are to be measured and managed.	<p><i>The Trustees have considered risk from several perspectives. These are set out in section 5 of the SIP.</i></p>	<p>The Trustees considers both quantitative and qualitative measures for risks when deciding investment policies, fund managers, investment funds and asset classes.</p> <p>While recognising that DC members assume investment risk themselves, the Trustees provide a risk-managed default arrangement and a range of self-select funds. In the Trustees' opinion this gives members the ability to choose to take on different levels of investment risk should they wish to.</p> <p>The Scheme maintains a risk register, which includes investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions. The risk register was last updated in April 2024.</p> <p>As part of the investment strategy review which took place during the Scheme year the Trustees considered risk, including environmental, social and governance (ESG) scoring to mitigate ESG risks.</p>
5	Expected return on investments.	<p><i>The Trustees have determined their investment policy in such a way as to address the risks.</i></p> <p><i>The Trustees are mindful of their responsibility to provide members with an appropriate range of investment funds and a suitable default lifestyle strategy.</i></p> <p><i>The Trustees will review the investment approach from time to time and make changes as and when it is considered appropriate.</i></p> <p><i>SIP Section 2</i></p>	<p>Investment performance reports are reviewed by the Trustees on a quarterly basis. Performance reports assess how each investment manager is delivering against their specific mandates. The Trustees scrutinised fund performance during the Scheme Year, particularly any funds underperforming their benchmarks. The Trustees understood the reasons for any underperformance and were satisfied with investment performance over the Scheme Year.</p> <p>The 2024 investment strategy review considered the risk and return characteristics of the default strategy.</p>

			The performance objectives for each fund used by the Scheme can be found in Appendix 4 of the SIP.
6	Realisation of investments.	<p><i>The Trustees consider the liquidity of the investment in the context of the likely needs of members.</i></p> <p><i>SIP Section 5</i></p>	<p>Members' investments in the Default Arrangement remained traded and priced daily during the Scheme Year. No known issues arose relating to liquidity.</p> <p>The Trustees receive administration reports on a quarterly basis to monitor processing of core financial transactions against SLAs and regulatory timelines.</p> <p>The Trustees were satisfied with administration performance over the Scheme Year.</p>
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments.	<p><i>The Trustees understand that they must consider all factors that have the ability to impact the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.</i></p> <p><i>The Trustees recognise that ESG factors, such as climate change, can influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.</i></p> <p><i>The Trustees further recognise that investing with a manager which approaches investments in a responsible way and takes account of ESG related risks may lead to better risk adjusted performance results as omitting these risks in investment analysis could</i></p>	<p>The investment performance reports are reviewed by the Trustees on a quarterly basis.</p> <p>ESG credentials of investment funds are considered in the selection and retention of the Scheme's investments. No funds were removed during the Scheme Year due to any ESG concerns.</p>

		<p><i>skew the results and underestimate the level of overall risk being taken. Therefore, other factors being equal, the Trustees would seek to invest in funds which incorporate ESG principles.</i></p> <p><i>SIP Section 4.4</i></p>	
8	<p>The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.</p>	<p><i>The Trustees' objective is that the financial interests of the Scheme members are its first priority when choosing investments.</i></p> <p><i>They have decided not to consider non-financial considerations, when setting the investment strategy.</i></p> <p><i>SIP Section 4.5</i></p>	<p>The Trustees do not consider non-financial considerations when setting investment strategy.</p>
9	<p>The exercise of the rights (including voting rights) attaching to the investments.</p>	<p><i>The Trustees have concluded that the decision on how to exercise voting rights should be left with their investment managers, who will exercise these rights in accordance with their respective published corporate governance policies.</i></p> <p><i>SIP Section 4.6</i></p>	<p>As the Scheme invests in pooled funds, the voting rights associated with the Scheme's investments are held by the investment managers on the Trustees' behalf.</p> <p>Voting activity during the Scheme Year in respect of the Trustees' stewardship priority areas has been reviewed by the Trustees and is set out in Appendix A of this statement.</p> <p>The Trustees have not deemed it necessary to challenge any underlying managers regarding their voting activity over the Scheme year.</p>
10	<p>Undertaking engagement activities in respect of the investments (including the methods by which, and the</p>	<p><i>Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate</i></p>	<p>As the Scheme invests solely in pooled funds, the Trustees requires the Scheme's investment managers to engage with underlying invested companies on their behalf.</p> <p>At present, the investment adviser's ESG ratings are provided annually as part of the Trustees' Value for Money assessment</p>

	circumstances under which, the Trustees would monitor and engage with relevant persons about relevant matters).	<p><i>governance policies and current best practice.</i></p> <p><i>Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken.</i></p> <p><i>SIP Section 4</i></p>	<p>which helps the Trustees to understand how each manager is engaging and integrating ESG issues into their investment decision-making.</p> <p>The Trustees have reviewed voting activity undertaken on their behalf by the Scheme's investment managers. This is detailed later in this Statement.</p>
11	How the arrangement with the asset managers incentivises the asset managers to align investment strategy and decisions with the Trustees' policies.	<p><i>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 for.</i></p> <p><i>SIP Section 3.3</i></p>	<p>Investment manager appointments are made based on their ability to deliver against their investment objectives. Regular performance monitoring and the Trustees' investment strategy review provided evidence that all investment funds were delivering against long term objectives.</p>
12	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.	<p><i>The Trustees are long-term investors and do not look to change the investment arrangements on a frequent basis.</i></p> <p><i>A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.</i></p> <p><i>SIP Section 3.3</i></p>	<p>The Trustees review the performance of each manager with a long-term perspective. The Trustees receive monitoring reports on the performance of the underlying investment managers on a quarterly basis, which presents performance information over three months, one year and three years.</p> <p>The Trustees may review a manager's appointment if:</p> <ul style="list-style-type: none"> • There are sustained periods of underperformance; • There is a change in the portfolio manager; • There is a change in the underlying objectives of the investment fund manager; • There is a significant change to Mercer's rating of the manager.

			No investment managers were changed following the latest review of the Scheme's investment strategy.
13	How the method (and time horizon) of the evaluation of the asset managers' performance and the remuneration for asset management services are in line with the Trustees' policies.	<p><i>The Trustees are a long-term investor and is not looking to change the investment arrangements on a frequent basis.</i></p> <p><i>The investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme.</i></p> <p><i>The Trustees receive monitoring reports on the performance of the underlying investment managers from Mercer on a semi-annual basis, which presents performance information over 3 months, 1 year and 3 years.</i></p> <p><i>SIP sections 3.3 & 6.2</i></p>	<p>The Trustees have reviewed long-term investment performance of the investment managers as part of the quarterly performance reports, as well as their investment consultant's views of the investment manager, and is comfortable that the longer-term performance and forward-looking capabilities remained suitable.</p> <p>The Trustees are satisfied that the investment managers' short-term performance will not detract from achieving long-term goals. None of the funds have performance fees in place, which could encourage managers to make short-term investment decisions to hit their short-term profit targets at the expense of longer-term performance.</p>
14	How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p><i>The Trustees consider portfolio turnover costs as part of the annual Value for Members assessment and asks investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.</i></p> <p><i>The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.</i></p> <p><i>SIP section 6.3</i></p>	<p>The Trustees reviewed transaction costs as part of their annual Value for Members assessment and publish this information as part of the costs and charges disclosures mandated by regulations governing the Chair's Statement.</p> <p>The Trustees note a number of challenges in assessing these transaction costs:</p> <ul style="list-style-type: none"> • There are currently no industry-wide benchmarks for transaction costs • Explicit transaction costs are included in reported investment returns, so any assessment must be mindful of the return impact of the costs. <p>Given that the Scheme invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees</p>

			do not have an overall portfolio turnover target for the Scheme.
15	The duration of the arrangement with the asset manager.	<p><i>The Trustees are a long-term investor and is not looking to change investment arrangements on a frequent basis.</i></p> <p><i>SIP section 3.3</i></p>	<p>Funds are open-ended with no set end date for the arrangement. The Scheme's investment strategy is reviewed on at least a triennial basis.</p> <p>A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place fund range.</p> <p>No changes were required after the investment strategy review which took place in the Scheme year.</p>

Voting Activity

Investment Manager Voting Summary

Voting activity is reported annually to the Trustees. The Trustees have delegated their voting rights to the investment managers. As a result, the Trustees do not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustees. Where the Trustees are specifically invited to vote on a matter relating to a policy or contract held with any of the Scheme's investment managers, the Trustees will exercise their rights in accordance with what they believe to be in the best interests of the majority of the Scheme's membership.

Manager	Fund	Votes cast					Abstentions	Unvoted
		Number of meetings eligible to vote	Number of resolutions eligible to vote	Voted where eligible	Votes with management endorsement	Votes against management endorsement		
DB Section								
Baillie Gifford	Multi Asset Growth Fund	49	633	96.21%	95.57%	3.28%	1.15%	3.79%
Columbia Threadneedle	Multi Asset Fund	437	5,791	99.10%	90.95%	7.81%	1.24%	0.90%
DC Section								
Alliance Bernstein	Target Date Funds	7,029	78,512	97.87%	88.51%	9.88%	1.61%	2.13%
LGIM	UK Equity Index Fund	722	10,188	100.00%	93.96%	6.01%	0.03%	0.00%
	Overseas Equity Consensus Index Fund	6,557	62,164	99.79%	78.96%	19.74%	1.30%	0.21%
	Global Equity Fixed Weights (50:50) Index Fund (GBP Hedged)	2,971	37,861	99.73%	81.91%	17.83%	0.26%	0.27%
	World Emerging Markets Equity Index Fund	4,437	35,559	99.92%	80.44%	17.56%	2.00%	0.08%
Newton Investment Management	BNY Mellon Global Equity Fund	64	1,038	100.0%	91.81%	8.19%	0.00%	0.00%

The Trustees have not been asked to vote on any specific matters over the Scheme year.

Most significant votes

The Trustees consider a significant vote as any vote relating to material holdings (a company that represented at least 1.5% of the year-end market capitalisation of any fund in which the Scheme was invested during the majority of the year), in each of the following thematic areas:

- Climate Change: including (but not necessarily limited to) low-carbon transition and physical damages resilience;
- Human Rights
- : including (but not necessarily limited to) modern slavery, pay & safety in the workforce and supply chains and abuses in conflict zones; and/or
- Diversity, Equity and Inclusion: including (but not necessarily limited to) equal pay, board equality, and inclusive & diverse decision-making.

The Trustees will keep this definition under consideration based on emerging themes within internal discussions and guidance from the wider industry. The Trustees did not inform managers of what they considered to be a significant vote in advance of voting.

Where “we” or “our” is used, the investment manager has used it in reference to themselves.

Votes under Trustees' significant vote definition

Fund Manager	Company Name	Date of vote	Portion of the fund	Summary of Resolution	How the manager voted on the resolution	Reason for manager's vote	Vote outcome	Vote Theme	Why Vote is Significant
Alliance Bernstein – Target Date Funds	Alphabet Inc	07/06/2024	Undisclosed ¹	Report on Risks Related to AI Generated Misinformation and Disinformation	For the resolution, against management	While the company does publish some disclosure about their use of generative AI, including risk frameworks, more information about how the company views risks associated with AI and steps the company is taking to measure and mitigate those risks would be useful. Further, the company has already experienced some controversy around AI that had significant market value implications. More disclosure around AI would likely be beneficial to shareholders.	Fail	Social	<p>This vote is an example of a vote against management on a social shareholder proposal at one of AB's most significant holdings</p> <p>Through both voting and engagement, AB will continue to encourage the company to improve its transparency and guardrails relating to its use of AI.</p> <p>Climate Change</p>
Alliance Bernstein – Target Date Funds	Amazon.com, Inc.	22/05/2024	Undisclosed ¹	Report on Median and Adjusted Gender/Racial Pay Gaps	For the resolution, against management	The proposal appears value additive by increasing transparency. The company argued that the disclosure would not be useful, but we feel the requested disclosure around “policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent” could be useful by providing information that offers a more comprehensive view of the Company's approach to talent management.	Fail	Social	<p>This vote is an example of a vote against management on a social shareholder proposal at one of AB's most significant holdings</p> <p>AB will likely continue to support proposals calling for the disclosure of the company's gender and racial pay gap, as this information can be beneficial to shareholders.</p> <p>Diversity, Equity and Inclusion</p>
Alliance Bernstein – Target Date Funds	Bank of America Corporation	24/04/2024	Undisclosed ¹	Report on Clean Energy Supply Financing Ratio	For the resolution, against management	While this is a relatively new request, JPM, Citi, and RBC have already committed to disclosing their clean energy supply financing ratio. This disclosure would be value additive to shareholders in allowing us to assess the company's climate transition progress.	Fail	Environmental	<p>This vote is an example of a vote against management on an environmental shareholder proposal at one of AB's significant holdings</p> <p>AB will likely continue to support proposals</p>

									calling for the disclosure of the company's green financing ratio, as this information can be beneficial to shareholders Climate Change
Legal and General Investment Management – UK Equity Index Fund – Global Equity Fixed Weights (50:50) Index Fund (GBP Hedged)*	Shell Plc	21/05/2024	7.66% 3.91%*	Approve the Shell Energy Transition Strategy	Against the resolution, against management LGIM communicated their intent to vote against management ahead of time via their website	LGIM has voted against the proposal, recognising the company's progress in climate-related disclosures and its commitments to reduce emissions and tackle methane. However, due to revisions to the Net Carbon Intensity (NCI) targets and plans to expand its gas and LNG business, LGIM expects clearer evidence of how these strategies align with a transition to net-zero emissions by 2050. Specifically, LGIM seeks clarity on the lifespan of new assets, flexibility in production adjustments, and actions for customer decarbonisation. Additionally, greater transparency on lobbying activities, capital expenditure for low carbon initiatives beyond 2025, and responsible divestment principles in asset sales is requested, as these factors are crucial to Shell's decarbonisation strategy.	Pass	Environmental	LGIM is supportive of climate votes aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. Climate Change
Legal and General Investment Management – Overseas Equity Consensus Index Fund	Apple Inc.	28/02/2024	4.12%	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Against the resolution, with management	LGIM has voted against the proposal, as the company is providing adequate disclosure regarding its diversity and inclusion efforts and non-discrimination policies. Additionally, incorporating viewpoint and ideology into Equal Employment Opportunity (EEO) policies does not seem to be a standard practice within the industry.	Fail	Governance	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. Diversity, Equity and Inclusion
Legal and General Investment Management – World Emerging Markets	Tencent Holdings Limited	14/05/2024	3.88%	Elect Charles St Leger Searle as Director	Against the resolution, against management LGIM communicated their intent to vote against management	A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.	Pass	Environmental	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors.

					ahead of time via their website				LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. Climate Change
Legal and General Investment Management – UK Equity Index Fund	Glencore Plc	29/05/2024	2.33%	Approve 2024-2026 Climate Action Transition Plan	Against the resolution, against management LGIM communicated their intent to vote against management ahead of time via their website	LGIM has voted against the proposal, as it expects companies to implement credible transition plans that align with the Paris Agreement's goal of limiting global temperature increases to 1.5°C. While acknowledging the company's progress in disclosure, LGIM remains concerned about its thermal coal activities, particularly regarding how the planned production aligns with global demand for thermal coal in a 1.5°C scenario.	Pass	Environmental	LGIM is supportive of climate votes aligned to a 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. Climate Change
Legal and General Investment Management – Overseas Equity Consensus Index Fund	Amazon.com, Inc.	22/05/2024	2.29%	Report on Customer Due Diligence	For the resolution, against management LGIM communicated their intent to vote against management ahead of time via their website	LGIM has voted in favour of the proposal, recognising that enhanced transparency regarding material risks to human rights is essential for understanding the company's operations. While the company has disclosed that it conducts internal reviews for some products and engages third parties to strengthen its policies, LGIM believes there is still a need for greater public transparency on this issue.	Fail	Social	LGIM views this shareholder resolution as significant due to Amazon's influence as a major global employer, believing its human capital management can improve industry standards. LGIM continues to support the proposal, highlighting the need for enhanced transparency regarding material human rights risks. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

									Human Rights
Legal and General Investment Management – World Emerging Markets	Alibaba Group Holding Limited	22/08/2024	2.28%	Elect Director Irene Yun-Lien Lee	Against the resolution, against management LGIM communicated their intent to vote against management ahead of time via their website	LGIM has voted against the proposal, advocating for a declassified board where directors are re-elected annually. Additionally, LGIM opposes the proposal due to the expectation that companies should have at least one-third women on the board. Concerns regarding the time commitment required to manage multiple board positions also led to a vote against, as this may hinder directors' ability to stay informed and contribute effectively to board discussions.	Pass	Governance	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. Diversity, Equity and Inclusion
Legal and General Investment Management – Global Equity Fixed Weights (50:50) Index Fund (GBP Hedged) – UK Equity Index Fund*	Unilever Plc	01/05/2024	2.16% 4.23%*	Approve Climate Transition Action Plan	For the resolution, with management	LGIM has voted in favour of the CTAP, as it meets the minimum expectations set by the organisation. This includes the disclosure of scope 1, 2, and material scope 3 greenhouse gas (GHG) emissions, as well as short, medium, and long-term GHG emissions reduction targets aligned with the 1.5°C Paris Agreement goal. Although the Science Based Targets initiative (SBTi) recently removed its approval of the company's long-term scope 3 target, LGIM notes that the company has submitted near-term, 1.5°C-aligned scope 3 targets to the SBTi for validation. Therefore, LGIM considers the company's ambition level to be adequate and remains supportive of its net-zero trajectory at this time.	Pass	Environmental	LGIM is supportive of climate votes aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. Climate Change
Legal and General Investment Management – UK Equity Index Fund	London Stock Exchange Group plc	25/04/2024	1.87%	Approve Remuneration Policy	For the resolution, with management	LGIM has voted in favour of the proposal as an exception to its policy, following productive consultations with the company that led to improvements in the initial proposals. This support for the remuneration policy and the adoption of the Executive Incentive Plan (EIP) acknowledges Mr. Schwimmer's leadership in enhancing the company's performance and the competitive talent market. LGIM will review Mr. Schwimmer's pay package annually and may vote negatively in the future if it no longer reflects company performance or market norms. It does not anticipate significant changes to the executive	Pass	Governance	This resolution is considered significant as we overrode our custom vote policy on the basis of the engagement that we had with the company. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

						directors' pay policy during this three-year term. Additionally, LGIM expects that a successor to Mr. Schwimmer will not receive the same remuneration package unless they demonstrate comparable experience, caliber, and performance.			LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. Diversity, Equity and Inclusion
Legal and General Investment Management – UK Equity Index Fund	National Grid Plc	10/07/2024	1.75%	Approve Climate Transition Plan	For the resolution, with management	LGIM is voting in favour of the National Grid Climate Transition plan, commending the company's commitment to achieving net-zero emissions across all scopes by 2050 and establishing near-term science-based targets aligned with a 1.5°C scenario. LGIM appreciates the clarity provided in the 'Delivering for 2035' report and looks forward to the outcomes of National Grid's engagement with the Science Based Targets initiative (SBTi) concerning the decarbonisation of heating.	Pass	Environmental	LGIM is supportive of climate votes aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. Climate Change
Newton Investment Management Limited – BNY Mellon Global Equity Fund	Amazon.com, Inc.	22/05/24	3.91%	Commission a Third Party Audit on Working Conditions	For the resolution, against management BNY did not disclose whether they engaged with Amazon ahead of the their intention to vote for the resolution	The manager voted for the shareholder proposal requesting a third-party audit on working conditions as it do consider it to add value for shareholders at this stage.	Fail	Social	The issue of working conditions is a material risk to understand and reign in for the company. It is also an engagement topic. Human Rights
Newton Investment Management Limited – BNY Mellon Global Equity Fund	AstraZeneca PLC	11/04/24	1.56%	Approve Remuneration Report	For the resolution, with management	The manager voted for the approval of the Remuneration Report. The decision was made to support the CEO's pay package based on his proven track record of creating significant value for shareholders and successfully turning around a company that was once considered beyond recovery. For many years, he has been compensated below his global peers in the industry, despite his accomplishments, and has previously hinted at the possibility of leaving. At this critical juncture, where execution is essential, it is important to	Pass	Governance	This vote is deemed significant due to its strategic importance, impact on shareholder value, risk of leadership disruption, industry benchmarking, and strong shareholder support. It aligns with the investment case, emphasising the need to retain and

						avoid any potential disruptions that a change in leadership might cause. This decision to support the CEO's pay aligns with the broader investment case for AZ, as it is believed that under Pascal's leadership, the company is well-positioned to continue executing its strategic initiatives and delivering value to shareholders.			compensate effective leadership. Diversity, Equity and Inclusion
Columbia Threadneedle – Multi Asset Fund	Amazon.com, Inc.	22/05/2024	1.56%	Report on Median and Adjusted Gender/Racial Pay Gaps	For the resolution, against management Columbia Threadneedle did not communicate their intent to the company ahead of the vote	The proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	Fail	Social	This vote is classed as significant due to the size of the holding and because it relates to one of the Trustees stewardship priorities - Diversity, Equity and Inclusion
		22/05/2024	1.56%	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining	For the resolution, against management Columbia Threadneedle did not communicate their intent to the company ahead of the vote	Shareholders would benefit from increased disclosure through a third-party assessment of the Company's commitment to its freedom of association policies and practices to provide assurance regarding the Company's claims.	Fail	Social	This vote is classed as significant due to the size of the holding and because it relates to one of the Trustees stewardship priorities - Human Rights
		22/05/2024	1.56%	Report on Customer Due Diligence	For the resolution, against management Columbia Threadneedle did not communicate their intent to the company ahead of the vote	Shareholders would benefit from increased disclosure on the Company's approach to customer due diligence. The company faces risks related to human rights in its global operation. Good practices include developing a clear process and narrative on how impacts are monitored and effectively mitigated.	Fail	Social	This vote is classed as significant due to the size of the holding and because it relates to one of the Trustees stewardship priorities - Human Rights
		22/05/2024	1.56%	Commission Third Party Study and Report on Risks Associated with Use of Rekognition	For the resolution, against management Columbia Threadneedle did not communicate their intent to the company ahead of the vote	While the company has extended its moratorium on its facial recognition software, the company sold this technology to the FBI, though the Company states this did not violate the moratorium, as it only applied to police forces when conducting criminal investigations. The company faces human rights risks regarding its facial recognition technology and the exposure to such risks is dependent on the use of the technology by its AWS customers. As a result of the potential human rights risks, shareholders would benefit from increased disclosure and transparency, in order to comprehensively assess how the company is managing human rights-related risks, especially Recognition.	Fail	Social	This vote is classed as significant due to the size of the holding and because it relates to one of the Trustees stewardship priorities - Human Rights

¹ AB did not disclose the level of investment in each company as a portion of the fund

Where holding at date of vote hasn't been provided, the holding at the end of Scheme year has been considered.

Proxy Voting Summary

Baillie Gifford

Baillie Gifford do not use a proxy voter.

However, they are cognisant of the recommendations made by proxy voters (ISS and Glass Lewis). Baillie Gifford do not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on their client's shares. All client voting decisions are made in-house. They vote in line with their in-house policy and not with the proxy voting providers' policies. They also have specialist proxy advisors in the Chinese and Indian markets to provide them with more nuanced market specific information.

Columbia Threadneedle Investments

Columbia Threadneedle Investments utilise the proxy voting platform of Institutional Shareholder Services, Inc. (ISS) to cast votes for client securities and to provide recordkeeping and vote disclosure services.

Columbia Threadneedle have retained both Glass, Lewis & Co. and ISS to provide proxy research services to ensure quality and objectivity in connection with voting client securities.

Alliance Bernstein

Alliance Bernstein has authority to vote proxies relating to securities in certain client portfolios and, accordingly, Alliance Bernstein's fiduciary obligation extend to Alliance Bernstein's exercise of such proxy voting authority for each client Alliance Bernstein's has agreed to exercise that duty. To be effective stewards of their client's investments and maximize shareholder value, we need to vote proxies on behalf of their clients responsibly. This policy forms part of a suite of policies and frameworks beginning with AB's Stewardship Statement that outline our approach to responsibility, stewardship, engagement, climate change, human rights, global slavery and human trafficking, and controversial investments. Proxy voting is an integral part of this process, enabling us to support strong corporate governance structures, shareholder rights, transparency, and disclosure, and encourage corporate action on material environmental, social and governance (ESG) and climate issues.

Legal & General Investment Management

LGIM's Investment Stewardship team utilises ISS's 'ProxyExchange' electronic voting platform to vote clients' shares electronically. All voting decisions are made by LGIM, and no part of the strategic decision-making process is outsourced. To ensure that the proxy provider votes in alignment with LGIM's position on ESG issues, a custom voting policy with specific voting instructions has been established. For further details, please refer to the Voting Policies section of this document.

Newton Investment Management

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

Examples of Manager Engagement

Alliance Bernstein engagement case study: Booking Holdings

Booking Holdings is an American-based global online travel Company. We met with the corporate counsel and discussed the company's Travel Sustainable programme and progress towards its goal of having 50% sustainable bookings by 2027. Being a travel company, the issuer is exposed to material transition and physical climate-related risks and opportunities.

In the travel booking process, hotels can be labelled as "sustainable" to consumers, helping them make decisions that align with their preferences. Booking Holdings previously held over 500,000 sustainable lodgings based on suppliers' self-reported metrics. Due to regulatory scrutiny, the company began requiring certificates for sustainable bookings – which we believe to be a more rigorous methodology that can prevent greenwashing. This shift decreased the number of sustainable listings to 16,000. The company is now working with hotels to increase penetration by offering educational resources that amplify awareness of third-party certifications, thus lowering the barrier to entry for suppliers. Suppliers pay for their own certifications, so the action is unlikely to be a logistical or financial burden for Booking Holdings.

Management has seen good adoption of third-party certifications, and the number of sustainable bookings is accelerating. The Company continues to evaluate which attributes are most valuable to consumers and validate whether sustainability is driving bookings. We will continue to monitor the issuer's efforts.

Legal & General Investment Management engagement case study: APA

APA is Australia's largest energy infrastructure business. Under our Climate Impact Pledge campaign, we have been engaging with the company directly since 2022; as one of our selected 'dial mover' companies, we believe it has the scale and influence across its industry and value chain for its actions to have positive reverberations beyond its direct corporate sphere.

In our engagements with them, which are guided by our qualitative assessment criteria as set out in our multi-utilities sector guide, in terms of 'red lines' the company was identified as lagging our expectations on climate-related lobbying activities.

In early 2022, we set out our expectations for management-proposed 'Say on Climate' votes and the criteria we consider in assessing whether to support them. We expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of Scope 1, 2 and material Scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with the 1.5°C goal.

As a consequence, when APA Group brought its climate transition plan to a vote, we were unable to support it: although the plan presented Scope 1 and 2 goals for the medium and long term on a path to achieving net zero emissions by 2050, no Scope 3 targets were included. The company noted that these would be finalised no later than 2025.

We initiated engagement with the company after this vote, and met with them for the first time in early 2023 as part of our Climate Impact Pledge engagement, and we have continued to build the relationship, setting out our expectations as per our net zero guide, and working with the company to understand the hurdles it faces and the challenges to meeting these expectations.

We were very pleased that, in our meeting with them in early 2024, APA confirmed that they will include a Scope 3 goal in the 2025 refresh of their Climate Transition Plan, and they outlined their proposed Scope 3 reduction pathway. The company noted that feedback from the 20% of investors, including LGIM, who voted against their proposed Climate Transition Plan in 2022, had solidified their decision to commit to a Scope 3 target.

This demonstrates the effect of our engagement strategy, fully aligned with our voting policy, to encourage progress towards decarbonisation. We look forward to continuing our engagement with the company on their decarbonisation pathway and journey to net zero.

Newton Investment Management engagement case study: nVent

Context: Water scarcity presents a risk to the tech industry, especially semiconductor manufacturing and data centers, which are dependent on water within operations. With the growth of digitalisation and AI adoption, we expect that the risk from water

scarcity will amplify further. Moreover, for technical and financial reasons, data centers tend to be highly concentrated in water-stressed areas.

Action: We conducted further research to understand the financial risks presented to companies, which we consider to be less material over the short term. We also looked into possible alternatives with which data centers can minimise this risk. This research led us to identify liquid cooling as a potential alternative to traditional air cooling.

Investment implications: As data centers for AI applications are increasingly dense, our research indicates that liquid cooling is more efficient, requires less water and has additional sustainability benefits compared to traditional air cooling. Therefore, companies offering this solution are attractive to us in this space.

Outcomes: nVent is held in some core and sustainable portfolios. It is a global provider of electrical connection and protection solutions. It provides energy-efficiency solutions for its customers through liquid cooling, optimised design software, efficient electrical connections and smart controls. Liquid cooling is a smaller but rapidly growing area for the business.

Baillie Gifford engagement case study: Brookfield Renewable Corporation

Objective: To follow up on the wildfire risk exposure questions Baillie Gifford sent to the company and to discuss how it approaches and mitigates physical climate risks regarding its ownership and operation of a portfolio of hydroelectric, wind and solar power assets, primarily in the United States, Europe, Colombia and Brazil. The manager specifically sought to address the themes of (1) risk exposure, (2) preventative measures and accountability, and (3) cost recovery and liability.

Discussion: There are clear links between the company's effective physical climate risk mitigation, health and safety performance, and the well-being of the local communities in which it operates, as well as with its achievement of operational and financial goals. The key takeaways from this meeting were that the company's geographic and technological diversification aim to minimise the business interruption and the potential associated financial implications from any one given acute extreme weather event. Baillie Gifford discussed with the team, including the company's Director of Portfolio Management and Risk and its Vice President of ESG Management, how acute physical climate risks are managed at the asset level and the operations team's ongoing monitoring of changes to chronic risks. Examples of representative risk management measures to reduce the risk of wildfires include vegetation management, installing and managing firebreaks and infrastructure hardening. Similarly, hydro flooding risk is managed via monitoring of inflows relative to capacity levels, updating of flood map studies and adaptation measures such as inflow design reviews for assets deemed at higher risk.

Outcome: Baillie Gifford deem the company's approach to physical climate risk management to be appropriate. They will continue to track this for both acute and chronic physical climate risks in relation to flooding and wildfires.

Columbia Threadneedle Investments case study: Smurfit WestRock PLC

Smurfit Kappa Group is an Ireland-based supplier of paper-based packaging. The company is vertically integrated, spanning forestry assets (mainly in Colombia), mills and plants, and is one of the largest paper and board producers in the world with a capacity of 8.3 million tonnes per annum. Smurfit is also merging with US company Westrock, which will further increase its size. Smurfit's impacts on nature are driven primarily by its owned forestry and mill assets, and its sourcing of third party produced pulp and paper. Smurfit generally performs towards the top of its peer group on environmental management, but Columbia Threadneedle identified specific room for improvement on its management of operational biodiversity impacts and disclosure of nature-related risks.

The manager has engaged Smurfit Kappa bilaterally on this topic for the past two years. Columbia Threadneedle focus has been on encouraging the company to strengthen its collection of operational biodiversity data, and to explore setting quantitative targets. Specifically, they have been encouraging the company to explore using environmental DNA (eDNA) assessments to more efficiently gather real time data on species distributions within its forestry assets, and have connected the company with different eDNA providers in the past. Columbia Threadneedle advised the company to consider establishing a portfolio of biodiversity KPIs and targets to appraise its operational impact, providing examples of peer best practice. The manager has also been working with Smurfit to explore how the company could adopt a Taskforce for Nature-related Financial Disclosures (TNFD) approach to identify and assess its exposure to financially material nature-related risks such as pests, disease and nature-related regulation. Smurfit recognised that it has more work to do to on its operational biodiversity management compared to peers, and is currently working to onboard an eDNA provider.

Columbia Threadneedle have been encouraged by the openness of Smurfit's Chief Sustainability Officer to take on-board their suggestions, particularly around eDNA and approaches to promoting residual biodiversity in pine/eucalyptus plantations. This is a busy year for Smurfit due to the Westrock merger, but they believe that if the company's approach to operational biodiversity is improved, this will pay dividends in light of the expected significant increase to the company's forestry asset base post-merger (given Westrock has extensive Brazilian forestry assets). They will continue to work with the company on its approach, and expect to see a marked step forward in practice by its next set of disclosures in 2025.