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

for the year ending 31 December 2024

May 2025

Introduction

Welcome to the Implementation Statement. The purpose of the Implementation Statement is for us, the Trustee of the Nestlé UK Pension Fund (the “Fund”), to explain what we have done during the year ending 31 December 2024 to implement our policies and achieve our objectives as set out in the Statement of Investment Principles (“SIP”). This statement includes:

1. A summary of any review and changes made to the SIP over the year;
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

The Fund has both a defined benefit (“DB”) and defined contribution (“DC”) section. This document covers the DC Section of the Fund only.

What is the SIP?

The SIP sets out the investment principles, practices, objectives and beliefs the Trustee follows when governing the Fund’s investments.

It describes the objectives for the investment options which you can choose (including the default arrangement if you don’t make a choice – “the Default Option”), explains the risks and expected returns of the funds used and the Trustee’s approach to responsible investing (including stewardship and climate change).

Why do the Fund’s investments matter to me?

The DC Section of the Fund provides you with benefits on a DC basis (sometimes called money purchase benefits). This means that the size of the benefits paid to you when you retire will depend on how much the funds where your savings are invested grow over the years.

Where can I find out more?

If you want to find out more, you can find a copy of the Fund’s SIP (and the Fund’s DC Chair’s Statement) at www.nestlepensions.co.uk/how-the-fund-is-run.

Our conclusion

Based on the activity we have undertaken during the year we believe that our policies (as set out in the SIP) have been implemented effectively.

In our view, most of the Fund’s investment managers were able to disclose good evidence of voting and engagement activity. We believe that the activities completed by our managers align with our stewardship priorities – the Nestlé UK Pension Fund (“NUKPF”) Core Themes - and that our stewardship policy (as set out in the SIP) has been implemented effectively in practice. This includes the exercise of our voting rights which has been carried out on our behalf by our investment managers.

However, some investment managers were unable to provide the complete information set requested regarding their stewardship activities. This includes fund-specific engagement information as well as specific details regarding significant votes cast (e.g., implications of voting outcomes). We have asked for explanations from these investment managers and expect improvements in disclosures over time as reporting becomes more standardised and to reflect the increasing expectations on investment managers and their significant influence to generate positive outcomes for the Fund through considered voting and engagement.

We will continue to engage with our appointed managers as necessary over 2025 to set expectations regarding the provision of future information and we will continue to undertake regular, detailed ESG monitoring of our managers.

1. Changes to the SIP during the year

Following a review of the SIP in May 2024, we, the Trustee, formally adopted some changes to the DC SIP in July 2024. The changes were adopted having considered written advice from our investment advisors and consulted with the Principal Employer, Nestlé. This is in line with our policy regarding the ongoing management of the SIP.

As a result of the review, the following changes were made:

- **Inclusion of a new policy on the use of illiquid investments** within the Default Option as per regulatory requirements. This includes how illiquid investments are currently used within the Default Option and the rationale for doing so.

- **Updating our Responsible Investment beliefs** within the SIP to include further detail from our separate standalone Responsible Investment Policy. The additional detail covers how climate change risk specifically represents a long-term material financial risk for the Fund.

- Refining the wording on the description of and **objectives for the Default Option** and the self-select investment options, although there were no material changes to the objectives themselves.

- Wording to recognise the two parts of the DC Section of the Fund: DC Start and DC Core.

The Fund's latest SIP can be found here: https://www.nestlepensions.co.uk/documents/fund-documents

2. How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP. Policies below have been summarised and should be read in conjunction with the SIP.

1. Introduction 1.2 Fund Governance	Whilst the main Trustee Board retains overall responsibility for Fund management, we have established a DC Sub-Committee ("DCC") who meet at least quarterly to focus on DC related issues. The DCC reports back to and make recommendations to the main Trustee Board. During 2024, the DCC met four times as part of business-as-usual activities (e.g., investment monitoring). Our DC investment advisors and the Nestlé Investment Executive attended these meetings to support the DCC in its governance activities and provide advice, training and market updates as needed. The DCC and Trustee regularly undertake training to ensure their knowledge of investment and regulatory matters remain up to date. During the year the DCC received training on a number of different topics including illiquid investments, DC governance requirements, changes to Statutory Money Purchase Illustration ("SMPI") assumptions, DC market and forthcoming legislation, climate change scenario analysis and environmental, social and governance ("ESG") matters and a range of other topical issues (e.g. types of member support available). Full details of the training undertaken by the Trustee over the Fund year is included in the Fund's Chair's Statement. In 2024, we implemented some of the key changes agreed as part of the 2023 triennial investment strategy review of the Fund following advice from our investment advisors. Further detail on these changes is given in the following sections as well as in the annual Chair's Statement. **We are comfortable that our governance activities have been carried out appropriately during the year in line with our policies.**
2. Investment Beliefs 2.1 Investment beliefs 2.2 Responsible Investment beliefs ***(Updated in July 2024)***	The DCC considered the Trustee's collective investment beliefs when reviewing and making changes to the Fund's investment options over the year. When reviewing the investment strategy during 2024, the DCC reviewed the strategy versus set risk/return objectives for the Default Option and were satisfied that no further changes beyond those agreed in 2023 were required. All risk/return monitoring was carried out on a net of fees basis to ensure investments were assessed in a value-based context. The most recent investment strategy was agreed with consideration of: • Past performance and volatility as well as forward looking risk/return expectations of funds and asset classes; • Strategic asset allocation and expected risk/return characteristics of these asset classes. This was considered prior to selecting specific funds/strategies/managers to implement the agreed strategy; • Diversification and complementarity of different asset classes and management styles; • Expected changes to costs and charges incurred by members; and • Alignment of new strategies with the wider ESG beliefs and objectives of the Trustee, including stewardship.

	The newly agreed Default Option (which was largely in place for the majority of 2024) aligns with our beliefs in the SIP, including our responsible investment beliefs, by investing in higher growth potential assets (such as equities) for members who are far away from retirement and in a more diversified range of asset classes for members closer to retirement. The Default Option also uses managers and strategies that consider responsible investment issues as part of their investment and stewardship process. **We are comfortable that our activities have been carried out appropriately during the year in line with our Investment Beliefs and our Responsible Investment Policy.**

3. Investment Objectives
 	
3.1 Objectives for the Default Option
 	
3.2 Objectives for the self-select investment options
 	
3.3 Choosing the default arrangement and investment options
	We have made available a Default Option for members who do not wish to make an active investment choice. This investment strategy is designed to be appropriate for the majority of the Fund's membership.
	
	We have also made available a self-select range of investment options covering the major asset classes, which members can choose to invest in. These investment options have different levels of risk and return associated with them and also include ethical/religious based funds.
	
	Over the year to 31 December 2024, we took action to ensure the investment objectives of the Default Option and self-select fund range continued to be met:
	
	• Monitored risk and return metrics of underlying funds and the overall member experience on a quarterly basis against the set risk and return targets;
	• Implemented the agreed changes to the investment strategy review of the Default Option. These changes were agreed with consideration of the Fund's membership profile (salary, fund value, age), the projected size of members' savings upon reaching retirement and how adequate these outcomes were expected to be, past and future expected investment risk and returns and market developments. Changes included:
	    ○ Amending the structure of the Blended Assets and Growth funds to increase the likelihood of these funds achieving their return targets (subject to an acceptable level of risk) and to improve expected member outcomes. In particular, the Growth fund now almost entirely replicates the Equities fund in order to maximise growth potential for members who are still some way from retirement;
	    ○ Amending the structure of the Equities fund to reduce the allocation to emerging markets (to improve the risk/return profile for members) and to utilise an actively managed emerging markets strategy in order to improve future expected investment returns;
	    ○ Updating the Cash and Pre Retirement to Cash funds to utilise strategies that explicitly consider ESG factors, in line with the Trustee's responsible investment beliefs;
	    ○ Updating the Ethical Growth fund to ensure the fund would deliver more in line with the fund's objectives and members' expectations;
	    ○ Updating the Corporate Bonds fund to improve diversification and consideration of ESG risks.
	
	As part of the triennial investment strategy review, we have also agreed to make the following changes:

	- Amending the design of the Default Option to improve expected outcomes for members; and - Adding additional lifestyle options alongside the Default Option to increase choice for members and reflect that different members may want to take their benefits in different ways. The DCC have continued to monitor these upcoming changes over 2024 and anticipate implementing them during 2026. **We are comfortable that the Default Option and self-select range are designed to deliver in line with the set objectives.**
4. Summary of the Fund's Investment Strategy 4.1 Investment strategy for the Default Option 4.2 Illiquid investments in the Default Option ***(Added in July 2024)*** 4.3 Investment strategy for the self-select investment options 4.4 Additional Voluntary Contributions ("AVCs")	We take advice from our DC investment advisor regarding the appropriateness of the investments for members. The DCC reviews the performance of each individual fund option and the Default Option on at least a quarterly basis via reports received from its advisors. Further information on this performance review process can be found in the following section. No significant performance concerns were raised over the Fund year. We are comfortable that the changes made in January 2024 are in line with the overall investment strategy for the Default Option and self-select options as set out in the SIP. We recognise that there is a risk in holding assets that cannot be easily realised should the need arise however we remain of the belief that investing in such assets can bring diversification benefits to members. We also recognise that investing in illiquid investments may be associated with higher costs, but we believe the diversification will benefit members over the long term. During 2024, we formalised our view on illiquid investments in a policy within the SIP. We introduced an allocation to illiquid investments (property) within the Default Option in January 2024 via the Blended Assets fund in line with our policy on illiquid investments. We have a policy to carry out a strategic review of the investment options at least every three years. The most recent review took place in 2023 with the next review scheduled to begin during 2026. As part of the last strategy review, the DCC discussed the naming convention of the existing investment options and plan to carry out a more detailed review during the next phase of implementation. The Fund also has a small amount of legacy AVC assets invested with Standard Life in two with profits funds. Members are no longer able to contribute to this arrangement, but existing assets remain in place. The provider and costs and charges associated with this arrangement are monitored as part of the annual Value for Members assessment, the outcome of which is summarised in the Chair's Statement. The DCC last undertook a detailed review of the AVC arrangement in 2023 and are comfortable that they remain appropriate. A further review is scheduled to take place in 2026. **We are comfortable that our actions over the year relating to investments have been carried out in line with our strategy.**
5. Investment Managers 5.1 Manager incentives	The DC Section of the Fund invests entirely in pooled funds via the Fidelity Investment Platform. During the year, the DCC ensured that all investment manager appointments had appropriate benchmarks in place for monitoring purposes that were in line with our investment policies and

5.2 Manager review and monitoring 5.3 Security of DC assets	were appropriately detailed in the Investment Implementation Document (IID). The IID was updated in July 2024 to reflect the changes made to the Equities, Blended Assets, Growth, Ethical Growth and Corporate Bonds funds in January 2024. As part of the agreed investment changes, we selected some new managers/funds to be used within the Fund's investment strategy. As part of the manager/fund selection process, our DC investment advisor supported us in ensuring all managers up for consideration had appropriate investment guidelines and offered competitive charging structures. We carried out our annual Value for Members assessment, which concluded that the DC Section of the Fund continues to be good value for members. In this assessment, investment management charges and investment performance are key considerations. It was concluded that the charges paid by members to invest in the Fund options are reasonable and in line with the wider market. Further detail on this assessment can found in the Chair's Statement. The DCC monitored performance of the funds held in the DC Section of the Fund on a quarterly basis. The DCC received quarterly monitoring reports from its investment advisor to assist with this. These investment reports include long and short-term performance reporting on all the investment funds relative to their respective benchmarks or targets, and performance commentary which highlights key factors affecting the performance of the funds over the quarter. As part of these quarterly reports, there is a "RAG" (Red, Amber, Green) status that helps identify funds that suffer from prolonged poor performance against their benchmark/target. The DCC also reviewed fund ratings and ESG ratings provided by our investment advisors on a quarterly basis. There were no rating changes or areas of concern flagged over the year. A separate ESG monitoring exercise was undertaken by the DCC which considered a number of areas including: • Investigating any breaches of the Trustee's Core Themes as detailed in the Appendix of the SIP; • Reviewing wider ESG scores and climate metrics; and • Reviewing manager engagement with companies identified as breaching the Core Themes or companies that form part of the Climate Action 100+ list. This review allowed the DCC to monitor how the Fund's investments and appointed managers align with the Trustee's responsible investment beliefs. No action was required as a result of the ESG monitoring exercise. The DCC also carried out a review of the Fund's DC platform provider in November 2024. This review assessed a number of elements regarding platform provision, including costs, fund range, blended funds and security of assets (i.e., the likelihood, and impact on members, of insolvency of either the Fund's platform provider or investment managers). Following the review, the DCC agreed they were comfortable with the current provider, that costs were reasonable and that the necessary safeguards were in place across our investment

	managers, custodians and investment platforms. The review concluded that the risk of potential loss caused by fraud or negligence was low. **We are comfortable that we have monitored our investment managers in line with our policies over the year and that the structures in place ensure that managers are appropriately incentivised to deliver good outcomes for members whilst also offering good value.**
6. Costs and charges	We have established a cost-benefit analysis framework in order to assess whether the member borne charges deliver good value for members. This assessment forms part of the annual Chair's Statement and includes benchmarking against broader market practice, reviewing compliance with relevant regulatory guidance, and assessing performance against industry standards. The results of this assessment can be found in the Value for Members assessment section of the Chair's Statement. The DCC also closely monitors costs and charges during any strategy changes, both before and after any changes. When changes were made to a selection of the Fund's funds in January (see above for further detail), the DCC considered the impact of transition costs on members, and how these can be minimised where possible. The total costs associated with the transition were in line with similar transitions of that scale and were lower than the anticipated costs calculated prior to the transition. Overall, we consider the costs and charges borne by members to be reasonable compared to other similar schemes. **We are comfortable that the costs and charges associated with the DC investments were reasonable over the year.**
7. Types of investments held 7.1 Realisation of investments 7.2 Expected returns on investments	Through its investment monitoring processes, the DCC is comfortable that all investment managers held suitably diversified portfolios and were able to invest/divest payments in a timely manner over 2024. No restrictions were placed upon the Fund's investments over the year. The DCC received information on historic performance from its investment advisor via quarterly investment monitoring reports over 2024. Some funds did flag as underperforming their set benchmarks and/or market expectations however the DCC anticipate that the changes made to these funds in January 2024 will improve future performance expectations. No significant performance concerns were raised in 2024 that required immediate action. Long-term return expectations were analysed and considered as part of the Fund's 2023 triennial investment strategy review. The DCC considered the level of projected member retirement outcomes relative to the PLSA Retirement Living Standards; they looked at factors such as actual fund performance and forward-looking return expectations and how this could impact members' benefits upon reaching retirement age. The changes agreed by the DCC to the investment strategy are expected to improve projected member outcomes. **We are comfortable that the types of investments available in the DC Section remain appropriate for our members to invest in and should**

	support us in achieving our overall objective of delivering good member outcomes.
8. Responsible Investment 8.1 Stewardship 8.2 Climate change 8.3 Non-financial factors	We have a policy to delegate stewardship activities (including voting and engagement) to our appointed investment managers. As such we have not set our own voting policy for the DC Section, but instead have set expectations regarding how our managers vote and engage. We review managers versus these expectations annually and will engage directly with managers if they fail to meet our expectations. In 2024, the DCC reviewed the investment managers' approaches to responsible investing, including their stewardship activities, through the annual implementation statement process and the ESG monitoring exercise. As part of the production of this statement, we have received information on our managers' voting policies, engagement policies as well as statistics and examples on how they have voted and engaged during the previous year. No significant concerns were raised as a result of this exercise and we are of the view that overall, our manager policies and activities align with our own beliefs. As detailed in Section 5 above, the ESG monitoring report focuses on breaches of the Trustee's Core Themes, wider ESG insights (such as ESG scores and policies in place), exposure to companies on the Climate Action 100+ list and how managers have engaged and voted in relation to any companies identified. Again, no significant concerns were raised as a result of this report. The DCC received quarterly reports from our investment advisors, which included an ESG rating for each manager. All ratings over 2024 were in line with expectations and no concerns were raised. The DCC explicitly considered potential managers' approach to responsible investment and the extent to which ESG issues are factored into investment decision making as part of the triennial investment strategy review and the strategic asset allocation changes agreed. This included consideration of the net-zero ambition for the Fund. All new funds implemented in January 2024 are expected to increase consideration of responsible investment issues across the investment strategy and support us in meeting our net-zero ambition. The Fund's third TCFD report was completed in July 2024. Information gathered, including carbon emissions data, supported the Trustee in understanding the climate-related risks and opportunities the Fund is exposed to. At the time of writing, the Fund's fourth TCFD report (as at 31 December 2024) is currently being completed and will be published in July 2025. The Trustee and DCC recognise that some members will have strong personal views or ethical / religious convictions that influence where they believe their savings should, or should not, be invested. In light of this, the Trustee have made available a Shariah compliant self-select option. **We are comfortable that we have acted in line with our Responsible Investment policy over the year.**

9. Risk Management and monitoring 9.1 Principal investment risks 9.2 Other investment risks	The DCC received quarterly investment monitoring reports from our investment advisors over the year to support with managing the different types of risks faced by members. Over 2024, risk exposures were generally higher given a continued challenging market environment. This included rising yields which created headwinds for fixed income investments (a continuing trend from 2022 and 2023), broader geo-political volatility and rising concentration in the equity market. However, most of these risks are outside of the Trustee's control and are likely to be a shorter-term issue relative to the long-term investment horizon that most members will be invested for. The DCC was comfortable, having received advice from their advisors, that no immediate action was needed to manage these risks in both the Default Option and the self-select range. The DCC was comfortable appropriate diversification (including across asset classes, managers and styles of investing) was already embedded in the investment strategy to help manage these risks and that this had been considered appropriately as part of the 2023 triennial investment strategy review. Separate to these shorter-term risks, we have already decided (as part of the 2023 investment strategy review) to take action to increase the growth potential within the Blended Assets, Growth and Ethical Growth funds to reduce the risk of members not accumulating enough retirement savings to support their expected retirement lifestyle. These changes were made in January 2024 with consideration to potential impacts on volatility and risk. We also decided to add additional lifestyle options to support members in taking their benefits in the most appropriate form for them, whilst also offering them the benefits of automatic switching from higher growth potential (and higher volatility) investments to more diversified, lower expected volatility investments over time. These additional options are expected to be made available to members from 2026 onwards. **We are comfortable that over the year, we considered all investment risks appropriately in line with our policies.**

3. The exercise of our voting rights

The DC Section invests in pooled funds, and we have delegated responsibility for the selection, retention and realisation of investments to the Fund's appointed investment managers. We have also delegated our stewardship activities, including the exercise of our voting rights, to our managers.

The rest of this section sets out the stewardship activities, including the exercise of our voting rights, carried out on our behalf over the year to 31 December 2024. Based on the information provided, we are comfortable that most managers are carrying out stewardship activities that are in line with our expectations and policies set out in the SIP.

Where managers have been unable to provide the requested information, our investment advisors are engaging with these managers to set expectations regarding the provision of this data in the future.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, **engaging** with investees/issuers, and **exercising voting rights**.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our managers' voting activity

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

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We have delegated the exercise of our voting rights to our investment managers, and we expect the Fund's equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

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

Source: UN PRI

Voting statistics

The table below shows the voting statistics for each of the Fund's funds that have voting rights attached to them for the year to 31 December 2024.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
BlackRock World ESG Screened and Optimised Equity Tracker Fund[1]	6,681	92.4%	7.8%	0.2%
BlackRock World Multi Factor ESG Screened and Optimised Equity Tracker Fund[1]	4,182	90.0%	4.0%	0.0%
LGIM 70:30 Hybrid Property Fund[1]	4,142	100.0%	20.8%	0.1%
LGIM FTSE4G Equity Index Fund	16,651	99.5%	17.6%	0.4%
Loomis Sayles Emerging Markets Equity Fund[1]	592	100.0%	18.0%	0.5%
HSBC Islamic Fund	1,677	94.0%	22.0%	0.0%
Standard Life Pension With Profits One 2006 Fund	*Not provided*			
Standard Life Pension With Profits One Fund				

Source: Managers[1]. used within the Default Option, the Lifetime Pathway Fund.
Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

Use of proxy voting advisors

Many investment managers use proxy voting advisors to help them fulfil their stewardship duties. Proxy voting advisors provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

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

Why use a proxy voting advisor?

Outsourcing voting activities to proxy advisors enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

The table below describes how the Fund's managers use proxy voting advisors.

	Description of use of proxy voting advisor(s) *Wording provided directly by investment managers*
BlackRock	"We use Institutional Shareholder Services' (ISS) electronic platform to execute our vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, we work with proxy research firms who apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research."
LGIM	"LGIM's Investment Stewardship team uses Institutional Shareholder Service's (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions."
Loomis Sayles	"Loomis Sayles uses the services of third parties ISS and Glass Lewis (each a "Proxy Voting Service" and collectively the "Proxy Voting Services"), to provide research, analysis and voting recommendations and to administer the process of voting proxies for those clients for which Loomis Sayles has voting authority. Loomis Sayles will generally follow its express policy with input from the Proxy Voting Service that provides research, analysis and voting recommendations to Loomis Sayles unless the Loomis Sayles Proxy Committee determines that the client's best interests are served by voting otherwise."
HSBC	"We use the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of our voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene our guidelines. We review voting policy recommendations according to the scale of our overall holdings. The bulk of holdings are voted in line with the recommendation based on our guidelines."
Standard Life	*Data not provided*

Source: Managers

Voting policies

We have delegated the exercise of our voting rights to our investment managers, and therefore take responsibility for how they cast votes on our behalf. A summary of each manager's voting policy, and how this aligns to our stewardship priorities - the NUKPF Core Themes - is included in the Appendix.

As a reminder, the NUKPF Core Themes include:

- Environmental
    1. Environment
    2. Climate change
- Social
    3. Human rights

4. Labour

- Governance
  5. Corporate Governance
  6. Corruption

Further details on these core themes can be found in the SIP.

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Fund's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Fund's funds. Given the very large number significant votes identified by the investment managers, a sample of these significant votes can be found in the Appendix. The sample of votes chosen have been selected based on relevance of the voting theme to the NUKPF Core Themes set out above.

Our managers' engagement activity

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

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

Funds	**Number of engagements**		**Themes engaged on at a fund-level**	**NUKPF Core Theme alignment**
	Fund specific	Firm level	*Provided by manager*	
BlackRock World ESG Screened and Optimised Equity Tracker Fund	569	3,384	Environment - Climate Risk Management, Water and Waste, Other company impacts on the environment Social - Human Capital Management, Social Risks and Opportunities, Diversity and Inclusion, Health and Safety Governance - Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy	Environment, Climate change, Corporate Governance
BlackRock World Multi Factor ESG Screened and Optimised Equity Tracker Fund	404	3,384	Environment - Climate Risk Management, Water and Waste, Other company impacts on the environment, Biodiversity Social - Human Capital Management, Social Risks and Opportunities, Diversity and Inclusion, Health and Safety Governance - Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy	Environment, Climate change, Corporate Governance
LGIM FTSE4G Equity Index Fund	1,031	4,060	Environment - Climate Impact Pledge, Climate Change, Climate Mitigation, Energy Social - Human Rights, Gender Diversity, Supply Chain Governance - Capital Management, Remuneration, Board Composition, Mergers and Acquisitions	Climate change, Human rights, Labour, Corporate Governance
LGIM 70:30 Hybrid Property Fund	252	4,060	Environment - Climate Impact Pledge, Climate Change, Green and Sustainability-linked Bonds, Energy Social - Gender Diversity, Ethnic Diversity, Bribery & Corruption Governance – Remuneration, Board Composition, Combined Chair & CEO	Climate change, Labour, Corporate Governance, Corruption
Loomis Sayles Emerging Markets Equity Fund	117	641	Environment - Climate change, Pollution, Waste Social - Human and labour rights (e.g. supply chain rights, community relations), Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Public health Governance – Remuneration, Diversity, Independence or Oversight, Others	Environment, Climate change, Human rights, Labour, Corporate Governance
PIMCO GIS Income Fund	273	1,517	Environment - Climate change, natural resource use/impact (e.g. water, biodiversity), Pollution, Waste Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human and labour rights (e.g. supply chain rights, community relations) Governance - Board effectiveness – Diversity, Independence or Oversight, Remuneration, Other Strategy, Financial and Reporting - Capital allocation, Financial performance, Strategy/purpose	Environment, Climate change, Human rights, Labor, Corporate Governance

HSBC Islamic Fund	70	1,890	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Human and labour rights (e.g. supply chain rights, community relations) Governance - Board effectiveness - Independence or Oversight, Diversity, Shareholder rights Strategy, Financial and Reporting - Capital allocation, Financial performance, Risk management	Environment, Climate change, Human rights, Labour, Corporate Governance
Robeco Global SDG Credits Fund	22	324	Environment - Climate change Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Human and labour rights (e.g. supply chain rights, community relations), Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Shareholder rights, Board effectiveness - Other	Climate change, Human rights, Labour, Corporate Governance
Standard Life Pension With Profits One 2006 Fund			*Not provided*	
Standard Life Pension With Profits One Fund			*Not provided*	

Source: Managers.

Data limitations

At the time of writing, the following investment managers did not provide all the information we requested:

- LGIM provided a complete list of engagements for the invested funds, however, did not include as much detail as recommended in the Investment Consultants Sustainability Working Group ("ICSWG") reporting template (which our advisers consider to be industry standard). We expect LGIM to provide further engagement information, in line with the ICSWG reporting guide, after it publishes its annual stewardship report later this year and we note that its quarterly engagement reports include a number of detailed engagement case studies which we view as positive.
- Similarly, whilst BlackRock provided fund level engagement information this was not in requested format of the Investment Consultants Sustainability Working Group ("ICSWG") engagement reporting template.
- Standard Life did not provide any information requested regarding the AVC With Profits funds

This report does not include commentary on certain asset classes such as gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix 1 – Voting Policies (Default Option Equity managers)

The table below summarises the voting policies each manager has in place as well as how this aligns with our stewardship policy, including the NUKPF Core Themes.

Manager	Policy	Alignment with stewardship policy
BlackRock	"… We believe BlackRock has a responsibility to monitor and provide feedback to companies, in our role as stewards of our clients' investments. BlackRock Investment Stewardship ("BIS") does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance ("ESG") matters and, for those clients who have given us authority, through voting proxies in the best long-term economic interests of our clients. We also participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with our clients' interests as long-term shareholders. BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with our view of what supports sustainable long-term value creation, we will engage with a company and/or use our vote to encourage a change in practice. BlackRock views engagement as an important activity; engagement provides us with the opportunity to improve our understanding of the business and ESG risks and opportunities that are material to the companies in which our clients invest. As long-term investors on behalf of clients, we seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where we believe they could be enhanced. We primarily engage through direct dialogue but may use other tools such as written correspondence to share our perspectives. Engagement also informs our voting decisions. BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. These high-level Principles are the framework for our more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe our philosophy on stewardship (including how we monitor and engage with companies), our policy on voting, our integrated approach to stewardship matters and how we deal with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews our Global Principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year. Our Global Principles available on our website at: https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf "	▪ Policy focuses on both voting and engagement. ▪ Engagement priorities align with NUKPF Core Themes. ▪ Focus on creating value for long-term investors which aligns with Trustee's fiduciary duty.
LGIM	"We believe effective stewardship involves working with companies, regulators, policymakers, peers and other stakeholders around the world to tackle systemic issues, material risks and opportunities – as well as collaborating with our investment experts to identify future challenges. Exercising voting rights is a powerful engagement tool with which to hold company boards to account and raise market standards; it is used extensively by our Investment Stewardship team. Importantly, the team votes with one voice across all of our clients' investments where we have discretion, because it operates independently from – but in collaboration with – our portfolio managers. Our team exercises voting rights globally across LGIM's active and index funds, holding companies to account on the issues that matter most to our clients. These range from climate change to board independence and diversity. While LGIM has a high proportion of equity investments in Index strategies, this does not absolve us from making active voting decisions; in fact, it makes informed voting on key topics more important and underlies our universal owner approach to improving the market as a whole. LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement	▪ Focus on creating sustainable value and wider benefits for the economy. This algins with the Trustee belief that consideration of ESG factors can reduce risk, enhance returns and potentially contribute to secure a sustainable world for society. ▪ LGIMs stewardship themes (climate, nature, people, health, governance and organisation) align with the NUKPF Core Themes.

	policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries. All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies."	
Loomis	"Loomis Sayles has established certain specific guidelines intended to achieve the objective of the Proxy Voting Procedures: to support good corporate governance, including ESG Matters, in all cases with the objective of protecting shareholder interests and maximizing shareholder value. The Proxy Voting Procedures are designed and implemented in a way that is reasonably expected to ensure that proxy matters are conducted in the best interests of clients. When considering the best interests of clients, Loomis Sayles has determined that this means the best investment interest of its clients as shareholders of the issuer. To protect its clients' best interests, Loomis Sayles has integrated the consideration of ESG Matters into its investment process. The Proxy Voting Procedures are intended to reflect the impact of these factors in cases where they are material to the growth and sustainability of an issuer. Loomis Sayles has established its Proxy Voting Procedures to assist it in making its proxy voting decisions with a view toward enhancing the value of its clients' interests in an issuer over the period during which it expects its clients to hold their investments. Loomis Sayles will vote against proposals that it believes could adversely impact the current or future market value of the issuer's securities during the expected holding period. Loomis Sayles also believes that protecting the best interests of clients requires the consideration of potential material impacts of proxy proposals associated with ESG Matters." Loomis Sayles Proxy Voting Policies and Procedures and additional information about their proxy voting record can be found here: https://www.loomissayles.com/website/esg/Proxy-Voting	▪ Focus on creating sustainable value and wider benefits for the economy. This aligns with the Trustee belief that consideration of ESG factors can reduce risk, enhance returns and potentially contribute to secure a sustainable world for society. ▪ Loomis integrated approach around ESG considerations (including good corporate governance and practices that address environmental and social issues) aligns with NUKPF Core Themes.
Standard Life	*Not provided*	

Source: Managers

Appendix 2 – Significant Voting Examples

In the table below are some significant vote examples provided by the Fund's managers. We consider a significant vote to be one which the manager considers significant and that aligns with the NUKPF Core Themes. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below. Note the managers provided a longer list per fund and the Trustee has picked the one it considers to be most significant based on the Trustee's core themes.

BlackRock World ESG Screened and Optimised Equity Tracker Fund	**Company name**	Shell Plc
	Date of vote	21-May-2024
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.33%
	Summary of the resolutions	Item 22: Approve the Shell Energy Transition Strategy Item 23: Advise Shell to Align its 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
	How the manager voted	For Item 22; Against Item 23
	Did the manager communicate its intent to the company ahead of the vote?	We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.
	Rationale for the voting decision	Item 22: BIS supported this management proposal because, in our view, Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risks and opportunities and continues to demonstrate progress against its Energy Transition Strategy. Item 23: BIS did not support this shareholder proposal because, in our view, the proposal is overly prescriptive. It is the role of company leadership to set and implement the company's strategy. In our assessment, support of this proposal would contradict the Energy Transition Strategy 2024 that has been put forward by the board and management team.
	Outcome of the vote	Fail
	Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	Criteria on which the vote is considered significant?	BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. Our vote bulletins can be found here: https://www.blackrock.com/corporate/insights/investment-stewardship#vote-bulletins The bulletin for this vote can be found here: https://www.blackrock.com/corporate/literature/press-release/vote-bulletin-shell-may-2024.pdf
	Relevance to NUKPF Core Themes	Environment – Climate Change
BlackRock World Multi Factor ESG Screened and	**Company name**	Temenos AG
	Date of vote	7-May-2024

Optimised Equity Tracker Fund	**Approximate size of fund's holding as at the date of the vote (as % of portfolio)**	0.03%
	Summary of the resolution	Approve Remuneration Report
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.
	Rationale for the voting decision	BIS did not support Temenos' executive remuneration policy, because, in our view, the proposed remuneration structure and disclosures lacked sufficient detail as to how it aligns with the long-term financial of interests of minority shareholders, including BlackRock's clients.
	Outcome of the vote	Fail
	Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	Criteria on which the vote is considered significant?	BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. Our vote bulletins can be found here: https://www.blackrock.com/corporate/insights/investment-stewardship#vote-bulletins The bulletin for this vote can be found here: https://www.blackrock.com/corporate/literature/press-release/vote-bulletin-temenos-may-2024.pdf
	Relevance to NUKPF Core Themes	Governance – Corporate Governance
LGIM FTSE4G Equity Index Fund	**Company name**	Microsoft Corporation
	Date of vote	10-Dec-2024
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.8%
	Summary of the resolution	Report on AI Data Sourcing Accountability
	How the manager voted	For
	Rationale for the voting decision	A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models
	Did the manager communicate its intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting ("AGM") as our engagement is not limited to shareholder meeting topics.
	Outcome of the vote	Pass
	Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	Criteria on which the vote is considered significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
	Relevance to NUKPF Core Themes	Not directly related to core themes but reflects a growing potential risk from new technology and is therefore deemed significant.

Loomis Sayles Emerging Markets Equity Strategy	**Company name**	PT Bank Central Asia
	Date of vote	14-March-2024
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.5%
	Summary of the resolution	Approve Remuneration and Tantiem of Directors and Commissioners
	How the manager voted	Against
	Rationale for the voting decision	Financial Materiality
	Did the manager communicate its intent to the company ahead of the vote?	No
	Outcome of the vote	Passed
	Implications of the outcome	No implication
	Criteria on which the vote is considered significant?	A vote for which the company is heavily weighted and/or a core position in the portfolio
	Relevance to the NUKPF Core Themes	Governance – Corporate Governance
HSBC Islamic Global Equity Fund	**Company name**	Apple Inc
	Date of vote	28-Feb-2024
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	8.6%
	Summary of the resolution	Report on Median Gender/Racial Pay Gap
	How the manager voted	For
	Rationale for the voting decision	We believe that the proposal would contribute to improving gender inequality.
	Did the manager communicate its intent to the company ahead of the vote?	No
	Outcome of the vote	Failed
	Implications of the outcome	We will likely vote for a similar proposal
	Criteria on which the vote is considered significant?	The company has a significant weight in the portfolio and we voted against management.
	Relevance to the NUKPF Core Themes	Social - Labour

Source: Managers

Appendix 3 – Engagement Examples (Default Option managers)

BlackRock	”In 2024, BlackRock engaged with Shell on topics such as “climate and natural capital”. On the ballot of Shell’s May 2024 AGM was a management proposal to approve Shell’s energy transition update and its Energy Transition Strategy 2024, which were disclosed on the company’s website. The agenda of Shell’s May 2024 AGM also included a shareholder proposal requesting that the company make changes to its climate-related strategy. BlackRock engaged with members of the company’s board and management team in April 2024 to better understand the company’s approach to managing climate-related risks and opportunities, including its approach to setting and updating its climate-related targets, amongst other topics that are material to long-term financial value creation. BlackRock supported Shell’s management proposal because the company provided a clear assessment of its plans to manage material climate-related risks and opportunities, while also demonstrating progress against its stated Energy Transition Strategy. BlackRock did not support the shareholder proposal because we considered it overly prescriptive. It is the role of company leadership to set and implement the company's strategy. In our assessment, support of this proposal would have contradicted the Energy Transition Strategy 2024 that had been put forward by the board and management team.”
LGIM	*Equity engagement* “As one of the world's largest public oil and gas companies, ExxonMobil's climate policies, actions, disclosures and net-zero transition plans have the potential to significantly influence the industry, particularly in the US. We have been engaging with ExxonMobil since 2016 under our Climate Impact Pledge. Our engagements have focused on setting time-bound emissions targets, a capital allocation framework and business resilience against various energy transition outlooks. Our escalation steps included voting, divestment and co-filing a shareholder resolution. We acknowledge and support the progress made in key areas of ExxonMobil’s transition strategy, particularly in disclosure and commitments. We note that there has been an improvement in reporting on lobbying activities and the company has made a commitment to allocate $17 billion to its low carbon business, primarily CCUS and hydrogen by 2030 ($2 billion more compared to the previous commitment). We remain concerned about insufficient transparency around the company’s full magnitude of asset retirement obligations (AROs) against a range of relevant net-zero scenarios. We have engaged with key stakeholders across the market to emphasise the value such disclosure would create for investors. We were pleased to learn about the consultation undertaken by the FASB and strongly support a revision to the current rules, leading to increased transparency on the true magnitude of associated liabilities.” *Property engagement – latest data available covers year to 31 December 2023* “6 Agar Street is a multi-let office building located close to the Covent Garden Piazza in the West End of London. The building underwent a comprehensive refurbishment in 2018 which involved the addition of a new building level. The fund identified an opportunity to ensure the building is run as efficiently as possible using an innovative building performance management system called Demand Logic. Demand Logic is a software used to monitor and enhance building performance by providing real-time intelligence to the entire building team. Following the installation of Demand Logic, the fund worked with its supply chain and utilised sensors and AI technology to improve the efficiency of plant run times and create measurable, comfortable and optimised working environments. This initiative also led to increased communication with occupiers around how to reduce their energy consumption and the fund’s Scope 3 emissions. In 2023, this action had an estimated energy saving of 93,915 kWh.”
Loomis	“Engagement with Localiza has been ongoing since we first invested in the stock in 2019 with regular meetings at investment conferences in New York with senior management as well as site visits to Brazil in 2020, 2022 and 2024. Over 2024, our focus on Localiza's EV strategy has become much more pronounced, especially given our developing understanding of how this transition has evolved in other countries like China and the US. These engagements are typically on a 1x1 basis either with the company's head of investor relations or senior management including the CEO and CFO at the direction of the Loomis research team. All of these communications have been factored into our proxy voting decisions and support the fact that we have consistently voted with management. At this early stage of development, Localiza has met our targets. The company has disclosed EV fleet numbers "in the dozens" and is working on creating a strategy to make these vehicles economically viable given high depreciation vs. rental price. In the transition period, Localiza is pushing its customers towards ethanol fuels at a much lower level of carbon emissions vs. gasoline and a 30.0% lower price point. […] Going forward we will continue to monitor Localiza's investments in alternative fuel vehicles for its fleet while also carefully assessing the economics of this new business. Given the high carbon intensity of this business vs. others in our portfolio, it is critical that we see a viable plan forward to remain shareholders.”
PIMCO	*US Automobile Manufacturer:* PIMCO engaged with the company’s financial and ESG team (including CFO) to discuss the company’s ESG goals and their appetite for sustainable bonds. PIMCO also met with the issuer’s Treasurer alongside the company’s pension team. The discussion focused on opportunities to further the company’s sustainability strategy in terms of perception, evaluation,

	and ratings by asset managers and external parties. PIMCO discussed climate leader/laggard inputs and considerations, the importance of science-based targets, materiality for sustainability changes to business plan, and reporting. Subsequently, the company issued its inaugural green bond, proceeds of which are mainly used to support its electric vehicles (EVs) strategy. In January 2023, PIMCO engaged with the company on GHG emissions. In April, PIMCO was happy to see the company's strong support for the EPA's proposed GHG LDV and MDV standard. The company published targets endorsed by SBTi in line with a "Well-below 2°C" scenario (WB2DS) and began developing their vehicle pathway for 1.5C. PIMCO continues to track progress against their 2035 interim target in the report.
Robeco	"In June 2024, we launched their engagement with Holcim on their decarbonization journey. The company operates in a hard-to-decarbonize sector but has worked with the Science based Targets initiative (SBTi) to develop a 1.5C-aligned pathway. The company upgraded its targets in late 2022 to reflect this pathway and reinforce their 2050 net zero commitment. The company appears to be making good progress on reducing scope 1 and 2 emissions, but scope 3 reductions seem to be more of a challenge. Given the company is already a sector leader with a good decarbonization framework in place our engagement will focus on capex allocation and lobbying. These are key levers for enabling the company to decarbonise in the medium to long term and building on their progress to-date. We joined the Climate Action 100+ engagement group for Holcim earlier this year."

Source: Managers