

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

1. Introduction

Under the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee is required to produce an annual Engagement Policy Implementation Statement ("EPIS"). This statement outlines how, and the extent to which, the policies relating to stewardship, voting and engagement as outlined in the Statement of Investment Principles ("SIP") have been followed.

This statement covers the Scheme's accounting year to 31 December 2024. It is intended to meet the updated regulations and will be included in the Scheme's Report & Accounts. In preparing this statement, the Trustee has taken advice from their professional advisers.

This statement details some of the activities taken by the Trustee and the Manager during the period, including voting statistics, and provides the Trustee's opinion on the stewardship activities over the period.

2. Policies

The Trustee's relevant policies regarding stewardship, voting and engagement are outlined in the SIP. The most recent version of the SIP is publicly available being published online and will be updated from time-to-time.

The SIP includes the Trustee's policy on Environmental, Social and Governance ("ESG") factors and stewardship. This policy sets out the Trustee's beliefs on ESG and the processes followed by the Trustee in relation to voting rights and stewardship.

During the year to 31 December 2024, BlackRock was appointed by the Trustee as the adviser and Fiduciary Manager ("the Manager"), as well as the investment manager, for the Scheme. The Trustee delegated the day-to-day investment decisions and asset allocation to the Manager. The Trustee retained responsibility for the strategic investment objective and oversight of the Manager.

During the year to 31 December 2024, the Trustee updated the SIP during March 2024, as such the policies contained in the March 2024 SIP are those which are relevant to this Statement, which can be accessed online.

3. Scope of this statement

The Trustee acknowledges that the extent to which the policies in relation to stewardship, voting and engagement can be applied varies across the portfolio. For example, in general, voting rights are not attached to fixed income securities, while the applicability to the LDI (liability-driven investment) portfolio is limited. Nonetheless, the Trustee and the Manager expected all investment managers to take an active role in the stewardship of investments where relevant.

The Scheme de-risked the portfolio in Q2 2024 which involved selling the liquid asset allocation in favour of matching assets. The voting statistics in this statement are in relation to the equity holdings during the year which have been fully sold.

4. Scheme activity

The SIP includes the Trustee's policy on Environmental, Social and Governance ("ESG") factors and stewardship. This policy sets out the Trustee's beliefs on ESG and the processes followed by the Trustee in relation to voting rights and stewardship.

The Trustee received ESG reporting in the quarterly investment report, which included aggregate and asset class level reporting of ESG scores relative to an appropriate benchmark. The Trustee used this to measure how the overall Scheme assets were invested and assess the metrics over time.

The Scheme de-risked the portfolio in Q2 2024 which involved selling the liquid asset allocation in favour of matching assets. The voting statistics in this statement are in relation to the equity holdings during the year which have been fully sold.

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5. Voting and Engagement

The Trustee delegated to the Manager the responsibility of collecting the stewardship and engagement reports of the underlying managers and assessing the suitability. The below sets out a summary of the key voting activity of the pooled funds for which voting was possible (i.e. all funds, which include physical equity holdings).

The Trustee also expected the Manager, in its capacity as Fiduciary Manager to monitor the voting activity in respect of the underlying strategies to ensure compliance and confirm that it remained a suitable investment for the Scheme. The Trustee was comfortable that under the governance structure the responsibility sat with the Manager to communicate with the underlying managers and on a regular basis collect information as required.

The section below details the approach to voting and engagement as well as some examples of significant engagements these managers have made over the 12 months in respect to the funds in which the Scheme is invested.

In addition, summary voting statistics in respect of the Scheme's equities funds over the year to 31 December 2023 have been included. These funds were sold in Q2 2024.

BlackRock:

Given the Manager's appointment as both the Fiduciary Manager as well as the investment manager for the Scheme over the year, the Trustee recognised the importance of ensuring that the Manager's own policies and actions are appropriate for the Scheme. The Manager publicises its own policies as well as quarterly updates online (which can be accessed [here](#)) which the Trustee had visibility of. This includes details of any changes to policies and also reports at an aggregate level the impact of its voting and engagement. The Trustee is comfortable that the transparency of the Manager in publicising reports and developments online ensures alignment with the interests of the Scheme.

Whilst it is important to monitor the activities of the Manager at a high level through this publicly available information, it is also important to monitor the voting and engagement activities undertaken on behalf of the Trustee by the Manager on a more granular level.

The Scheme invested in a combination of both actively and passively managed BlackRock funds. In respect of passive strategies, there is a wide universe of underlying companies which may number in the hundreds if not thousands. Where strategies are actively managed, investments are typically more concentrated. As such, ownership is more concentrated for actively managed strategies and therefore there will be fewer resolutions in which to vote. In addition, actively managed strategies have the option to sell holdings in companies at its discretion. For these reasons, in the context of passive strategies, it is important that voting and engagement rights are exercised and that this is monitored.

Examples of a significant votes are included below. Voting statistics have been reported over the one-year period to 31 December. The summary voting statistics below illustrate that the voting rights attached the underlying investments in these instances have been exercised to a large extent.

The Manager's approach to voting is described in the table below, along with summary voting statistics for the equities funds held over the year. These funds were sold in Q2 2024.

Approach to voting

BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty and as a way to enhance the value of clients' assets, using its voice as a shareholder on their behalf to ensure that companies are well led and well managed.

The Scheme authorised BlackRock to vote on their behalf. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team ("BIS"), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The BIS voting decisions reflect its reasonable and independent judgment of what is in the best long-term financial interests of clients. This is informed by analysis of company disclosures, third-party research, comparisons against a company's industry peers, as well as engagement with companies and BlackRock's active portfolio managers.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

BIS engages with management teams and/or board members on material business issues including environmental, social, and governance matters and through voting proxies in the best long-term economic interests of its clients.

BIS votes to formally communicate its support for or concerns about how companies are addressing governance and material business risks and opportunities that may impact their ability to deliver long-term financial returns. In BIS' voting determinations, the team takes into consideration the context in which companies are operating their businesses. BIS' voting is thoughtful, methodical, and always anchored in BlackRock's fiduciary duty to clients as an asset manager.

When BIS determines that it is in clients' financial interests to signal concern to companies through voting, the team does so in two forms: 1) it might not support the election of directors or other management proposals; or 2) it might not support management's voting recommendation on a shareholder proposal. Voting to elect directors to the board is a near-universal right of shareholders globally and an important signal of support for, or concern about, the performance of the board in overseeing and advising management.

Whilst BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS), Egan-Jones and Glass Lewis, it is just one among many inputs into its vote analysis process, and it does not blindly follow their recommendations on how to vote. BlackRock does not follow any single proxy research firm's voting recommendations. It subscribes to two research providers and uses several other inputs in its voting and engagement analysis, including a company's own disclosures, public information and ESG research. BlackRock uses Institutional Shareholder Services' (ISS) electronic platform to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works 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.

Shell Plc
(UK, Energy)

Shell plc is an energy company headquartered in the United Kingdom. BIS has had extensive, multiyear engagements with Shell where they have discussed, among other topics, board composition, corporate strategy, and the board's oversight of, and management's approach to, climate-related risks and opportunities.

At the May 2024 AGM, BIS supported management's proposal to approve Shell's energy transition update and its Energy Transition Strategy 2024. Shell first submitted its Energy Transition Strategy for a vote at the May 2021 AGM, when it received 89% support from shareholders, including BIS. In the two subsequent years, the company proposed an advisory shareholder vote on the progress made to date against its Energy Transition Strategy. The proposals received 79.9% and 80% shareholder support in 2022 and 2023, respectively, including from BIS. In BIS' view, Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risk and opportunities, while also demonstrating progress its stated Energy Transition Strategy.

Shell's 2023 Capital Markets Day highlighted its strategy to deliver "more value with less emissions," focusing on markets where it has a competitive edge, like decarbonising transportation. By the end of 2023, Shell had achieved over 60% of its goal to reduce scope 1 and 2 emissions by 50% by 2030. The company is also progressing towards eliminating routine flaring and achieving near-zero methane emissions by 2030. Due to changes in energy markets and its power business strategy, Shell adjusted its climate targets, including retiring its 2035 net carbon intensity (NCI) target and modifying its 2030 NCI reduction target to 15-20%. These adjustments are seen as reasonable and transparent efforts to manage climate-related risks and opportunities.

The Boeing Company
(US, Aerospace)

The Boeing Company is a U.S. aerospace company that designs, develops, manufactures, sells, and services, and support commercial jetliners, military aircraft, satellites, missile defense, human space flight, and launch systems.

At the May 2024 AGM, BIS did not support the re-election of Director David L. Joyce, who serves as Chair of the Board's Aerospace Safety Committee. While BIS notes that Boeing is taking the 2024 Alaska Airlines incident seriously, the National Transportation Safety Board and Federal Aviation Administration's findings highlight the scale of the deficits in Boeing's overarching safety culture. Boeing's compliance issues related to manufacturing and quality control identified by the National Transportation Safety Board (NTSB) and the Federal Aviation Administration (FAA) indicate shortfalls in the board's approach to overseeing management and the company's quality control and safety policies, processes, and culture. As such, BIS did not support Mr. Joyce's re-election as Chair of the Aerospace Safety Committee to convey their concerns about continuing oversight missteps and BIS' view that to protect the interests of the company and its stakeholders, the board and management need to act swiftly and effectively to address the issues identified.

BIS notes Boeing's efforts to further enhance the oversight of, and management's approach to, its quality control and safety processes since the Alaska Airlines incident. They also recognise that effective board oversight of Boeing's complex businesses, which ranges across various commercial, defense, and space areas, necessitates a high level of institutional knowledge.

BIS supported the election of other directors at the May 2024 AGM because they recognise that the expertise of the members of the Aerospace Safety Committee will be important as the company works to address the issues identified.

BIS will continue to engage with members of the Committee and Boeing's executive leadership to understand how these issues are being rectified and robust practices are being established to safeguard key stakeholders and advance the long-term financial interests of shareholders.

Noodles & Company (US,
Consumer
Discretionary)

Noodles & Company is a U.S.-based restaurant chain. As of January 2024, 90 out of the 470 operated restaurants were franchise locations.

In May 2024 AGM, there was a proposal requesting that the company to disclose its current GHG emissions, establish and publish targets for measurably reducing them, and regularly report progress meeting those targets. BIS did not view the shareholder proposal as overly prescriptive or unduly constraining on management's decision-making. Currently, Noodles & Company does not disclose data on its GHG emissions, nor has it set reduction targets. The company lags its peers by not disclosing GHG emissions. However, Noodles & Company is currently in a challenging financial position. Its stock price is down more than 80% over the last 3 years, total revenues have fallen 1.2% in 2023 compared to 2022, average unit volumes decreased 2.3% in 2023 compared to 2022, and it returned a net loss of \$9.9 million in FY2023. The company ended its fiscal year with \$80.2 million in long-term debt (up from \$46.1 million at the end of the previous fiscal year) and, as of the company's annual meeting date, had a market capitalisation of approximately \$97 million. In addition, the company recently had a leadership change with new CEO named in March 2024.

Based on BIS assessment, the financial cost to the company to provide the information sought in the proposal outweighed the informational benefit to investors in light of its financial condition. Given the company's situation, it is in their clients' long-term financial interests for the board and management to focus on executing the strategic turnaround plan and bolstering the company's capacity for sustained earnings growth. In their view, it would be more productive to wait for the company to stabilise before seeking climate-related disclosures. Accordingly, BIS did not support the shareholder proposal. As previously mentioned, BIS evaluate shareholder proposals on a pragmatic, case-by-case basis, with a singular focus on its implications for the long-term financial value creation by that company. As the company improves its long-term financial resilience, as discussed in our U.S. proxy voting guidelines, understanding the company's scope 1 and scope 2 emissions will become increasingly helpful to assess underlying long-term investment risk.

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Temenos AG (Temenos) is a Swiss company specialising in providing banking software to financial institutions globally. BIS was concerned that the changes to the remuneration policy would further misalign payments to executives and financial returns to shareholders.

BIS did not supported Temenos' executive remuneration policy, because in their view, the proposed remuneration structure and disclosures lacked sufficient detail as to how it aligns with the long-term financials of interests of minority shareholders, including BlackRock's clients.

Temenos AG
(Switzerland,
Information
Technology)

The proposal did not pass at the May 2024 AGM, receiving approximately 33% shareholder support. In response, Temenos 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." The company also stated that it will continue to reflect on the vote result and provide a more detailed rationale in its remuneration disclosures.

BIS recognizes the importance of competitive executive pay, including performance incentive awards, in attracting and retaining talented company leaders. However, we look to companies to demonstrate that incentive pay for executives is performance-based and consistent with the long-term financial returns received by shareholders. BIS will continue to engage with the company to discuss its approach to future remuneration structures.

BlackRock		Year to 31 December 2024
Europe Equities	Votable proposals	807
(Active)	% of resolutions voted	100%
<i>(Sold in June 2024)</i>	% of resolutions voted against management	8%
	% of resolutions abstained	2%
BlackRock US		Year to 31 December 2024
Equities	Votable proposals	6,985
(Index)	% of resolutions voted	99%
<i>(Sold in June 2024)</i>	% of resolutions voted against management	2%
	% of resolutions abstained	0%
BlackRock UK		Year to 31 December 2024
Equities	Votable proposals	14,467
(Index)	% of resolutions voted	97%
<i>(Sold in June 2024)</i>	% of resolutions voted against management	3%
	% of resolutions abstained	1%
BlackRock Asia Pacific		Year to 31 December 2024
Equities	Votable proposals	3,030
(Index)	% of resolutions voted	100%
<i>(Sold in June 2024)</i>	% of resolutions voted against management	9%
	% of resolutions abstained	0%
BlackRock Japan		Year to 31 December 2024
Equities	Votable proposals	5,927
(Index)	% of resolutions voted	100%
<i>(Sold in June 2024)</i>	% of resolutions voted against management	3%
	% of resolutions abstained	0%

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iShares Edge	Year to 31 December 2024
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MSCI USA Value Factor ETF (Index) <i>(Sold in June 2024)</i>	Votable proposals	2,068
	% of resolutions voted	100%
	% of resolutions voted against management	1%
	% of resolutions abstained	0%
iShares MSCI EMU ETF		Year to 31 December 2024
(Index) <i>(Sold in June 2024)</i>	Votable proposals	3,974
	% of resolutions voted	100%
	% of resolutions voted against management	6%
	% of resolutions abstained	0%
BlackRock Factor Equities		Year to 31 December 2024
(Active) <i>(Sold in June 2024)</i>	Votable proposals	2,680
	% of resolutions voted	95%
	% of resolutions voted against management	2%
	% of resolutions abstained	0%
BlackRock Thematic Equities		Year to 31 December 2024
(Active) <i>(Sold in June 2024)</i>	Votable proposals	17,725
	% of resolutions voted	98%
	% of resolutions voted against management	7%
	% of resolutions abstained	2%
BGF Emerging Market Equities		Year to 31 December 2024
(Active) <i>(Sold in June 2024)</i>	Votable proposals	1,109
	% of resolutions voted	82%
	% of resolutions voted against management	5%
	% of resolutions abstained	3%
BGF Systematic Global Small Cap Fund		Year to 31 December 2024
(Active) <i>(Sold in June 2024)</i>	Votable proposals	6,614
	% of resolutions voted	98%
	% of resolutions voted against management	7%
	% of resolutions abstained	1%

6. Concluding remarks

The Trustee is comfortable that the policies in the SIP have been followed over the year to 31 December 2024.

The Trustee recognises the responsibility that institutional investors have or promote high standards of investment stewardship and will continue to use the influence associated with the Scheme's assets in order to positively influence the Scheme's investment managers.