PENSION FUNDS

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THE ITB PENSION FUNDS

Statement of Investment Principles (SIP)

Implementation Statement

For the year ended 31 March 2025

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For the year ended 31 March 2025

Overview

This Implementation Statement has been prepared by the Trustee of the ITB Pension Funds to set out how the Trustee has followed the Open and Closed Funds' Statements of Investment Principles ("SIPs") during the year ending 31 March 2025. It also covers the Trustee's voting and engagement policies, details about changes made to the SIPs and a description of the voting behaviour during the year.

The Trustee has, in its opinion, followed the Funds' SIPs during the year. The following pages provide detail and commentary about how and the extent to which it did this - for the Open Fund SIP in the first section of this Statement, and for the Closed Fund SIP in the second section.

Open Fund SIP

1. SIP reviews and changes

The SIP was reviewed and updated once during the year to reflect:

- The addition of the L&G Future World Multi-Asset Fund to the Defined Contribution (DC) Section's self-select range of member investment options and as a replacement for the L&G Multi-Asset Fund within the lifestyle strategies.
- The transfer of the Investment Committee's responsibilities to a newly established Joint Management Committee. This Committee also assumed responsibility for matters previously overseen by the Trustee's Management Panel.

The following investment changes, which were implemented during the year, were incorporated into a subsequent update of the SIP issued in April 2025:

- The reallocation of £17m of the Defined Benefit (DB) Section's assets from inflation-linked government bonds to cash and liquidity funds.
- The receipt of a final wind-up distribution from a Schroders-managed property fund, completing the DB Section's exit from this investment.
- The Joint Management Committee being renamed the Management Committee.

Updates to the SIP were made following advice from the Trustee's investment adviser and after consultation with the sponsoring employer.

2. Objectives

The Defined Benefit ("DB") Section's SIP investment objectives during the year are set-out below along with comments about how each objective was achieved:

SIP investment objectives	How the objectives are being achieved
<u>Objectives in place throughout the year</u>	
Invest in suitable assets that will match the cost of current and future benefits.	All current and future benefit payments are expected to be met through income from the Fund's buy-in policies with Just and Pension Insurance Corporation ("PIC").
Minimise long-term costs through a simple and low-cost investment strategy which maximises returns whilst having regard to the other overall investment objectives.	The Fund adopts a straightforward core strategy consisting of buy-in policies with PIC and Just, a liquidity fund managed by Fidelity, and pooled bond funds managed by BlackRock. Costs are minimised by using pooled rather than segregated funds, and through efficiencies gained from the fact that PIC, Fidelity, and BlackRock also manage assets for the Closed Fund.
<u>Objectives that changed during the year</u>	

At the beginning of the year the objective for the remaining assets was:
 	
To invest with appropriate diversification to generate modest capital growth with a low volatility relative to annuity pricing and ongoing expenses.
	Until the end of February 2025, the remaining assets were allocated as follows:
	• A balance in cash and liquidity funds sufficient to meet the Open Fund's expenses until buy-in policies are assigned to individual members and the Fund is wound-up.
	• Remaining assets were invested as follows:
	  ○ 70% in a pooled index-linked government bond fund; and
	  ○ 30% in a corporate bond fund.
	These investments aimed to achieve returns broadly aligned with changes in annuity pricing

In the March 2025 quarter, the Trustee concluded that no additional benefit liabilities should arise from the Virgin Media court case decision. This led to the objective being revised to:
 	
To invest the remaining assets with low volatility relative to annuity pricing and ongoing expenses.
 	
This change was reflected in an updated SIP issued in April 2025.
	Effective from March 2025, the allocation has been amended as follows:
	• Approximately £3m is invested in a pooled index-linked government bond fund, intended to produce returns broadly aligned with annuity pricing and act as a hedge against the Fund's uninsured GMP equalisation liabilities.
	• Remaining assets are held in cash and liquidity funds to:
	  ○ Meet ongoing expenses until wind-up; and.
	  ○ Minimise volatility in the surplus expected to be distributed to the Employers at wind-up.

The DC Section's overall investment objective is to offer a range of pooled investment funds designed to meet the varying investment needs and risk tolerances of its members. This objective is achieved by providing DC Section members with access to a range of investment options that enable appropriate diversification. These options include three lifestyle strategies and eleven self-select funds, collectively covering all major asset classes.

Members who join the DC Section and do not select an investment option are automatically placed into the default arrangement. The objective for the default arrangement is to grow members' pots materially above inflation whilst they are far from retirement, and then to gradually reduce investment risk as they approach retirement, targeting an "at retirement" allocation which the Trustee considers appropriate for a member intending to drawdown in retirement.

During the year no changes were made to either the DC Section's overall investment objective or the objective for its default arrangement.

The Trustee reviews the effectiveness of the default arrangement's investment strategy in meeting its objectives at least every three years. The most recent review, completed in November 2023, concluded that while the default strategy remained broadly appropriate, there was an opportunity to restructure the multi-asset fund allocation to better address financially material environmental, social, and governance (ESG) considerations.

In follow-up, the Trustee replaced the L&G Multi-Asset Fund in the lifestyle strategies with the L&G Future World Multi-Asset Fund. This change, implemented in May 2024, has delivered a positive ESG impact as the Future World Fund includes investments in sustainable infrastructure and social purpose real estate assets that are not held in the L&G Multi-Asset Fund. Additionally, its equity and investment grade credit allocations are made through funds that place a greater emphasis on companies with strong ESG credentials.

The L&G Future World Multi-Asset Fund has also been added to the self-select range of member investment options.

3. Risks

A wide range of risks is considered when deciding how to invest the assets. A risk register is maintained to identify, manage and monitor key risks associated with the Open Fund, including investment risks. The register has been reviewed throughout the year at quarterly meetings of the Funds' executive team, at Trustee Committee meetings and at a full Trustee Board meeting.

As broadly all DB Section benefit liabilities are now covered by buy-in policies, the Trustee expects to be able to meet future benefit payments irrespective of investment strategy and climate change risks associated with the remaining assets. Accordingly, these risks were removed from the DB Section's risk register during the year, and the risk of insufficient funds being available to meet member benefits was downgraded to the lowest level.

Towards the end of the financial year, the Trustee received a provisional legal opinion that no additional benefit liabilities would arise from the Virgin Media court case decision. As a result, the related risk in the register was also downgraded.

DB Section

The principal DB section risks are documented in Section 1 of Appendix A of the SIP, which includes a description of how each risk is managed. Activity during the year to manage the more significant risks is as follows:

Strategic / inadequate long-term return risk

This is the risk that, over the long-term, assets are inadequate to meet the Fund's liabilities as they fall due. This risk has been significantly mitigated by the purchase of buy-in policies to provide an income stream which is expected to cover all future benefit liabilities.

Throughout the year, the Trustee regularly assessed whether sufficient residual assets remained to cover any liabilities not insured by the buy-in policies, principally:

- the Fund's future administration expenses
- GMP rectification and equalisation liabilities
- any additional liabilities that could potentially have arisen from the Virgin Media versus NTL Pension Trustees II court case.

The Trustee received regular updates throughout the year on forecasted cash flow and liquidity, covering the period up to the expected wind-up date of the Open Fund. Based on these updates, the Trustee concluded that there would be sufficient liquid assets to meet all future administration expense and GMP-related liabilities.

Towards the end of the financial year, the Trustee received a provisional legal opinion that no additional liabilities would arise from the Virgin Media court case decision. Prior to this confirmation, the Trustee had:

- considered a range of possible scenarios and developed contingency plans to ensure that any liabilities resulting from the case could be met.
- adopted an investment strategy for the DB Section remaining assets (excluding buy-ins), consisting of a liquidity fund allocation to cover expected administration expenses and an allocation to index-linked gilts and high-quality corporate bonds aimed at reducing the risk that market movements might result in Virgin Media and GMP equalisation liabilities increasing disproportionately relative to the value of remaining assets.

Following the provisional legal opinion that the Virgin Media case had no implications for members' benefits, the Trustee revised the investment strategy during the March 2025 quarter, as described earlier in Section 2.

Investment manager / custodian risk

Section 6 covers management of the risks that investment managers fail to meet their investment objectives and custodians fail to settle trades on time or provide secure safekeeping of assets.

Lack of diversification / default of the buy-in providers

A significant proportion of the Open Fund's assets are invested in buy-in contracts and are therefore exposed to the risk of the buy-in providers defaulting. To mitigate this risk, reliance is placed on the Prudential Regulatory Authority's oversight of the buy-in providers and, in the unlikely event of a provider failure, potential eligibility for compensation under the Financial Services Compensation Scheme.

The Trustee actively monitored for any emerging issues by reviewing quarterly updates of the buy-in providers' solvency ratios, financial results and business activity. In addition, an annual review was carried out to assess the buy-in providers' approach to climate change risks and opportunities.

Liquidity risk

This is the risk of being unable to realise assets to meet benefit cash flows as they fall due. Although the buy-in policies are not tradable, they provide liquidity through a cash income stream which broadly matches the timing of benefit payment cash outflows as they fall due.

Except for fixed assets, all other Fund assets are considered liquid and, under normal market conditions, can be realised within a short timeframe if required. The fixed assets had a market value of £1.3m at 31 March 2025 and are immaterial to the DB Section's overall investment objectives.

Climate and other Environmental, Social & Governance ("ESG") risks

Climate risk is the risk associated with the transition to a low carbon economy, and the physical risks of climate change, such as extreme weather. How the Trustee manages climate risk is described in the Trustee's annual Climate Change Report, a copy of which can be found on the Funds' website at https://www.itb-online.co.uk/library.

Section 8 below provides further information on management of risks to investment performance relating to climate change and other ESG factors such as unsustainable business practices and unsound corporate governance.

Sponsor risk

This is the risk that Participating Employers are unable to support the Fund as anticipated, for example due to insolvency. However, as the vast majority of benefit liabilities are secured through buy-in policies with PIC and Just, sponsor risk is considered relatively low. The Trustee continues to monitor the financial strength of all Employers, with support from the covenant adviser. An annual covenant assessment for all Employers was considered by the Trustee in July 2024, and a further update specifically concerning the largest employer, CITB, was reviewed in January 2025.

DC Section and DB Section AVC members

The principal DC section risks are documented in Section 2 of Appendix A of the SIP. Activity during the year to manage the more significant risks is as follows:

Inadequate long-term return risk

This risk is managed through funds which invest in equities and are expected to provide positive returns above inflation over the long-term. Funds investing in equities are used in the default arrangement and are also available within the self-select fund range.

Risk of deterioration in investment conditions near retirement

To protect against this risk, the default lifestyle strategy, the ITB Drawdown, automatically switches investments to a progressively lower risk investment strategy from 15 years before retirement. DC section members can also select Cash and Annuity lifestyle options which employ similar switching strategies to reduce the impact of a deterioration in investment conditions near retirement.

Risk of lack of diversification and unsuitable investments

Most major asset classes are available to the membership including an Islamic equity fund for members that wish to invest in line with Islamic beliefs and an Ethical equity fund for members who wish for ethical matters to be considered in their investments. The funds available to members have a suitably diversified range of holdings and were assessed during the year as continuing to provide members with adequate options.

Risk from excessive charges

The risk to DC Section members' investments from excessive charges is managed through regular review of investment managers' fees to ensure they remain in line with market practice. This includes an annual assessment of whether the charges represent good value for members. The most recent assessment, covering the year to 31 March 2024, was reviewed by the Trustee in September 2024 and concluded that DC Section members were receiving very good value for money.

The Open Fund is targeting a buy-out of its DB Section liabilities during 2026. The Trustee concluded that, following such a buy-out, the charges borne by DC Section members and/or their employers could become excessive. To mitigate this risk, the Trustee transferred DC members to the Legal & General Mastertrust in August 2025 and intends to wind-up the DC Section thereafter. The AVC investments held by DB Section members are expected to be transferred to an alternative arrangement managed by a third-party provider in 2026.

Investment manager risk

This is covered in Section 6.

Climate and other Environmental, Social & Governance ("ESG") risks

The earlier comments made in relation to the DB Section also apply to the DC Section.

4. Investment Strategy

DB Section

Details of the Trustee's investment strategy, including any changes made during the year, are outlined in Section 2 above, which describes how the SIP investment objectives are being achieved.

The Trustee reviewed the actual asset allocation of the Open Fund DB Section on a quarterly basis, comparing it to the target investment strategy. While some variation away from the target is expected over time, there were no material deviations during the year.

Up to the end of February 2025, the benchmark allocation for the investments managed by BlackRock was 30% corporate bonds and 70% index-linked gilts. BlackRock monitored the asset allocation daily and was required to rebalance the portfolio if the actual allocation deviated from the benchmark by 2.5% or more. However, as deviations remained within this threshold throughout the period, no rebalancing was undertaken.

From March 2025, BlackRock's benchmark was changed to 100% index-linked gilts and ongoing monitoring of the asset allocation became unnecessary.

The results of the Fund's 31 March 2024 annual actuarial funding update were considered by the Trustee during the year. This showed the Fund's estimated funding surplus had decreased from £25.5m to £17.8m, mainly because the insurance premium paid to Just during 2023/24 exceeded the Actuary's valuation of the liabilities insured, on a technical provisions basis. However, this transaction transferred further risk to the insurers, thereby improving the overall security of members' benefits. Despite the fall in surplus, the funding level increased from 107% to 133%, reflecting the lower values of both assets and liabilities. The Trustee therefore determined that no changes to the investment strategy were required.

Two changes were made to the terms and conditions of the Fund's buy-in policies during the year:

- PIC Iguana policy: The calculation of annual increases to the index-linked liabilities paid under this policy was amended from the Retail Prices Index ("RPI") to the Consumer Prices Index ("CPI"). This change resulted in a premium refund of £4.6m being paid to the Trustee in July 2024.
- Just Salus policy: The early retirement factors for members with Old Section benefits were amended to align with market rate factors during the year. This resulted in a premium refund of £8.7m being paid to the Trustee in July 2025.

DC Section and DB Section AVC members

The investment strategy for the Open Fund DC Section and DB Section AVCs is to provide members with a range of investment options, having regard to their long-term expected returns and the variability of those returns.

The only change implemented to the investment fund arrangements during the year was to add the L&G Future World Multi-Asset Fund to the self-select range and in place of the L&G Multi-Asset Fund in the lifestyle strategies. The rationale for this change is covered in Section 2.

5. Considerations in setting the investment strategy

The SIP sets out the Trustee's principal considerations when setting the investment strategy and its key investment beliefs. There have been no changes to these during the year.

The buy-in policies with Just and PIC broadly cover all current and future DB section member benefit payments and significantly mitigate the risk of there being insufficient funds available to pay future benefits.

The most recent investment strategy review of the DB Section's remaining assets, undertaken in January 2025, considered the matters set out in the SIP, including the intended use of those assets. The revised strategy implemented following the review reflected that assets expected to be used to meet GMP-related liabilities should be invested in index-linked gilts in order to broadly track the movements in those liabilities. Assets expected to be used to cover expenses, or to be returned to the Employers at wind-up, should be held in a liquidity fund in order to minimise volatility.

A full review of the DC and AVC investment strategy is undertaken at least once every three years. The most recent review, completed in 2023, considered which default strategy would be most appropriate based on the membership's age profile, contribution rates and projected pot sizes. The risk and return profile of the DC default strategy was also assessed to determine how well it met the Trustee's objective to grow member pots materially above inflation whilst they are far from retirement and then to gradually reduce investment risk as members become close to retirement.

As part of the review, a broad range of asset classes was considered, including illiquid assets. However, it was decided not to allocate specifically to illiquid assets due to the potentially short timeframe before the transfer of members to an alternative master trust, the limited number of viable investment options, and the relatively high associated charges.

6. Investment manager and custodian oversight

The Trustee has policy agreements in place with the buy-in insurance companies which govern the operation of the DB Section's buy-in policies. The financial strength of the buy-in providers was monitored quarterly by the Trustee and concluded to have remained strong and stable throughout the year.

Other investment assets are principally managed under the terms of written agreements with BlackRock (DB Section), Legal & General (DC Section and AVCs) and Fidelity (both sections) who undertake the day-to-day investment activity. The Bank of New York Mellon is responsible for the custody of the BlackRock-managed pooled funds. Custody of other investment assets is arranged by the investment managers.

The following activity took place during the year in relation to investment manager oversight and risk mitigation:

- There were quarterly reviews covering the managers' performance against objectives, adherence to mandates, and the Fund investment adviser's manager / product ratings. There was also ongoing monitoring for any significant events affecting the managers which might impact upon their ability to achieve the Trustee's objectives.
- There was one meeting with each of the principal investment managers, BlackRock and Legal & General, to discuss their investment strategies, performance, governance processes and approach to responsible investment, including engagement activities and climate change.
- Annual reviews were undertaken of investment managers' internal control assurance reports (where available) and the pooled fund investments' annual audited financial statements.

There were no significant matters arising from this risk mitigation activity during the year and no changes were made to the investment managers.

7. Realisation of investments

The Trustee's policy is to have access to sufficient liquid assets to meet any cash outflows without disrupting the overall investment policy wherever possible.

DB Section

The DB Section's short- and long-term cash flow requirements are reviewed by the Trustee at least quarterly. To diversify counterparty risk exposure and enhance returns, surplus cash not required for near-term obligations is invested in a Fidelity-managed liquidity fund. This fund offers daily liquidity, allowing cash to be invested or withdrawn as needed.

During the year, the liquidation of the Schroder European Property Fund was completed, resulting in a final cash distribution of £32,000.

Additionally, disinvestments totalling £1.34 million were made from BlackRock's gilt and credit funds to cover GMP equalisation uplifts and arrears payments to the Fund's pensioners.

Section 3 describes how the Trustee manages liquidity risk.

DC Section and DB Section AVC members

All funds in which DC Section and AVC members can invest are traded daily, which enables members to realise and change their investments readily.

The DC Section invests cash that is surplus to near-term requirements in the same Fidelity Liquidity Fund that is used by the DB Section.

8. Financially material and non-financial matters

Financially material matters

Financially material matters are those expected to have a significant impact on the long-term performance of investments.

The Trustee has appointed investment managers it believes have the skills and processes to take account of financially material considerations, including those related to climate change, broader ESG factors, voting and engagement. Oversight of the managers includes ongoing assessment of the nature and effectiveness of their approaches to these considerations.

While the Trustee encourages managers to improve their ESG practices, it acknowledges the limited influence it has over the investment practices of pooled funds and buy-in policy providers once investments are made. As a result, improvements may instead be achieved by changing managers or the pooled funds. For example, in May 2024, L&G Multi-Asset Fund was replaced by the L&G Future World Multi-Asset Fund in the DC Section lifestyle strategies, as described earlier in Section 2.

Recognising the specific financial risks posed by climate change, the Trustee has set out its beliefs and governance approach to managing climate-related risks and opportunities in publicly available documents on the Funds' website, https://www.itb-online.co.uk/library. Both the Climate Related Risk Beliefs and Climate Governance Statement documents were reviewed and updated during the year, although no significant changes were deemed necessary.

The Funds' third annual Task Force on Climate-Related Financial Disclosures (TCFD) report was published in October 2024, setting out the activities and approach taken to understand and mitigate climate-related risks. The report concluded that the Open Fund was relatively well positioned to manage climate-related risks and to capitalise on opportunities arising from the transition to a lower-carbon economy.

The DB Section's investments have a very low overall exposure to climate risk. The DC Section's equity exposure results in a higher climate risk profile, although the potential impact has been reduced through use of low carbon equity funds within the default and lifestyle strategies. The selection process for the new DC Master Trust provider included consideration of the shortlisted providers' climate strategies. The Trustee is satisfied that the selected provider, the Legal & General Mastertrust, aligns well with the Trustee's climate-related beliefs and policies.

To assess the financial implications of different climate scenarios, the Trustee reviewed an updated scenario analysis prepared by the investment adviser during the year and considered its implications.

In line with the TCFD framework, the Trustee has set a target for 75% of listed equity and corporate bond investments to have Science Based Target initiative (SBTi) targets by 2030. A review in March 2025 found that good progress was being made, with the proportion of equity holdings with SBTi-aligned targets increasing by 14%, and credit holdings by 8%, over the preceding 12 months.

The Trustee has agreed specific metrics to monitor the Fund's climate-related investment risks. The most recent metrics review, in March 2025, found that Scope 1 and 2 carbon emissions had improved across all DC equity and credit investments. The DC multi-asset allocation benefited from the transition to the lower-carbon Future World Fund. Data quality improved for L&G's Low Carbon Equity Fund but deteriorated for the DC multi-asset allocation due to the fund switch. Scope 3 emissions had worsened, although the figures were largely estimated and impacted by evolving data quality and sources. Changes in measurement methodology made it difficult to draw firm conclusions regarding emissions reporting for the BlackRock credit fund.

The Trustee has also reviewed the climate characteristics of the buy-in policy providers' investments during the year. Both providers had targeted achieving net zero emissions by 2050 and had set other climate-related targets. The Trustee concluded that their long-term approach to addressing climate risks and opportunities was broadly aligned with its own objectives and beliefs.

Additionally, the Trustee has endorsed five 'policy asks' developed by its investment adviser, LCP, to encourage regulators and policymakers to more effectively address the systemic financial risks posed by climate change.

Non-financial matters

Non-financial matters are considerations not directly related to investment risk and performance, such as social concerns and ethical, moral and religious beliefs. The Trustee does not generally consider non-financial matters in the selection, retention and realisation of investments. However, within the DC Section the Trustee recognises that some members may wish for their ethical and religious views to be reflected in their investments and, therefore, has made available the L&G Ethical Global Equity Index Fund and the HSBC Islamic Global Equity Fund as member investment options.

9. Exercise of investment rights and stewardship

The Trustee believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights, protects and enhances the long-term value of investments.

Exercise of investment rights

Listed equity is the primary asset class in which voting rights can be exercised. The DC Section invests in six funds that hold listed equities, further details of which can be found in Section 11. The DB Section does not hold any listed equities, either directly or indirectly.

The exercise of rights attached to investments, including voting rights, has been delegated to the investment managers. The Trustee monitors and reviews how managers exercise those rights but does not engage directly in voting activities or use proxy voting services.

The Trustee has adopted the AMNT Red Lines as the Open Fund's voting policy. The Investment Governance Working Group has concluded that Legal & General, the DC Section's primary pooled fund listed equity manager, exercises voting rights in a manner that is broadly aligned with AMNT Red Lines for the Trustee's stewardship priorities. Where divergences occur, the Trustee is satisfied that reasonable justifications have been provided.

Stewardship and engagement

The Trustee has selected the following priority ESG themes to guide its monitoring of investment managers' voting and engagement activities:

- Climate change (Environmental)
- Diversity and Inclusion (Social)
- Executive Pay (Governance)

Following a review by the Investment Governance Working Group during the year, the Trustee concluded that these three priority themes remained appropriate.

The Fund's investment managers have been informed of the Trustee's stewardship priorities. Updates on stewardship and engagement activities of BlackRock and Legal & General were provided through quarterly reporting and during their annual attendance at a Joint Management Committee meeting.

During the year, the Trustee also reviewed the investment stewardship and responsible investment practices of its managers by considering the outcomes from the investment adviser's annual Responsible Investment survey. This survey covered each manager's ESG and climate approaches, engagement activity, systemic stewardship and (where relevant) voting practices. The Trustee concluded that, while managers had made significant progress in responsible investment practices, further improvements could still be made.

The selection process for the new DC Master Trust provider included consideration of how the shortlisted providers integrated responsible investment considerations into their fund offerings.

Additionally, the Investment Governance Working Group has undertaken more detailed reviews of investment manager stewardship, including Legal & General's ESG Impact Reports and supplementary information on social diversity engagement, which were concluded to be broadly aligned with the Trustee's beliefs and priorities.

10. Responsibilities and investment decision making structure

The responsibilities of the Trustee Directors, the investment adviser, the investment managers and the custodian are set out in Appendix C of the SIP.

Investment adviser

LCP is the appointed investment adviser. The performance of LCP against its objectives was subjected to a full periodic assessment by the Investment Committee in November 2022 and a regular annual review by the Joint Management Committee in January 2025.

Investment managers and custodian

Investment manager and custodian oversight is described in Section 6.

Investment decision-making structure

The Trustee Board has delegated responsibility for certain investment matters to the following bodies:

- **Investment Committee** – This Committee operated until May 2024 and consisted of the Chair of the Trustee Board, the two Deputy Chairs and up to three other Trustee Directors. It met once during the year.
- **Management Committee** - Established in June 2024 (and initially named the Joint Management Committee), this Committee assumed responsibility for all matters that were previously overseen by either the Management Panel or the Investment Committee. Until March 2025, its membership comprised the Chair of the Trustee Board, the two Deputy Chairs and up to four other Trustee Directors. From April 2025 the word 'Joint' was dropped from the Committee's name and its membership was revised to the Chair, the two Deputy Chairs, the immediate past Chair and up to two additional Trustee Directors. The Committee met five times during the year and completed all key investment activities in its Business Plan. The investment adviser attended all of the meetings.
- **Investment Governance Working Group** - Reporting to the Management Committee this Group considers policy and compliance in relation to investment governance and stewardship, including ESG, climate change, voting and engagement. It met three times during the year.

During the year the Trustee's legal adviser, Mayer Brown, provided a training session to the Trustee Board on the requirements for the SIP and the SIP Implementation Statement.

11. Description of voting behaviour during the year

All Open Fund listed equities are held within pooled funds and the Trustee has delegated the exercise of voting rights to the pooled funds' investment managers. The Trustee is unable to instruct how votes are exercised and has not used any proxy voting services during the year.

Voting data is provided for the following funds that held listed equities during the year:

Legal & General Investment Management ("LGIM") Low Carbon Transition Global Equity Index Fund (currency hedged and unhedged versions)
LGIM Ethical Global Equity Index Fund
LGIM Global Equity (30:70) Index Fund – 75% GBP Currency Hedged
LGIM Multi Asset Fund
LGIM Future World Multi Asset Fund
HSBC Global Asset Management (UK) Limited ("HSBC") Islamic Global Equity Index Fund

The above list includes the equity funds used in the DC and AVC default strategy and the self-select funds which hold equities.

11.1 Managers' voting processes

LGIM

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 clients. LGIM's voting policies are reviewed annually and take into account feedback from 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 LGIM continues to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also takes 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 its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of LGIM's 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 the 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.

LGIM's Investment Stewardship team uses Institutional Shareholder Services (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and LGIM does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on the custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure votes are fully and effectively executed in accordance with LGIM's voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

For more information, please refer to LGIM's policy document which can be found at: https://cms.lgim.com/globalassets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf

HSBC

The legal right to the underlying votes lies with the directors of the HSBC CCF Islamic Global Equity Fund. They have delegated the execution of this voting to HSBC Global Asset Management (UK) Limited.

HSBC exercises its voting rights as an expression of stewardship for client assets. HSBC has global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.

HSBC uses the leading voting research and platform provider ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC's guidelines. HSBC reviews voting policy recommendations according to the scale of its overall holdings. The bulk of holdings are voted in line with the recommendation based on HSBC's guidelines.

11.2 Description of investment managers' voting behaviour over the year

DB Section

Except for AVC members, no equities were held by the DB Section's investment managers during the financial year and no votes were exercised.

DC Section and DB Section AVC members

Investment managers' voting behaviour is shown in the tables on the next page.

Legal & General Investment Management	Low Carbon Transition Global Equity Index Fund	Ethical Global Equity Index Fund	Global Equity (30:70) Index Fund – 75% Currency Hedged	Multi Asset Fund	Future World Multi Asset Fund
Total size of fund at end of reporting period	£5,561.7m	£1,215.8m	£2,088.2m	£20,139.1m	£14,676.8m
Value of Funds' assets at end of reporting period	£24.1m	£0.9m	£1.8m	£2.1m	£23.1m
Number of equity holdings at end of reporting period	2,737	1,078	4,569	7,087	6,632
Number of meetings eligible to vote	4,703	1,194	7,210	10,638	9,545
Number of resolutions eligible to vote	47,050	16,792	71,485	105,686	96,018
% of resolutions voted	99.8%	99.6%	99.8%	99.8%	99.8%
Of the resolutions on which voted, % voted with management	79.6%	82.1%	81.0%	76.6%	76.8%
Of the resolutions on which voted, % voted against management	19.2%	17.5%	17.7%	22.3%	22.4%
Of the resolutions on which voted, % abstained from voting	1.2%	0.4%	1.3%	1.1%	0.8%
Of the meetings in which the manager voted, % with at least one vote against management	61.4%	73.5%	58.6%	69.2%	70.7%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	10.9%	13.6%	9.9%	13.8%	14.0%

HSBC Global Asset Management (UK) Limited Islamic Global Equity Index Fund	
Total size of fund at end of reporting period	£4,226.1m
Value of Funds' assets at end of reporting period	£0.2m
Number of holdings at end of reporting period	99
Number of meetings eligible to vote	105
Number of resolutions eligible to vote	1,719
% of resolutions voted	96%
Of the resolutions on which voted, % voted with management	78%
Of the resolutions on which voted, % voted against management	21%
Of the resolutions on which voted, % abstained from voting	0%
Of the meetings in which the manager voted, % with at least one vote against management	78%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	1%

11.3 Most significant votes

Below is a summary of the most significant votes cast by the equity fund investment managers during the year to 31 March 2025. The Trustee's definition of a "significant vote" is expected to evolve over time, informed by input from its investment adviser and investment managers

For the purposes of this report, "most significant votes" have been identified based on the investment managers' views, whether the vote was against the company board's recommendation, the materiality of the holding within the fund and relevance to the Trustee's three stewardship priorities: climate change, diversity and inclusion, and executive pay. Commentary has been provided by the investment managers.

LGIM Funds

In determining significant votes, LGIM's Investment Stewardship team considers the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to votes which have:

- **High profile**, where there is such a degree of controversy that there is high client and/ or public scrutiny.
- **Significant client interest**, directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM has had a significant increase in requests from clients on a particular vote.
- **Sanctions**, as a result of a direct or collaborative engagement.
- **Links to an LGIM engagement campaign**, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

Votes were exercised by LGIM in 5 DC Section funds: Further information is provided below about 6 significant votes that were exercised by LGIM during the financial year. For each vote, the approximate holding in the company, expressed as a percentage of Fund total size at the date the vote was exercised, was as follows:

Vote	Company	Low Carbon Transition Global Equity Index Fund	Ethical Global Equity Index Fund	Global Equity (30:70) Index Fund – 75% Currency Hedged	Multi-Asset Fund	Future World Multi-Asset Fund
1	Meta Platforms	1.4%	0.0%	1.1%	0.2%	0.2%
2	Tesla	1.3%	0.0%	0.5%	0.1%	0.1%
3	Broadcom	0.8%	0.0%	0.5%	0.1%	0.1%
4	Goldman Sachs	0.2%	0.3%	0.1%	<0.1%	<0.1%
5	Oracle	0.4%	0.6%	0.2%	<0.1%	<0.1%
6	Booking Holdings	0.2%	0.0%	0.1%	<0.1%	<0.1%

Vote 1: Meta Platforms Inc.	May 2024

Summary of resolution:
To elect Peggy Alford as a director.

Why this vote is considered to be most significant:
The vote is against management and the resolution relates to two of the Trustee's stewardship priorities: **Diversity & Inclusion and Executive Pay.**

Voting

Board management recommendation:	**For**.
LGIM's vote:	**Against** the proposal (Against management).
Outcome of the vote	**For** the proposal (For management).

Rationale for LGIM's vote
Ms Alford is the Chair of Meta Platform's Compensation, Nominating and Governance Committee. Rationale for LGIM's vote against her re-election as a director included:

- Meta Platforms having 30% women on its board whereas LGIM expects this should be at least one-third.
- LGIM expects companies to obtain annual shareholder approval of executive directors' pay and non-executive directors' fees.
- LGIM does not support the use of corporate jets for private use.
- LGIM expects all incentives to be subject to clawback if the vested award is later deemed to be unjustified.
- Meta Platforms does not have a shareholding guideline in place for executives.
- LGIM expects a sufficient portion of share incentive awards to be assessed against long term performance conditions to ensure alignment of remuneration with company performance.
- LGIM expects performance to be measured over a three year period.
- LGIM considers Meta Platform's directors to have received consecutive years of high pay without reasonable rationale disclosed.

Next steps
LGIM will continue to engage with Meta Platforms. LGIM will publicly advocate its position and monitor progress.

Vote 2: Tesla Inc.	June 2024

Summary of resolution:
Advisory vote to ratify the compensation for certain Tesla "Named Executive Officers" (NEOs).

Why this vote is considered to be most significant:
The vote is against management, at a high-profile meeting and relates to one of the Trustee's stewardship priorities, **Executive Pay.**

Voting

Board management recommendation:	**For**.
LGIM's vote:	**Against** the proposal (Against management).
Outcome of the vote	**For** the proposal (For management).

Rationale for LGIM's vote
LGIM believes that a remuneration policy should be sufficient to retain and motivate executives. While most of Tesla's NEOs received modest or no compensation for the 2023 Financial Year, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.

Next steps
LGIM will continue to engage with Tesla. LGIM will publicly advocate its position and monitor progress.

Vote 3: Broadcom Inc	April 2024

Summary of resolution:
To elect Henry Samueli as a director.

Why this vote is considered to be most significant:
The vote is against management and the resolution relates to one of the Trustee's stewardship priorities: **Climate Change.**

Voting

Board management recommendation:	**For**.
LGIM's vote:	**Against** the proposal (Against management).
Outcome of the vote	**For** the proposal (For management).

Rationale for LGIM's vote
Mr Samueli is the Chair of Broadcom Inc's Board of Directors. LGIM's vote against his election reflects LGIM's Climate Impact Pledge assessment deeming Broadcom to have failed to meet LGIM's minimum climate risk management standards.

Next steps
LGIM will continue to engage with Broadcom. LGIM will publicly advocate its position and monitor progress.

Vote 4: Goldman Sachs Group	April 2024

Summary of resolution:
Shareholder proposal requesting Goldman Sachs to disclose annually its Clean Energy Supply Financing Ratio, defined as its total financing through equity and debt underwriting, and project finance, in low-carbon energy supply relative to that in fossil-fuel energy supply. The disclosure, to be prepared at reasonable expense and excluding confidential information, shall describe Goldman Sachs' methodology, including what it classifies as "low-carbon" or "fossil fuel".

Why this vote is considered to be most significant:
The vote is against management and the resolution relates to one of the Trustee's stewardship priorities: **Climate Change.**

Voting

Board management recommendation:	**Against**.
LGIM's vote:	**For** the proposal (Against management).
Outcome of the vote	**Against** the proposal (For management).

Rationale for LGIM's vote
LGIM believes that banks and financial institutions have a significant role to play in shifting financing away from 'brown' to funding the transition to 'green'. LGIM expects companies to be undertaking appropriate analysis and reporting on climate change matters, and considers this issue to be a material risk to companies.

Next steps
LGIM will continue to engage with Goldman Sachs. LGIM will publicly advocate its position and monitor progress.

Vote 5: Oracle Corporation	November 2024

Summary of resolution:
To elect Bruce R Chizen as a director.

Why this vote is considered to be most significant:
The vote is against management and the resolution relates to one of the Trustee's stewardship priorities: **Diversity & Inclusion.**

Voting

Board management recommendation:	**For.**
LGIM's vote:	**Against** the proposal (Against management).
Outcome of the vote	**For** the proposal (For management).

Rationale for LGIM's vote
Mr Chizen is the Chair of Oracle's Governance Committee. LGIM's vote against his election reflects:

- The average board tenure being 18 years. LGIM believes this to be inconsistent with a board being regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
- Oracle having 31% women on its board. This is below LGIM's expectation of at least one-third.
- The Chair of the Committee having served on the board for 17 years. This exceeds the 15 year limit that LGIM believes should be applied to maintain board independence and a balance of relevant skills, experience, tenure, and background.
- Concerns regarding the time commitment required to manage all board positions.

Next steps
LGIM will continue to engage with Oracle. LGIM will publicly advocate its position and monitor progress.

Vote 6: Booking Holdings Inc.	June 2024

Summary of resolution:
Shareholder proposal requesting Booking Holdings to amend the policy on recoupment of incentive pay to apply to each Named Executive Officer ("NEO") and to state that conduct or negligence — not merely misconduct — shall trigger mandatory application of that policy. Also, the Board to report to shareholders in each annual meeting proxy the results of any deliberations about whether or not to cancel or seek recoupment of unearned compensation paid, granted or awarded to NEOs under this policy.

Why this vote is considered to be most significant:
The vote is against management and relates to one of the Trustee's stewardship priorities, **Executive Pay**.

Voting

Board management recommendation:	**Against.**
LGIM's vote:	**For** the proposal (Against management).
Outcome of the vote	**Against** the proposal (For management).

Rationale for LGIM's vote
LGIM believes that clawback is an important safeguard to enable Booking Holdings' Compensation Committee to clawback any compensation payments that were unjustly paid out.

Next steps
LGIM will continue to engage with Booking Holdings. LGIM will publicly advocate its position and monitor progress.

HSBC Global Asset Management - Islamic Global Equity Index Fund (DC Section)

HSBC regards votes against management recommendations as the most significant. With regards to climate, HSBC encourages companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, HSBC will generally vote against the re-election of the Chair. HSBC also generally supports shareholder resolutions calling for increased disclosure on climate-related issues.

Vote 1: Apple Inc.	February 2025	Holding: 8.4% of total fund size

Summary of resolution:
Advisory vote to ratify the compensation for certain Apple "Named Executive Officers" (NEOs).

Why this vote is considered to be most significant:
Apple has a significant weight in the portfolio, the vote is against management and relates to one of the Trustee's stewardship priorities, **Executive Pay.**

Voting

Board management recommendation:	**For.**
HSBC's vote:	**Against** the proposal (Against management).
Outcome of the vote	**For** the proposal (For management).

Rationale for HSBC's vote
HSBC believes the vesting period for certain NEO's compensation awards is insufficiently long.

Next steps
HSBC will likely vote against a similar proposal should it see insufficient improvements.

Vote 2: Meta Platforms Inc.	May 2024	Holding: 4.4% of total fund size

Summary of resolution:
Shareholder proposal requesting Meta Platform's Board to report publicly on its framework for identifying and addressing misalignment between Meta Platform's lobbying and policy influence activities and positions, and its Net Zero (emissions) climate commitments. The report should cover activities done both directly and indirectly through trade associations, coalitions, alliances and social welfare organisations and reference the criteria used to assess alignment, the escalation strategies employed to address misalignment, and the circumstances under which escalation strategies are used.

Why this vote is considered to be most significant:
Meta Platforms has a significant weight in the portfolio, the vote is against management and relates to one of the Trustee's stewardship priorities, **Climate change.**

Voting

Board management recommendation:	**Against.**
HSBC's vote:	**For** the proposal (Against management).
Outcome of the vote	**Against** the proposal (For management).

Rationale for HSBC's vote
HSBC believes that the proposal would contribute to the better management of climate issues, particularly relating to lobbying.

Next steps
HSBC will likely vote against a similar proposal.

Vote 3: Eli Liily and Company	June 2024	Holding: 2.3% of total fund size

Summary of resolution:
Shareholder proposal requesting Eli Lilly and Company's Board to report to shareholders on the effectiveness of the Company's diversity, equity, and inclusion efforts. The report to be done at reasonable expense, exclude proprietary information, and provide transparency on outcomes, using quantitative metrics for workforce diversity, hiring, promotion, and retention of employees, including data by gender, race, and ethnicity.

Why this vote is considered to be most significant:
Eli Lilly and Company has a significant weight in the portfolio, the vote is against management and relates to one of the Trustee's stewardship priorities, **Diversity & Inclusion.**

Voting

Board management recommendation:	**Against.**
HSBC's vote:	**For** the proposal (Against management).
Outcome of the vote	**Against** the proposal (For management).

Rationale for HSBC's vote
HSBC believes that the proposal would improve transparency on equality issues.

Next steps
HSBC will likely vote against a similar proposal.

Closed Fund SIP

1. SIP Reviews and Changes

The SIP was reviewed and updated once during the year to reflect:

- The removal of the strategic allocation to equities and an increase in the allocation to cash and corporate bonds.
- The transfer of the Investment Committee's responsibilities to a newly established Joint Management Committee. This Committee also assumed responsibility for matters previously overseen by the Trustee's Management Panel.

The following investment changes were agreed during the year and incorporated into a subsequent update of the SIP issued in April 2025:

- Removal of the strategic allocation to corporate bonds and reinvestment of the proceeds into fixed interest gilt funds. This was implemented after the year-end, in April 2025.
- The Joint Management Committee being renamed the Management Committee.

Updates to the SIP were made following advice from the Trustee's investment adviser and after consultation with the sponsoring employer.

2. Objectives

The Closed Fund's primary investment objective is to ensure sufficient assets are available to meet the cost of benefit payments. This objective was effectively achieved in 2011 through the purchase of a buy-in policy with Pension Insurance Corporation ("PIC"), which provides an income stream to cover all current and future Closed Fund benefit liabilities.

Throughout the year, the objective for the remaining assets was to generate capital growth to support benefit enhancements, using a simple, low-cost investment strategy designed to deliver low volatility relative to annuity pricing. As at 1 April 2024, the strategic asset allocation was as follows:

Global equities 15%
UK Index-Linked Gilts 70%
Corporate bonds 15%

In May 2024 the Trustee implemented changes to the investment strategy for the remaining assets, as agreed in the preceding financial year, to further enhance protection of the funding position. These changes comprised:

- Full disinvestment from the global equity allocation.
- Revision of the strategic asset allocation to 70% UK Index-Linked Gilts and 30% Corporate bonds.
- An increase of £2 million in cash and liquidity fund holdings, to cover the Closed Fund's expenses until the planned assignment of the PIC buy-in policy to individual members in 2026.

Following these changes, from May 2024 onwards, the Closed Fund's investment strategy comprised four pooled investments: three BlackRock bond funds and one liquidity fund managed by Fidelity. There were no segregated bond holdings. The investment structure shared a high degree of commonality with that of the Open Fund, supporting simplicity and cost efficiency.

In March 2025, the Trustee undertook a further investment strategy review and, in relation to the remaining assets, agreed the following:

- To remove "acquisition of suitable assets of appropriate diversification" and "generation of additional capital growth to meet further benefit enhancements" as explicit investment objectives. This reflected the ongoing primary investment focus being to maintain a simple, low-cost portfolio with low volatility relative to annuity pricing and ongoing expenses.
- To disinvest from corporate bonds and reinvest the proceeds in fixed interest gilt funds, amending the strategic asset allocation to:
  UK Fixed Interest Gilts 30%
  UK Index-Linked Gilts 70%

This decision reflected a negative view on the outlook for corporate bonds and evidence suggesting that they had become less effective as a hedge against annuity pricing fluctuations.

The revised strategic allocation was implemented after the Fund's year-end, in April 2025, and an updated Statement of Investment Principles was issued in the same month.

3. Risks

A wide range of risks is considered when deciding how to invest the assets. A risk register is maintained to identify, manage and monitor key risks associated with the Closed Fund, including investment risks. Reviews of, and changes to, the risk register are the same as described earlier in this Statement for the Open Fund.

The principal DB section risks are documented in Appendix A of the SIP, which includes a description of how each risk is managed. Activity during the year to manage the more significant risks is as follows:

Strategic / inadequate long-term return risk
This risk is low as benefits payable by the Fund are expected to be fully met by the insurance buy-in policy. The security of members' future benefit payments is not therefore dependent on the strategy or long-term returns of the Fund's residual assets. The strategic asset allocation changes implemented in May 2024 further reduced funding level risks.

Investment manager / custodian risk
Section 6 covers management of the risks that investment managers fail to meet their investment objectives and custodians fail to settle trades on time or provide secure safekeeping of assets.

Lack of diversification / default of the buy-in providers
The risks and mitigations are the same as those described earlier in this Statement for the Open Fund.

Liquidity risk /marketability risk
Although the buy-in policies are not tradable, they provide liquidity through a cash income stream which broadly matches the benefit payment cash outflows as they fall due. All other Fund assets are considered liquid and, under normal market conditions, can be realised within a short timeframe if required. Sufficient cash and liquidity is held to meet all future anticipated expenses.

Climate and other Environmental, Social & Governance ("ESG") risks
The risks and mitigations are the same as those described earlier in this Statement for the Open Fund. Further information is provided in Section 8.

RPI versus CPI
Funding levels could be impacted if the CPI inflation measure exceeds the RPI inflation measure over an extended period. The Trustee remains comfortable to run this risk given that historically CPI has been consistently less than RPI.

4. Investment Strategy

The Trustee's investment strategy, including changes made to it during the year, is set out in Section 2 above, which describes how the SIP investment objectives are being achieved.

The Trustee reviewed the actual asset allocation of the Closed Fund on a quarterly basis, comparing it against the target investment strategy. While some variation away from the target is expected over time, there were no material deviations during the year.

BlackRock monitored the asset allocation on a daily basis and was required to rebalance the portfolio if the actual allocation deviated from the benchmark by 2.5% or more. As deviations remained within this threshold throughout the year, no rebalancing was required.

The Fund's actuarial valuation as at 31 March 2024 was completed during the year by the Actuary, who reported the Fund's estimated funding surplus had increased by £16.3m over 12 months to £55.8m. Prior to the year-end, the Trustee agreed to use part of this surplus to fund a special increase to member benefits. To ensure the PIC buy-in policy receipts would remain sufficient to cover the increased benefits, £18.6m was withdrawn from BlackRock-managed bond holdings in April 2025 and reinvested into the buy-in policy.

5. Considerations in setting the investment strategy

The SIP sets out the Trustee's principal considerations when setting the investment strategy and its key investment beliefs. There have been no changes to these during the year.

The buy-in policy is expected to cover all current and future benefit liabilities. The remaining assets are invested with the aim of maintaining low volatility relative to annuity pricing, in anticipation that they will be used to enhance members' future benefits when the PIC buy-in policy is assigned to individual members.

The most recent reviews of the investment strategy for the Fund's remaining assets, undertaken in February 2024 and March 2025, included consideration of the matters that are set out in the SIP and led to the changes that were described earlier in Section 2.

6. Investment manager and custodian oversight

The Trustee has a policy agreement in place with the PIC which governs the operation of the Fund's buy-in policy. The financial strength of PIC was monitored quarterly by the Trustee and concluded to have remained strong and stable throughout the year.

Other investment assets are managed under the terms of written agreements with BlackRock and Fidelity who undertake the day-to-day investment activity. The Bank of New York Mellon is responsible for the custody of the BlackRock-managed pooled funds. The custody of investments in Fidelity's pooled funds is arranged by Fidelity.

The processes and actions in relation to the Trustee's oversight of the investment managers are broadly the same as those described for the Open Fund earlier in this Statement. There were no significant matters arising from investment manager oversight during the year and no changes were made to the investment managers.

7. Realisation of investments

The Trustee's policy is to hold sufficient cash to meet the likely outgoings of the Fund. During the year, all benefit payments were met by receipts from the insurance buy-in policy. To cover the Closed Fund's future expenses £2m was added to the Fund's cash and liquidity balances through a withdrawal from BlackRock-managed bonds.

The Fund's cash flow requirements are regularly reviewed. To diversify counterparty risk exposure and enhance returns, surplus cash not required for near-term obligations is invested in a Fidelity-managed liquidity fund. This fund offers daily liquidity, allowing cash to be invested or withdrawn as needed.

Section 3 describes how the Trustee manages liquidity risk.

8. Financially material and non-financial matters

Financially material matters

The Trustee has appointed investment managers it believes possess the skills and processes to incorporate financially material considerations into their decision-making. These include factors related to climate change, broader ESG factors, and matters concerning voting and engagement. Oversight of investment managers involves ongoing assessment of the nature and effectiveness of their approaches to these considerations.

The Closed Fund adopts a similar approach to climate and ESG related considerations to that described earlier in this Statement for the Open Fund. The TCFD report, Climate Related Risk Beliefs and Climate Governance Statement cover both the Open and Closed Funds.

As the liabilities of the Closed Fund are fully insured, the risk of members not receiving their pensions due to climate change risks is very low. Nevertheless, the Trustee expects the Fund's investment managers and its buy-in provider to manage climate risks and enhance ESG practices. During the year, the Trustee reviewed the approach to climate change taken by the buy-in provider, noting its commitment to achieving net zero emissions by 2050 and the establishment of additional climate-related targets. Overall, its approach was assessed as being well aligned with the Trustee's aims and expectations.

In September 2024, BlackRock presented a comprehensive overview to the Joint Management Committee of how ESG considerations are integrated into the investment process for the Buy and Maintain corporate bond fund. The Committee concluded that BlackRock's approach was broadly consistent with the Trustee's objectives.

A review conducted in March 2025 of the Fund's progress towards its SBTi climate target found satisfactory progress. Specifically, the proportion of BlackRock's credit holdings with SBTi-aligned targets had increased by an average of 8% over the preceding 12 months. However, changes in measurement methodology made it difficult to draw firm conclusions about whether carbon emissions from BlackRock's credit holdings had improved compared to the previous year.

Non-financial matters

The Trustee does not generally consider non-financial matters in the selection, retention and realisation of investments.

9. Voting and engagement

The Trustee believes that engaging with investee companies and exercising voting rights helps to protect and enhance the long-term value of investments.

Exercise of investment rights

Listed equity is the primary asset class in which voting rights can be exercised. The Closed Fund held listed equities through a pooled fund managed by BlackRock until 16 May 2024, but did not hold any listed equities, either directly or indirectly, after that date.

The exercise of rights attached to investments, including voting rights, was delegated to the Closed Fund's investment manager, BlackRock. The Trustee monitored and reviewed how BlackRock exercised those rights but did not engage directly in voting activities or use proxy voting services.

The Trustee has adopted the AMNT Red Lines as the Closed Fund's voting policy. A review of the extent to which BlackRock's voting activities aligned with the AMNT Red Lines was suspended in February 2024 following the decision to fully disinvest from BlackRock's pooled equity fund.

Stewardship and engagement

The Trustee has selected the following priority ESG themes to guide its monitoring of investment managers' voting and engagement activities:

- Climate change (Environmental)
- Diversity and Inclusion (Social)
- Executive Pay (Governance)

Following a review by the Investment Governance Working Group during the year, the Trustee concluded that these three priority themes remained appropriate.

The Fund's investment managers have been informed of the Trustee's stewardship priorities. BlackRock's stewardship and engagement activities have been monitored through quarterly reporting reviews and during its annual update to the Trustee at the Joint Management Committee meeting.

Additionally, as noted earlier in the Open Fund's Statement, the Trustee considered the results of the investment adviser's annual Responsible Investment survey, and the Investment Governance Working Group has undertaken a more in-depth review of the managers' approaches to stewardship matters.

10. Responsibilities and investment decision making structure

The actions undertaken to implement the Closed Fund's SIP are the same as those described for the Open Fund earlier in this Statement.

11. Description of voting behaviour during the year

During the period 1 April 2024 to 16 May 2024 the Closed Fund held listed equities through a pooled fund managed by BlackRock. The exercise of voting rights was delegated to BlackRock and the Trustee did not use any proxy voting services.

Voting data is provided only for the BlackRock ACS World Low Carbon Equity Tracker Fund up to 16 May 2024 as the Closed Fund did not hold any listed equity investments after that date.

11.1 BlackRock's voting and engagement processes

BlackRock's voting and engagement processes applicable for the part year during which there was an investment in a BlackRock equity fund, are described below.

BlackRock's team, and its voting and engagement work, continuously evolves in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. BlackRock informs vote decisions through research and engages as necessary.

BlackRock's engagement priorities are global in nature and are informed by observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets.

BlackRock welcomes discussions with its clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in its Global Principles, BlackRock determines which companies to engage directly based on an assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive.

BlackRock's voting guidelines are intended to help clients and companies understand BlackRock's thinking on key governance matters. They are the benchmark against which BlackRock assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant.

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 and in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While BlackRock subscribes to research from the proxy advisory firms ISS and Glass Lewis, this is just one among many inputs into the vote analysis process and BlackRock does not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that the investment stewardship analysts can readily identify and prioritise those companies where additional research and engagement would be beneficial. Other sources of information used include the company's own reporting (such as the proxy statement and the website), BlackRock's engagement and voting history with the company, the views of active investors, public information and ESG research.

BIS prioritises its work around themes that it believes will encourage sound governance practices and deliver sustainable long-term financial performance. The year-round engagement with clients to understand their priorities and expectations, as well as active participation in market-wide policy debates, help inform these themes. The themes identified in turn shape BlackRock's Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which BlackRock looks at the sustainable long-term financial performance of investee companies.

11.2 Description of BlackRock's voting behaviour

A summary of voting behaviour over the period 1 April to 16 May 2024, when listed equities were held, is provided in the table below.

BlackRock Investment Management (UK) Limited ACS World Low Carbon Equity Tracker Fund	
Total size of fund at end of reporting period	N/A*
Value of Funds' assets at end of reporting period	N/A*
Number of holdings at end of reporting period	N/A*
Number of meetings eligible to vote	374
Number of resolutions eligible to vote	6,234
% of resolutions voted	89%
Of the resolutions on which voted, % voted with management	97%
Of the resolutions on which voted, % voted against management	2%
Of the resolutions on which voted, % abstained from voting	0%
Of the meetings in which the manager voted, % with at least one vote against management	13%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	4%

* The Closed Fund's holding in the BlackRock ACS World Low Carbon Equity Tracker Fund was disposed of on 16 May 2024 for £12.4m. As of 31 March 2024, the size of the BlackRock ACS World Low Carbon Equity Tracker Fund was £6.7bn and it held 849 investments.

11.3 Most significant votes

"Most significant votes" are those which BlackRock considers to be significant and/or which are most relevant to the Trustee's stewardship priorities - climate change, diversity and inclusion, and executive pay.

The Trustee considers the two votes listed below to be the most significant cast by BlackRock for the underlying holdings of the ACS World Low Carbon Equity Tracker Fund, prior to the full disinvestment from that Fund on 16 May 2024:

Vote 1: Targa Resources Corp	May 2024	Holding: 0.38% of total fund size

Summary of resolution:
To elect Lindsey M Cooksen as a director.

Why this vote is considered to be most significant:
The resolution relates to one of the Trustee's stewardship priorities, **Climate Change**, and the vote is against management.

Voting

Board management recommendation:	**For**
BlackRock's vote:	**Against** the proposal (Against management)
Outcome of the vote	**For** the proposal (For management)

Rationale for BlackRock's vote
Ms Cooksen is a member of Targa Resources' Sustainability Committee, which oversees environmental, social, and sustainability matters, including governance in relation to such matters. The vote against her election as a director for a further 3-year period until the 2027 AGM reflected a failure by Targa Resources to meet BlackRock's aspirations of having adequate climate-related metrics and targets.

Next steps
Not disclosed by BlackRock.

Vote 2: Temenos AG	May 2024	Holding: 0.02% of total fund size

Summary of resolution:

To approve the Company's 2023 Compensation Report covering the Company's compensation systems, policies, practices and any changes implemented, as well as the compensation paid to the respective bodies for the year ended 31 December 2023.

Why this vote is considered to be most significant:

The resolution relates to one of the Trustee's stewardship priorities, **Executive Pay**, and the vote is against management.

Voting

Board management recommendation:	**For**
BlackRock's vote:	The shareholding was **not voted** on due to liquidity concerns, as the holding was subject to share-blocking. BlackRock voted against the resolution for other Temenos shares it held that were not subject to blocking.
Outcome of the vote	**Against** the proposal (Against management)

Rationale for BlackRock's vote

BlackRock did not support Temenos' executive remuneration policy, because it viewed the proposed remuneration structure and disclosures as lacking sufficient detail on alignment with the long-term financial of interests of minority shareholders, including BlackRock's clients.

Next steps

Temenos' Compensation Report received approximately 33% shareholder support and was therefore not approved. In response, the Temenos board released a statement re-affirming the board's awareness of shareholder concerns while attributing remuneration issues to "exceptional circumstances around the transition to a new CEO." Temenos has stated that it will continue to reflect on the vote result and provide a more detailed rationale in its remuneration disclosures. BlackRock will continue to engage with Temenos to discuss its approach to future remuneration structures.