



Nestlé UK Pension Fund

Nestlé UK Pension Fund (DB Section) Statement of Investment Principles Implementation Statement

July 2025

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Introduction

This Implementation Statement (“the Statement”) has been prepared by the Trustee Board (“the Trustee”) of the Nestlé UK Pension Fund (“the Fund”).

This Statement is produced by the Trustee as required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. The regulations state that the Statement must:

- Describe any review of the Statement of Investment Principles (“SIP”) during the period covered by the Statement including an explanation of any changes to the SIP.
- Set out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year; and
- Describe 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 year and state any use of the services of a proxy voter during that year.

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 statement has been prepared with this guidance in mind.

Based on regulatory requirements, the Statement will cover the period from 1 January 2024 to the end of the Fund’s financial year on 31 December 2024. This Statement should be read in conjunction with the Fund’s Defined Contribution (“DC”) Implementation Statement.

The Statement is split into three sections:

1. An overview of the Trustee’s actions and highlights during the period covered (including any reviews and changes to the SIP);
2. The policies set out in the Fund’s SIP for the DB section and the extent to which they have been followed during the reporting period; and
3. The voting behaviour, including significant votes cast, and engagement activity undertaken by the fund managers on behalf of the Fund.

Reviews of, and changes to the SIP

During the reporting period 1 January 2024 to 31 December 2024, the Trustee reviewed and subsequently updated the Fund’s SIP. The SIP was updated as follows:

- An update to the Fund’s Responsible Investment Beliefs to include a belief related to climate change.
- An update to the Stewardship policy to amend the description of voting and engagement activities to include delegation to specialist third-party providers where appropriate, alongside the Fund’s asset managers.
- An update to the Fund’s Stewardship policy to update how managers’ voting and engagement policies are reviewed.

The above changes were finalised in November 2024.

Reviews of SIP policies

The table sets out the policies in the Fund's SIP and evidence detailing how they have been followed. The Trustee is satisfied that it has adhered to the policies in the Fund's SIP during the reporting period.

Policy	Evidence
Fund Governance (1)	
The Trustee has taken proper written advice from its investment advisers and consulted the Principal Employer to the Fund in the preparation of this SIP.	The Trustee received written advice from its adviser and consulted with the Principal Employer with respect to the contents and wording of the SIP in accordance to Section 35 of the Pension Act 1995.
The Trustee considers that the governance structure set out in this SIP is appropriate for the Fund as it allows the Trustee to make the important decisions on investment policy, while delegating the day-to-day aspects to its appointed asset managers and/or its advisers as appropriate.	<p>The Trustee has established the Defined Benefit Investment Committee, a governance committee responsible for certain investment matters delegated to it under terms of reference set out by the Trustee.</p> <p>The Trustee believes that the governance structure set out in the SIP is appropriate for the Fund.</p>
The Trustee takes advice from its investment advisers to ensure that the assets of the Fund are invested in accordance with the policies set out in this SIP and the requirements of section 36 of the Pensions Act 1995.	<p>The Trustee's investment adviser reviews all Fund assets to ensure they are compliant with the policies in the SIP and the requirements of section 36 of the Pensions Act 1995.</p> <p>The Trustee was not informed of any breach of these policies occurring during the reporting period.</p>
Investment Objectives (3)	
Primarily to invest the assets of the Fund to meet its liabilities when they fall due. The Trustee wishes to protect members' accrued benefits, whilst maintaining a reasonable prospect of being fully funded on the long-term funding basis of Gilts +0.5% p.a. by 31 December 2036.	The Trustee received regular advice from its investment advisers on the Fund's investment strategy. This included quarterly reporting as well as ad hoc updates regarding funding level developments and steps the Trustee could take to achieve its primary funding objective.

Manage the investment risk, including that which arises due to a mismatch between assets and liabilities, and limit the total risk of the Fund.	<p>The Trustee sets a budget on an appropriate risk metric, which is monitored on a quarterly basis.</p> <p>Over the reporting period, the Fund remained within the risk budget and no corrective action was required.</p> <p>The Trustee employs an investment strategy according to an agreed Strategic Asset Allocation ("SAA"). It targets a well-diversified and low-risk portfolio aligned to the long-term funding basis. The Fund has been transitioning its portfolio towards the SAA since 2021. Over the reporting period, further progress was made, including the ongoing reduction of the Fund's allocation to Hedge Funds, Property, Private Equity and investments into Structured Credit</p> <p>Over the reporting period, the Investment Rebalancing Policy was reviewed and updated. The policy formalises the process followed by the Trustee to maintain its desired asset allocation and an appropriate level of risk and return to achieve its investment objectives.</p>
Maintain suitable liquidity of assets such that the Fund is not forced to sell investments at particular times to pay member benefits or meet potential collateral calls.	The Trustee monitored the required and available collateral of the Fund on a quarterly basis. The Fund maintained sufficient liquidity and collateral to pay member benefits and/or meet collateral calls throughout the reporting period.
In order to help the Trustee achieve its investment objectives, the Trustee established a Defined Benefit Investment Committee ("the DBIC"), which is responsible for certain investment matters delegated to it under terms of reference.	The DBIC met 4 times during the reporting period and carried out its role according to the governance structure as set out in the SIP.
Summary of the Fund's Investment Strategy (4.1) – Investment Allocation Approach	
Assets are invested taking account of the nature and duration of the Fund's liabilities and to ensure appropriate diversification between asset categories.	When making investment recommendations to the Trustee, the investment advisers evaluate the suitability of investments in the context of the Fund's liabilities and their contribution to total investment risk. Diversification opportunities are considered as part of this process.
Summary of the Fund's Investment Strategy (4.2) – Asset Managers	
The Trustee delegates day-to-day investment decisions to suitably qualified independent asset managers. Asset Managers are carefully selected to manage each of the underlying mandates following guidance and written advice from the Trustee's investment advisers.	Over the reporting period, the Trustee continued to delegate day-to-day investment decisions to its asset managers.
The DBIC selects the Fund's asset managers with an expectation of a long-term appointment, although the	The Trustee continues to have an expectation of long-term appointments for the Fund's asset managers.

legal terms of the contracts may provide for different durations according to asset class.	
To aid diversification the Trustee employs a number of asset managers with specialisms in different asset classes and regions and varying investment styles, both passive and active.	There were no changes to the Trustee's approach during the reporting period. It continues to employ a range of asset managers whose areas of specialism combine to achieve a diversified source of investment returns for the Fund across both passive and active strategies.
Each mandate's performance targets, benchmarks, restrictions and fees are set out in the respective Investment Management Agreements ("IMA") or pooled fund documentation. The documents governing the manager appointments include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Fund. Asset managers have discretion to buy and sell investments within the terms of their agreements.	The Trustee retains records of all IMA and pooled fund documentation and receives advice from its investment adviser on the suitability of any amendments to agreements following a change in circumstance or objective.
When investing in a pooled investment fund, the DBIC ensures the investment objectives and guidelines of the fund are consistent with the Trustee's investment policies. Where segregated mandates are used, the DBIC may set explicit guidelines within the IMA where it is appropriate to do so.	<p>No new manager or fund appointments were made for the reporting year.</p> <p>The Trustee's investment advisers provided advice on the suitability of the objectives and investment guidelines for past investments.</p>
Asset managers are listed in the Fund's annual report and accounts, which also contains information about investment performance, asset allocation and major investment decisions taken during the year.	The Fund's asset managers continue to be listed in the Fund's annual report and accounts. A copy of this document can be requested from Nestlé Pensions.
Summary of the Fund's Investment Strategy (4.3) – Manager Review and Monitoring	
<p>The Trustee and/or DBIC regularly monitors the Fund's asset managers to consider the extent to which the investment strategy and decisions of the managers are aligned with the Trustee's policies. This includes:</p> <ul style="list-style-type: none"> - The managers' performance (net of fees and costs) against a benchmark appropriate to each manager, taking into account the level of risk taken by each manager. Performance targets are monitored over short, medium and long-term horizons; 	<p>The Trustee reviewed the managers' performance via quarterly meetings, alongside reporting from their investment adviser. The Trustee considered the performance of each manager across a variety of time horizons and, where applicable, against appropriate benchmarks. This included the manager's engagement with investee companies and annual management fees and costs.</p> <p>Additionally, the Trustee interacted with its managers through its advisers on an ad-hoc basis regarding matters relevant to the Fund. This included questions about individual assets held by the managers and the managers' permitted investment opportunity set.</p>

- The extent to which the managers make decisions based on assessments about medium- to long-term performance and engage with underlying investee companies in order to improve their performance in the medium- to long-term;
- The managers' approach to responsible investment and alignment with the Trustee's policies in this area;
- The managers' fees and costs related to portfolio turnover.

Should the Trustee's monitoring process reveal that a manager's investment strategy and investment decisions are not aligned with the Trustee's policies, the Trustee and/or DBIC will engage with the manager to discuss how alignment may be improved. This includes specific consideration of the Fund's responsible investment policies.

If, following engagement with the manager, it is the view of the Trustee and/or IC that the degree of alignment remains unsatisfactory, the arrangements with the manager may be altered or their appointment terminated.

The Trustee considered whether the managers of the Fund's key strategic portfolios are taking sufficient action to align the portfolios with the Trustee's investment and responsible investment policies, as well as the managers' stewardship and engagement approach.

Over the reporting period, the Trustee did not find that the Fund's managers' investment strategy or decisions were misaligned with the Trustee's policies.

Costs and Charges (5)

Fees are charged by the Trustees' managers either as a proportion of the assets under management or are related to performance targets. They are negotiated individually when a manager is appointed and are reviewed periodically. The Trustee and/or DBIC takes advice from its investment advisers to ensure that fees are commensurate with the services provided.

Over the reporting period there were no changes to existing fee arrangements, which are all either as a proportion of the assets under management or are related to performance targets.

The Trustee completed its annual review of a report prepared by its investment advisers that assesses the fees paid to the Fund's asset managers. The adviser's report found the fees paid to managers to be market competitive given the mandates' size and scale.

Portfolio turnover costs are a necessary cost to generate investment returns and the level of these costs varies across asset classes and manager. The Trustee and/or DBIC keeps them under review with the help of its investment advisers to ensure that they are appropriate. No specific ranges are set for portfolio turnover costs.

There were no reports of materially high portfolio transaction and turnover costs over the period.

Types of Investments Held (6.1) – Investments in DB Section

Assets are diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations of risk in the Fund as a whole.

The Trustee was satisfied that the Fund retained a sufficient level of diversification between asset classes during the reporting period.

Types of Investments Held (6.3) – Expected Returns on Investments

The Trustee receives professional independent investment advice on the expected levels of investment returns (after the deduction of expected charges) and risks for the funds to ensure that they are consistent with the Trustee's objectives.

The Trustee's investment adviser provided quarterly reports outlining the expected level of investment return and risk of the Fund. They were assessed to be within acceptable levels throughout the reporting period.

Risk Management and Monitoring (8)

All pension schemes are exposed to various risks. The Trustee recognises the importance of how these key risks interact with each other and with other risks the Fund is exposed to in relation to its funding level and the Fund's sponsor (the risk that, for whatever reason, the sponsoring employer is unable to support the Fund as anticipated).

The Trustee also has in place processes to consider and monitor these non-investment risks on a regular basis and takes an integrated approach to managing investment and non-investment risks.

In accordance with the SIP, the Fund's progress against its strategic objectives is managed and monitored using a Pensions Risk Management Framework ("PRMF"), which is prepared by the investment adviser and is reviewed by the Trustee on at least a quarterly basis. The Trustee used the PRMF to monitor various risks as outlined in the SIP, and in particular to ensure that:

- The expected return on investments was close to the return required to meet the primary funding objective of being fully funded on the long-term funding basis of Gilts +0.5% p.a. by 31 December 2036.
- Investment risk (including that which arises due to mismatch between assets and liabilities) was being kept within agreed budgets.
- The Fund maintained sufficient liquidity and collateral to maintain its hedging strategy.
- The Fund's liability hedging strategy remained appropriate and broadly in line with the agreed proportion of the Fund liabilities.

The Trustee is satisfied that the implementation of the risk management and monitoring strategy was consistent with the SIP and the circumstances of the Fund during the reporting period.

Overview of the Trustee's Stewardship, Voting, and Engagement Policies

The Trustee's responsible investment belief concerning stewardship and engagement is:

"Engagement is the preferred means of aligning the Fund's investments with the goals of the Trustee, but the Trustee will consider an exclusion and divestment strategy where engagement fails to yield meaningful alignment and where consistent with the Trustee's fiduciary duties."

The Trustee's policy concerning Stewardship, Voting, and Engagement is summarised in its Statement of Investment Principles and explained more fully in the Responsible Investment policy. It is characterised by the four sections below:

- Selecting the Fund's Investments
- Appointment, review and monitoring of the Fund's asset managers
- Stewardship – "A responsible owner of our assets"
- Addressing the risks (and opportunities) of climate change

Additional detail on these policies, and evidence demonstrating how they have been followed during the reporting period, is provided below. The Trustee is satisfied that their responsible investment policies were adhered to during the reporting period.

Selecting the Fund's Investments

The Trustee's policy with regard to selecting the Fund's investments includes:

- All else being equal, the Trustee will allocate the Fund's DB assets to asset classes where Environmental, Social, Governance ("ESG") can be integrated into decision making.
- ESG risks will be assessed along with other factors such as investment risk and return.
- The Trustee will not divest the Fund's DB assets from existing asset classes for ESG reasons alone but consider its function within the broader portfolio along with other factors such as investment risk and return.

How have the policies been followed by the Trustee?

The Trustee did not allocate the Fund's DB assets to any new asset classes or asset managers during the reporting period. The Trustee adopted a new SAA in 2021 and is in the process of divesting from several asset classes. These divestments were not made on purely ESG grounds, however consideration was given to the ESG impact.

Appointment, review and monitoring of the Fund's asset managers

The Trustee's policy with regard to the appointment, review and monitoring of the Fund's asset managers includes:

- In relation to the appointment of new asset manager(s), the integration of ESG into their investment process is considered as a key selection factor used to assess the manager(s) during the investment due diligence process.
- Once appointed, the Trustee requires its appointed asset managers to be cognisant of climate change risks and opportunities within their investment processes as applied to the assets of the Fund.
- The extent to which managers integrate ESG and specifically climate-related factors into their investment process is monitored to ensure it is sufficient for the characteristics of the asset class and aligned to the Trustee's responsible investment policies.

- The Trustee requires all the Fund's asset managers to provide reporting on ESG factors, including climate change, where possible.

How have the policies been followed by the Trustee?

Over the period, the integration of ESG, and specifically climate-related, factors continued to be an explicit topic of discussion between the Trustee and its investment adviser. The Fund's asset managers provided quarterly reporting on the integration of, and risks related to ESG and climate-related factors pertinent to the assets they manage on the Fund's behalf, as well as ad hoc ESG reporting. This included, for example, carbon emissions and social impact metric reporting in addition to case study evidence. These topics were the subject of focussed discussion during the quarterly review meetings with the managers, with examples provided by the managers of specific ESG integration within their portfolios, where relevant.

The Fund is currently in the process of de-risking its portfolio as it transitions to a long-term strategic asset allocation. During this process, for both existing and new mandates, the Trustee has taken steps to incorporate ESG and climate-related considerations into the investment guidelines given to its asset managers, subject to maintaining appropriate broader investment characteristics. This includes activity such as optimising a portfolio's emissions profile versus a representative benchmark and adopting ESG screens consistent with the Trustee's policies.

Stewardship – “A responsible owner of our assets”

In order to focus the Trustee's stewardship efforts, it has selected six core ESG themes based on advice as to their likely financial materiality to the Fund and alignment with the United Nations Global Compact principles.

The core ESG themes are:

- | | |
|------------------|------------------------|
| • Environment | • Labour Rights |
| • Climate Change | • Corporate Governance |
| • Human Rights | • Corruption |

The core themes are kept under review by the Trustee and may be updated or added to periodically.

The Trustee and/or DBIC use a framework to monitor the managers' track record of engaging with companies based on the Trustee's six core ESG themes. This framework is used to define the most significant vote reporting shown in the Voting Behaviour section below.

The Trustee's policy regarding stewardship & engagement includes:

- The Trustee has delegated all voting and engagement activities to the Fund's asset managers, or specialist third party advisors where appropriate. It is the Trustee's responsibility to monitor and oversee how the manager stewards assets on its behalf, including the casting of votes in line with each managers' individual voting policies. The Trustee reviews manager voting and engagement and escalation policies on an annual basis to ensure they are in line with the Trustee's expectations and in members' financial best interests. Prospective asset managers are also required to provide this information for the Trustee to review in advance of any new appointment.
- Managers are expected to employ the full range of engagement tools at their disposal and engage with companies on the Trustee's behalf in relation to ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest). Managers are expected to escalate their engagement activities consistent with their own stewardship policies, which should reflect leading industry standards.
- The Trustee expects their asset managers to be signatories to the FRC's UK Stewardship Code (or regional equivalent) and be able to demonstrate that they act in accordance with its 12 principles. Where a manager is not a signatory, the Trustee will seek to understand why this is the case and encourage them to become signatories. The Trustee recognises that stewardship expectations vary across different

asset classes and are currently highest for managers of listed equity and corporate bond portfolios. For multi-asset, alternative, and illiquid asset managers, the Trustee relies on its advisors to appraise the quality of managers' stewardship as appropriate.

- While the Trustee delegates voting and engagement activities to the Fund's managers, or specialist third party advisors where appropriate, it recognises its responsibility to oversee the voting and engagement activities carried out by managers on its behalf. The Fund's asset managers are therefore required to provide qualitative and quantitative data to the Trustee and/or IC on a regular basis regarding their recent voting and engagement activities.
- Should the Trustee's monitoring process reveal that a manager's voting and engagement policies and actions are not aligned with the Trustee's expectations, the Trustee will engage with the manager to discuss the rationale behind their voting and engagement activity and how alignment may be improved. If, following engagement with the manager, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the arrangements with the manager may be altered or their appointment terminated.

How have the policies been followed by the Trustee?

The majority of the Fund's asset managers are signatories to the UK Stewardship Code and therefore have committed to perform good stewardship, including the responsible allocation, management, and oversight of capital, to create long-term value on the Fund's behalf. Only two managers are not current signatories due to the private nature of the assets which they invest in on the Fund's behalf. The Trustee does not have immediate concerns with these managers' non-signatory status.

The use of voting rights is most likely to be facilitated in the sections of the portfolio where physical equities are held. This is only relevant for the Fund's Global Equity allocation. In 2024, the decision was made to exercise a higher degree of control over the voting-focused stewardship activity related to the Global Equity mandate. After assessing and considering the available voting options, a third-party proxy voting provider was selected to implement a chosen voting policy more closely aligned with the Trustee's Core Themes (as outlined on page 10). An overview of votes cast during the applicable period by the third-party provider can be found in the [Voting Behaviour](#) section.

The Trustee completed its annual in-depth review of the stewardship activities carried out by the managers of the Global Equity and Buy & Maintain Credit allocations. These asset classes were selected given their size in the total portfolio, the relative influence the Trustee can have on the managers' stewardship and engagement activities, and the asset classes' importance to the Fund's long-term investment strategy.

As part of this review, the managers' exposure to the core ESG themes was assessed and a watchlist of companies whose exposure to these themes was deemed to be material was established for review. The reporting highlighted that less than 5% of the Fund's portfolio was allocated to companies on the watchlist. In addition, the Trustee reviewed the managers' engagement record, specifically assessing their participation in company resolutions and the number of engagement actions undertaken.

Addressing the risks (and opportunities) of climate change

The Trustee's climate change policy includes:

- The Trustee has developed a monitoring process, which includes the setting of climate change-related goals/targets for the Fund, in support of the Trustee's commitment to manage and integrate the consideration of these issues within the Fund.

- The Trustee has set an interim target to achieve 60% of financed emissions in companies assessed as having a verified Paris Aligned temperature pathway, or for high impact companies that are flagged as not having a Paris-Aligned pathway, ensuring these companies are subject to structured engagement. This target currently applies to NUKPF's public equity and corporate bonds and the timeframe for achieving this target is 2027.

How have the policies been followed by the Trustee?

In addition to broader ESG risks, the Trustee's annual monitoring assessment of the core ESG themes was used to identify companies with a high degree of climate risk. The managers were asked to provide details of their engagement activity with these companies, including details of positive climate-related outcomes.

The Trustee completed an assessment of the climate-related engagement activity of the managers of the Global Equity and Buy & Maintain Credit allocations. The managers were asked to provide case study examples of their engagements with selected companies, including the rationale and outcomes. The companies were identified based on their degree of alignment to the Climate Change core ESG theme or if they qualified as "high impact" and without a verified Paris-aligned pathway, as described in the Trustee's climate target.

In line with interim target, during the period the Trustee also completed an assessment of the absolute emissions, carbon footprint, and degree of alignment to the goals of the 2015 Paris Agreement of the Fund's investment portfolio. For more information on the methodology and results of this analysis, please refer to the Trustee's 2024 TCFD Report, which can be found on the Nestlé Pensions website.

The Trustee does not take non-financial factors into account in the selection, retention and realisation of investments in the Fund.

Voting Behaviour

Below is information on the voting activity over the period for the Fund's Global Equity allocation, which held listed equities over the period. This section includes information related to the most significant votes by considering items associated with the Trustee's six core ESG themes.

The third-party provider's voting policy became applicable for NUKPF's investments from 15 March 2024, prior to this date, the asset manager of the Global Equities portfolio (BlackRock) was responsible for voting.

We have therefore presented voting statistics and resolutions over the period 1 January 2024 – 14 March 2024, which cover the voting activity of the **asset manager**. Reported separately are voting statistics and resolutions over the period 15 March 2024 – 31 December 2024, which cover voting activity under the **third-party provider's policy**.

It is the Trustee's belief that the policies set out in the SIP regarding the exercise of voting rights attached to investments and the undertaking of engagement activities in respect of the investments has been followed over 2024. No further follow up is required.

Voting statistics summary (01.01.2024 – 14.03.2024): Global Equities – Voting by the asset manager

VOTING STATISTICS	RESPONSE
How many meetings were you eligible to vote at?	66
How many proposals were you eligible to vote on?	923
What % of proposals did you vote on for which you were eligible?	96.4%

Of the proposals on which you voted, what % did you vote with management?	96.0%
Of the proposals on which you voted, what % did you vote against management?	4.0%
Of the proposals on which you voted, what % did you abstain from voting?	1.6%
In what % of meetings, for which you did vote, did you vote at least once against management?	36.5%
Any use of proxy voting services during the period?	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

Significant votes summary (01.01.2024 – 14.03.2024) – Voting by the asset manager

	Accenture plc	Deere & Company	Walgreens Boots Alliance, Inc.
Summary of the resolution	Elect Director Nancy McKinstry	Report on GHG Reduction Policies and Their Impact on Revenue Generation	Report on Cigarette Waste
Criteria on which the vote is considered "significant"	Core Theme – Corporate Governance	Core Theme – Climate Change	Core Theme - Environment
How you voted	Against	Against	Against
Rationale for the voting decision	Vote against was cast as the manager believes this nominee, a sitting CEO, serves on an excessive number of public company boards, which raises substantial concerns about their ability to exercise sufficient oversight on this board.	A vote against was cast as the manager believes there is no demonstrable economical benefit to shareholders.	Vote against was cast as the manager believes the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.

Outcome of the vote	Pass	Fail	Fail
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Voting statistics summary (15.03.2024 – 31.12.2024): Global Equities – Voting under third-party provider's policy

VOTING STATISTICS	RESPONSE
How many meetings were you eligible to vote at?	1,091
How many proposals were you eligible to vote on?	14,269
What % of proposals did you vote on for which you were eligible?	99.2%
Of the proposals on which you voted, what % did you vote with management?	91.8%
Of the proposals on which you voted, what % did you vote against management?	7.4%
Of the proposals on which you voted, what % did you abstain from voting?	0.05%
In what % of meetings, for which you did vote, did you vote at least once against management?	42.4%
Any use of proxy voting services during the period?	Proxies are voted in accordance with the third party provider's voting policy.

Significant votes summary (15.03.2024 – 31.12.2024) – Voting under third party provider's policy

	Shell Plc	Continental AG	Amazon.com, Inc
Summary of the resolution	Align medium-term emissions reduction targets covering the greenhouse gas (GHG) emissions of the use of its energy products (scope 3) with the Goal of the Paris Climate Agreement.	Election of Committee Chair to Supervisory Board.	Report on Efforts to Reduce Plastic Use.
Criteria on which the vote is considered "significant"	Core Theme – Climate Change	Core Theme – Corporate Governance	Core Theme - Environment
How you voted	For	Against	Against

Rationale for the voting decision	The third-party provider supported this shareholder proposal as, in their view, aligning Shell's existing medium term GHG reduction target covering the use of its energy products with the goal of the Paris Climate Agreement will help shareholders understand the company's assessment of how it could reduce its carbon footprint to limit global warming to below 2°C.	The third-party provider did not support the election of the company's Nominating Committee Chair to the Supervisory Board, due to concerns about the lack of diversity of the board. There were further concerns about the failure to establish a sufficiently independent board.	The third-party provider supported this shareholder proposal as, in their view, shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste.
Outcome of the vote	Fail	Pass	Fail

	The Toronto-Dominion Bank	Meta Platforms Inc.	Ford Motor Company
Summary of the resolution	Report on Impact of Oil and Gas Divestment.	Report on Human Rights Risks in Non-US Markets	Report on Reliance on Child Labor in Supply Chain
Criteria on which the vote is considered "significant"	Core Theme – Environment	Core Theme - Human Rights	Core Theme – Labour
How you voted	Against	For	For
Rationale for the voting decision	The third-party provider did not support this proposal as, in their view, the company's disclosure aligns with industry best practices and already meets the proponent's request that the company disclose its exposure to oil & gas divestment.	The third-party provider supported this shareholder proposal as increased transparency and disclosure, in their view, would allow shareholders to better evaluate the effectiveness of the company's efforts in managing human rights risks in its five largest non-U.S. markets.	The third-party provider supported this shareholder proposal as additional information on the company's efforts to eliminate child labour from its supply chain would allow investors to better understand how the company is managing human rights-related risks in its supply chain.
Outcome of the vote	Fail	Fail	Fail

Engagement Activity

This section includes information on the engagements carried out on the Trustee's behalf related to the Trustee's six core ESG themes. Below are case studies provided by the asset managers on their engagement activity during the reporting period:

Manager: Aviva

Commercial property

Topic for this engagement: Climate Change

Aviva engaged with the occupier to discuss potential ESG initiatives. As part of the lease extension negotiations, Aviva proposed that the occupier invest approximately £500k in de-gasification works and another £500k in various energy improvement projects. This proposal is currently under review by solicitors.

Commercial property

Topic for this engagement: Climate Change

Aviva engaged with the occupier, carrying out a net zero due diligence audit, and proposing improvements. Aviva is in ongoing discussions with the occupier's sustainability officer regarding the implementation of the audit's recommendations. The occupier is working towards an optimisation program to enhance the efficiency of the building they occupy, alongside increasing the use of solar energy. The proposed changes are currently in progress and are expected to be completed following subletting and refurbishment works.

Manager: BlackRock

Commercial Property

Topic for this engagement: Climate change

One of the challenges that the real estate industry continues to face is the ability to gather full Scope 3 tenant-level data visibility. BlackRock has strategically approached this challenge using two methods:

1. Partnering with a third-party consultant to help gather Scope 3 tenant-level electricity and gas data, which has enhanced data visibility across the portfolio and assisted with GRESB performance.
2. For assets where BlackRock has green leases in place, tenant consent, or existing voids, they have or are in the process of installing automatic meter readers (AMRs).

These two strategies are consistent with BlackRock's commitments within the SFDR Article 8 classification and to achieve their net zero carbon goals.

Commercial property

Topic for this engagement: Climate change

BlackRock has implemented Sustainability Asset Plans (SAPs) across the portfolio and has achieved 100% coverage. The SAPs were developed to track ESG performance and objectives at the asset level and provide a holistic ESG approach to collate and report interventions and actions implemented by the property and asset managers. The SAPs represent the singular source of all ESG information for each respective property.

The SAP reports have allowed the teams to successfully engage with all occupiers to create an ESG strategy for each asset, by discussing asset-specific initiatives and aspirations when on site with them, relating to environmental performance, biodiversity, community engagement, and wellbeing, and then detailing potential initiatives and opportunities in an annual plan.

Manager: Legal & General Investment Management (LGIM)

Topic of engagement: *Climate change*

Why was the company the subject of engagement?

LGIM has identified the mining and diversified metals sector as an essential part of the energy transition. LGIM's objectives for their engagements with BHP Group included engaging on its Climate Transition Action Plan before publication, as part of LGIM's 'Say on climate' votes at mining companies. Additionally, they aimed to outline their expectations for company transition plans.

How did the manager engage with the company?

LGIM has met with BHP several times (six times in 2024 alone), including with the company CEO, CFO, and Chair. The aim of these engagements was to provide feedback on BHP's 2024 CTAP and ensure that it met the requirements of LGIM's updated assessment framework. Having published their updated expectations of mining company transition plans in Q3 2024, LGIM made their expectations clear. In line with their methane strategy objective, a letter was sent to the chairman of BHP Group addressing BHP's coal methane emissions. LGIM say it was clear that BHP had made significant strides in improving its CTAP since it put the inaugural one to the vote in 2021. Its plan demonstrates substantial alignment with LGIM's assessment framework, and they believe that it's important that investors recognise progress when it occurs. LGIM was able to vote in favour of the CTAP at the company's 2024 AGM, and they pre-declared their support.

What was the outcome of the engagement?

LGIM's support for BHP Group's Climate Transition Action Plan demonstrates the progress the company has made and how far it aligns with LGIM's expectations. Going forward, LGIM will assess the disclosure of progress on BHP's plans for the development of a more targeted methane measurement, management, and mitigation strategy, as well as plans to support the decarbonisation of steelmaking. LGIM will also continue to engage with BHP to ensure resilience while navigating the dynamic market for metallurgical coal.

Topic of engagement: *Labour Rights, Corporate Governance*

Why was the company the subject of engagement?

Labour standards and human capital management have been a focus of LGIM's engagement with Amazon over recent years. LGIM's specific objectives in their engagement with Amazon during 2024 were focused on extending Amazon's living wage policy into contractors and supply chains, and ensuring appropriate independence on the nomination and governance committee. LGIM believes these objectives are achievable steps to improving working conditions and overall decision-making and accountability. The latter objective reflects LGIM's stance on assessing independence based on tenure, meaning that Amazon's nomination and governance committee, which is formed of long-tenured directors, would not meet LGIM's minimum expectations for independence.

How did the manager engage with the company?

LGIM has been engaging with Amazon since 2019 on a range of human capital management-related issues. Amazon receives a large number of shareholder proposals each year. In 2023, these proposals covered a cross-section of ESG issues, although social issues continued to dominate. Given the size and influence of the company, and continued interest by stakeholders, LGIM once again in 2023 and 2024 pre-declared their voting

intentions for some of the proposals on their blog. Proposals that LGIM supported included requests for a report on median and adjusted gender/racial pay gaps, a third-party assessment on the company's commitment to freedom of association and collective bargaining, and a third-party audit on working conditions. In 2024, LGIM met with Amazon three times, in addition to email exchanges.

Regarding LGIM's objective on extending the living wage to contractors and across supply chains, Amazon is one of the few companies in retail and technology that does pay the living wage in most (albeit not all) regions. In their engagement, LGIM discussed both levels of wages and the frequency with which they are updated. They also discussed Amazon's work with NGOs on pay, and how they monitor their contractor pay, including benchmarking exercises. Regarding LGIM's independence objective and the assessment based on tenure, their discussions with Amazon focused on why the nomination and governance committee is structured differently from its other committees.

What was the outcome of the engagement?

LGIM has seen some developments from Amazon, including the publication of policies and a 'Human Rights Impact Assessment' identifying key areas for improvement. The company has also undertaken a racial equity audit, under pressure from shareholders and something LGIM had asked for previously.

Regarding LGIM's specific objectives, they would describe the company as "on track" to meet their living wage objective. They anticipate that Amazon's updated Sustainability Report in 2025 will enable them to assess progress on this objective.

Regarding the independence of Amazon's nomination and governance committee, this objective has been raised with the company and is at an earlier stage of discussion. In terms of completion, LGIM is mindful of the cycle of director (re-) elections in terms of affecting the completion of this objective.

Having met with the company a number of times in 2024, LGIM will continue to build on this relationship as they pursue the objectives outlined above. Regarding other issues at the company, including those related to social and environmental topics (including plastics usage), these will continue to feature in LGIM's discussions with Amazon, although their core objectives remain as stated above.

Manager: PIMCO

Topic of engagement: Climate Change, Environment

Why was the company the subject of engagement?

The company is among the largest industrial real estate groups in Central and Eastern Europe. Over several years, PIMCO has focused engagement with the issuer on its initiatives related to green building, strategies for reducing greenhouse gas emissions, and the management of climate-related risks. PIMCO encouraged the issuer to align its sustainability practices with globally recognized frameworks for climate reporting and target setting associated to the Paris Agreement. In the most recent engagement, the focus was on clarifying how the company is capitalizing on opportunities presented by the transition of the built environment in Europe.

How did the manager engage with the company?

PIMCO engaged bilaterally with the issuer over several years. Engagement was conducted through recommendations, clarifying questions via email, and ongoing dialogue to ensure the implementation of suggested improvements.

What was the outcome of the engagement?

The issuer has made notable progress towards engagement objectives by developing a comprehensive carbon disclosure and TCFD report that incorporated recommendations. The issuer provided detailed information on their portfolio according to BREEAM certification levels and reported the portion of their operations that align with sustainability taxonomies.

The issuer took tangible steps to report the alignment of their green bond framework with these taxonomies. They now disclose the share of their portfolio that is aligned and have established targets for the proportion of their revenues, operating expenses, and capital expenditures. Additionally, the issuer enhanced their data collection processes and is actively working to align their decarbonization plans with the Science-Based Targets initiative, PIMCO plan to engage further on this matter.

Topic of engagement: Labour Rights

Why was the issuer the subject of engagement?

A major player in the communications industry, the company has a large workforce and is committed to diversity and inclusion for its employee base. PIMCO has held multi-year engagements with the issuer on a variety of sustainability topics, including the company's climate strategy, balance sheet strategy, human capital commitments, and best practices for ESG-labelled bond issuance. PIMCO's recent engagement has centred on social and governance issues that are material to the sector related to labour and workforce management, such as diversity, inclusion, and labour relations, as well as data privacy and security.

How did the manager engage with the issuer?

PIMCO engaged with the issuer bilaterally through discussions and recommendations, where PIMCO sought updates on various concerns and encouraged the company to improve transparency and practices in specific areas. This involved direct communication with representatives from the issuer, where PIMCO highlighted areas of concern and provided suggestions for improvement. The engagement included requests for additional information and disclosures, particularly in areas where the issuer's current reporting was deemed insufficient or lacking.

What was the outcome of the engagement?

The company enhanced disclosure related to their diversity and inclusion policy, including the addition of workforce breakdown by position, gender and ethnicity. The improved disclosures are in line with PIMCO recommendations for best practices. Regarding pay equity, the issuer reiterated their commitment but did not plan to disclose pay gap statistics. Employee turnover rates remained undisclosed, though average tenure was shared.