

# Getronics UK Pension Plan ("the Plan")

## Implementation Statement for the Plan's Defined Contribution (DC) Section

### Plan year end – 31 March 2025

The purpose of the Implementation Statement is for the Trustee of the Getronics UK Pension Plan ("the Trustee"), to explain what has been done during the year ending 31 March 2025 to achieve certain policies and objectives set out in the DC Section's Statement of Investment Principles ("DC SIP"). It includes:

1. Confirmation that the SIP has been reviewed and revised over the Plan year to 31 March 2025, further details of which can be found below.
2. Evidence of how the Trustee has fulfilled the objectives and policies included in the DC SIP over the year to 31 March 2025.
3. How the Trustee has exercised its voting rights or how these rights have been exercised on its behalf, including the use of any proxy voting advisory services.

A separate implementation statement has been produced for the Defined Benefit Section.

Under the DC Section a single default strategy is offered. This is the **Aon Managed Retirement Pathway Funds targeting drawdown**. Throughout this statement, where reference is made to the "default strategy" or "default option" this is the fund referenced.

#### The Trustee's Conclusion

**Based on the activity undertaken during the year; the Trustee believes that the policies set out in the DC SIP have been implemented effectively.**

The Trustee delegates the management of the Plan's DC assets to its fiduciary manager, **Aon Investments Limited ("AIL")**. Based on the information the Trustee has been provided with, the Trustee is comfortable with the management and the monitoring of **Environmental, Social and Governance ("ESG")** integration and stewardship of the underlying managers that has been carried out on its behalf, and that this aligns with the Trustee's policies and expectations. The Trustee also believes that the material underlying investment managers appointed by AIL were able to disclose good evidence of voting and engagement activity.

The Trustee concludes that the activities completed by AIL and the underlying investment managers align with the Trustee's stewardship priorities, and that the Trustee's voting policy has been implemented effectively in practice.

## Section 1 - Changes to the DC SIP over the year to 31 March 2025

The Trustee has a policy to review the DC SIP formally at least every three years, or after any significant change in investment policy or member demographics.

Over the year to 31 March 2025, the Trustee reviewed the SIP and made updates to include the Trustee's policy on the use of illiquid investments within the default investment strategy.

## Section 2 - How the Trustee has met the objectives & policies outlined in the DC SIP

The DC SIP outlines the Trustee's key objectives and policies. The objectives and policies outlined within the SIP are noted below (in blue) together with an explanation of how these objectives have been met and policies adhered to over the course of the year.

### 2.1. Objectives

The Trustee's primary objectives for the investment strategy as set out in the DC SIP are as follows:

1. *To maximise the value of members' assets at retirement*
2. *To maintain the purchasing power of members' savings in real (i.e., post-inflation) terms; and*
3. *To provide protection for accumulated assets in the years approaching retirement against:*
  - *Volatility in the capital value*
  - *Fluctuations in the cost of securing an income and / or cash in retirement*

The default investment strategy is overseen by the Trustee's fiduciary manager, AIL. To achieve the Trustee's objectives, the default strategy invests members' retirement savings primarily in traditional growth assets until 15 years prior to retirement. This approach is designed to maximise members' savings and optimise outcomes at retirement.

Starting 15 years before retirement, the strategy gradually shifts towards a more diversified portfolio, incorporating investments with historically lower risk profiles. This transition aims to reduce volatility, safeguard retirement savings against market fluctuations, and support the attainment of members' Guaranteed Minimum Pension (GMP).

### 2.2. Policies set out in the DC SIP

In this section, the Trustee has explained how other policies in the DC SIP have been met over the year.

#### 2.2.1. Investment policy

- *The Trustee will regularly review the appropriateness of the Default Option, taking into account any significant changes in the demographic profile of the relevant members, and may make changes to it from time to time. Members will be advised accordingly of any changes.*
- *The Trustee has regard to the suitability of the investment fund through periodic strategy and performance review.*

The Trustee reviews the investment strategy at least every three years, or earlier where required by changes to regulatory requirements. The last investment strategy review was completed in September 2022 and included an analysis of the membership profile alongside a detailed review of the investment strategy and changes that AIL has made to improve expected member outcomes. As such, no investment strategy review was conducted over the Plan year to 31 March 2025, with the next review due to be completed by September 2025.

The Trustee has received and reviewed quarterly monitoring reports from AIL, showing both short and long-term fund performance of the default strategy. These reviews did not raise concern over the adequacy of the investment strategy to meet the Trustee's objectives stated above.

### 2.2.2. Choosing Investments

- *The Trustee takes professional advice when formally reviewing the Manager and the Default Option.*

No formal review of the investment strategy took place over the reporting period. The next investment strategy review is underway, with the support of our investment advisers Aon, and is due to be completed by September 2025. This review will include a formal review of both the fiduciary manager and default investment strategy.

The Trustee reviewed the performance of the default arrangement on a quarterly basis, with investment monitoring reports provided by the AIL. No concerns were raised over the year.

### 2.2.3. Investment Risk Measurement and Management

The Trustee has identified a number of risks as set out below:

Risk	Action taken by Trustee
The risk that the investment return achieved on the members' fund does not provide a fund sufficient to secure the Guaranteed Minimum Pension.	To mitigate this risk the underlying investment strategy aims to give a greater potential for growth over the longer term when members are still a number of years further from retirement.
Where the Guaranteed Minimum Pension is exceeded, the risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the retirement outcomes compared with the members' expectations.	Members' funds will automatically be switched into inflation-linked investments and lower risk investments as they approach retirement, with the aim of reducing volatility and protect against fluctuations on the cost of securing an income in retirement. The use of a long-term target enables AIL to accelerate the de-risking if performance in earlier years has exceeded the long-term target.
The risk that the chosen investment manager underperforms the benchmark against which the manager is assessed.	The risk of manager underperformance is mitigated by the delegated nature of fund manager selection. AIL considers the suitability of the Plan's underlying investment managers on an ongoing basis, on behalf of the Trustee. AIL will only appoint underlying investment managers who are 'Buy' rated and achieve a minimum standard or rating for ESG from Aon's Investment Manager Research team.
The risk that the absolute return on investments, and hence the value of the retirement income, may be diminished by inflation.	To help mitigate this risk, the default strategy maintains exposure to growth assets throughout members retirement journey (even in the approach to retirement, albeit to a lesser extent), which aim to provide real growth (in excess of inflation) over the long term. In addition, a portion of members' assets are transitioned into inflation-linked investments in the approach to retirement to help mitigate inflation risk.
The risk of fraud, poor advice or acts of negligence.	The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced. The Trustee has captured and evaluated the relevant areas of operational risk and the mitigating controls in place in the Trustee's risk register.

Investment risk in terms of accruing funds in excess of that needed to fund the Guaranteed Minimum Pension	Investment monitoring takes place by the Trustee on a quarterly basis, with monitoring reports provided to the Trustee by AIL. The investment reports include performance reporting on all of the investment funds relative to their respective benchmarks or targets and performance commentary which highlights key factors affecting the performance of the funds over the quarter. The Trustee also carries out a full review of the suitability of the default strategy every three years, with the next review due in September 2025.
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#### 2.2.4. The Balance Between Different Kinds of Investments

- *The Trustee recognises that the key source of financial risk (in relation to meeting its objectives) normally arises from the choice of assets that members' funds are invested in.*

The Trustee is comfortable that the default strategy retains an appropriate level of diversification throughout the various stages of investment to manage this risk and to enable the default strategy to meet its long-term target.

#### 2.2.5. Expected Returns on Assets

- *Returns achieved by the Manager are assessed against performance benchmarks set by the Trustee in consultation with their investment advisers and Aon Investments Limited.*

The Trustee receives quarterly monitoring reports from AIL which provides information regarding the performance of the default strategy against the benchmarks set (both short and long-term benchmarks). Over the year, no concerns were raised over the performance of the investment strategy and it was concluded that the underlying funds were performing as expected in the market condition.

#### 2.2.6. Realisation of Investments/Liquidity

- *The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise.*

All funds used can be bought and sold on a daily basis.

#### 2.2.7. Environmental, Social, and Governance (ESG) considerations

- *In setting the Plan's investment strategy, for the Money Purchase Section, the primary concern of the Trustee is to act in the best financial interests of the Plan's beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that ESG factors including climate change impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser.*
- *As part of its delegated responsibilities, the Trustee expects the Manager to:*
  - *Where relevant, assess the integration of ESG factors in the investment process of underlying managers;*
  - *Use its influence to engage with underlying managers to ensure the Money Purchase Section's assets are not exposed to undue risk; and*
  - *Report to the Trustee on its ESG activities as required.*

- *The Trustee will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Plan's assets and liabilities.*
- *As part of the ongoing monitoring of the Plan's investments, the Trustee will use ESG ratings information on the underlying investment managers provided by the Manager, where relevant and available, to monitor the level of integration of ESG on a regular basis.*
- *The Trustee will include ESG-related risks, including climate change, on the Plan's risk register as part of ongoing risk assessment and monitoring.*

Within the DC default investment strategy, c.90% of the growth assets (which make up 100% of the of the Retirement Pathway funds up until 15 years before retirement) are invested in funds with a climate / ESG focus or tilt.

Aon provides each underlying fund with an ESG rating, either Limited, Integrated or Advanced. Aon's ESG ratings are designed to assess whether investment managers integrate responsible investment, and more specifically ESG considerations, into their investment decision making process and ongoing stewardship. The ESG ratings for the underlying funds are based on a variety of qualitative factors and are updated to reflect any changes or broader responsible investment developments. These ESG ratings are reported in the quarterly monitoring reports. Aon's investment manager research team meets with each of the underlying investment managers on a six-monthly basis to carry out a session focused on ESG. These ESG focused sessions cover both how each manager incorporates ESG considerations into their investment process and their stewardship activity. Importantly, awareness regarding integration of potential ESG risks in the investment strategy is also considered as part of monitoring and assigning the overall rating to the fund.

The Trustee includes ESG-related risks, including climate change, on the Plan's risk register as part of ongoing risk assessment and monitoring.

#### **2.2.8. Arrangements with investment managers**

- *The Trustee seeks to ensure that the Manager is incentivised to operate in a manner that generates the best long-term results for the Plan and its beneficiaries.*

*It does this by ensuring that:*

- *The Trustee receives regular reports from the Manager on various items including the investment strategy, performance, and longer-term positioning of the portfolio.*
- *The Trustee receives annual stewardship reports on the monitoring and engagement activities carried out by its fiduciary manager, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year.*

AIL will typically attend a Trustee or Investment Sub-Committee meeting on an annual basis to provide an overview of the strategy and the strategy performance, including any changes to the strategy. AIL attended the Investment Sub-Committee meeting on 6 June 2025 when an overview was provided.

AIL considers the suitability of the underlying investment managers on an ongoing basis, on behalf of the Trustee. Aon's investment manager research team meets the underlying managers on a regular basis to assess any changes in the investment staff, investment process, risk management and other manager evaluation factors to ascertain whether the overall rating assigned to the fund remains appropriate and the manager remains suitable to manage the assets.

The Trustee receives quarterly reporting from AIL which sets out the performance of the funds against the benchmarks and Long-Term Return Objectives. These reports also include details of any underlying fund changes and strategy reviews undertaken by AIL.

The Trustee produces the annual implementation statement highlighting the stewardship of both AIL and the underlying investment managers. This includes voting and engagement activity. The Trustee reviews this report each year to determine the extent to which the Plan's policy on engagement has been followed by AIL and underlying managers over the Plan year.

#### **2.2.9. Costs and Performance**

- *The Trustee receives annual cost transparency reports from the Manager. The Trustee sets out these costs and charges in the Plan's annual Chair's Statement which is made available to members in a publicly accessible location.*
- *The Trustee assesses the (net of all costs) performance of the Manager over rolling three and five-year periods by comparing performance against benchmark and the stated investment objective.*

As per the Trustee's policy costs and charges information has been provided by AIL on an annual basis and these are detailed in the Chair's Statement. The Trustee's investment adviser has reviewed the member borne costs and, whilst the Trustee has not set specific ranges for acceptable costs and charges, both parties are satisfied that cost and charges for the period were reasonable.

As part of the quarterly investment monitoring, net performance over the quarter, one, three and five-year period is provided to and reviewed by the Trustee. Fund performance is reviewed against the benchmark and for the three- and five-year periods, also against the Long-Term Return Objective for the funds. Over the Plan year, it was noted that there had been some periods of underperformance against the return objectives, however, these reviews did not raise concern over the adequacy of the investment strategy to meet the Trustee's objectives stated above over the longer term.

#### **2.2.10. Members' Views and Non-Financial Factors**

- *In setting and implementing the Plan's DC investment strategy, the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").*
- *The underlying funds that make up the default fund should not apply personal ethical or moral judgements as the sole basis for an investment decision.*

When determining the investment strategy, the Trustee's primary focus is on delivering the best possible outcomes for members and optimising projected future returns. Personal or ethical beliefs are not the main driver; however, ethical considerations are incorporated into the strategy where they align with members' best interests and have the potential to enhance outcomes or mitigate risks. For example, the Trustee may address climate-related risks within the Plan when doing so is expected to protect members' retirement savings or improve long-term performance.

#### **2.2.11. Effective Decision Making**

- *The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. It also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice received.'*

The Trustee board is made up of 6 Trustee Directors with varying skill sets. The Trustee Directors have varying backgrounds including investment and administration expertise.

The Trustee has a training policy in place to ensure that the Trustee Directors have the required level of knowledge and understanding to be able to make investment decisions. The Trustee Directors have all completed the Pension Regulator's Trustee toolkit (an online training and assessment programme designed by the Pension Regulator for trustees of pension schemes). Details of the training and activities carried out during the year, in relation to the principles relating to investment

and funding of DC schemes, can be found in the annual Chair's Statement. A copy of the Chair's Statement can be found at <https://jobs.kpn.com/getronics-uk-pension-plan>

#### **2.2.12. Illiquid Investments Policy**

The Trustee holds an allocation to direct UK real estate, as well as listed real estate and infrastructure equity within the default investment strategy. These holdings are daily priced and generally realisable daily (i.e. members are able to access and trade in and out of these funds freely).

The Trustee undertook training over the Plan year in order to understand how UK DC schemes, including the Plan, might be better equipped to access truly illiquid investments in the near future. The Trustee remains comfortable delegating day-to-day decision-making on investment matters, including the inclusion of illiquid investments within the default investment strategy, to AIL.



## Section 3 - Stewardship – Engagement and the Exercise of the Rights Attaching to Investments

### 3.1. Stewardship Policy detailed in the DC SIP

The DC SIP sets out the Trustee's stewardship policy as follows:

*The Trustee recognises the importance of its role as a steward of capital and the need to assess all financially material risks in its investment decision making process. This includes risks associated with climate change, as well as other Environmental, Social and Governance-related factors. To this end, the Trustee strives to maintain a high standard of governance, promotion of corporate responsibility and respect of environmental factors throughout the Plan's investments. The Trustee believes that doing so ultimately creates long-term financial value and reduces risk for the Money Purchase Section of the Plan and its beneficiaries.*

*The Trustee annually reviews the Manager's stewardship activity to ensure that the Plan's stewardship policy is being appropriately implemented in practice. The Trustee receives annual reports on stewardship activity carried out by the Manager, these reports include detailed voting and engagement information from underlying asset managers. The Trustee will produce annual reporting which is published online.*

*The Trustee communicates its expectations and standards to the Manager. These standards include:*

- *The Trustee expects the Manager to be a signatory to the PRI.*
- *The Trustee expects the Manager to ensure that, where appropriate, underlying asset managers use their influence as major institutional investors to exercise the Trustee's voting rights in relation to the Plan's Money Purchase Section assets.*
- *The Trustee expects the Manager to provide adequate transparency around stewardship activities, including an annual report on the stewardship activities of the underlying managers. Where possible, the transparency for voting should include voting actions and rationale with relevance to the Plan, in particular, where: votes were cast against management; votes against management generally were significant, or if votes were abstained. Where voting is concerned, the Trustee expects the underlying asset managers, to recall stock lending, as necessary, in order to carry out voting actions.*

*If the Manager is found to fall short of the standards set by the Trustee, it is expected to provide satisfactory explanations as to why it is not. While the Trustee may seek to engage with the Manager if it is deemed to be falling short of its standards to reach a more sustainable position, failure to comply may result in a decision to replace it.*

*The Trustee may engage with the Manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including their performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest of the underlying investments made. Where a significant concern is identified, the Trustees will consider, on a case-by-case basis, a range of methods by which they would monitor and engage so as to bring about the best long-term outcomes for the Fund.*

AIL, as delegated manager is a signatory of the UN Principles for Responsible Investment ("UN PRI" or the "Principles"). Signatories to the Principles aim to contribute to developing a more sustainable global financial system. You can read more about the Principles at <https://www.unpri.org/about-us/about-the-pri>

AIL was heavily involved in the meetings and discussions which led to the creation of the UN Principles for Responsible Investment in 2006. In 2009 AIL were the first investment consulting firm to sign up to those principles globally.



The Trustee believes from the reporting provided below, AIL and the underlying managers have exercised the Plan's voting rights effectively and in line with the Trustee's policy over the year.

The Trustee has received appropriate reporting from AIL through the annual report to be able to determine the appropriateness of the stewardship activities undertaken by AIL and the underlying managers.

The Trustee has met this objective and this is demonstrated in the section below both in relation to:

1. How the policies in the DC SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan's investments have been followed during the year; and
2. How the Trustee's voting rights have been exercised on its behalf, including the use of any proxy voting advisory services, and the 'most significant' votes cast over the reporting year.

### **Trustee's Engagement Action Plan**

Based on the information received, the Trustee intends to take the following steps over the next 12 months:

Continue to engage with AIL as our investment manager. This will focus on:

- **Transparency and Reporting:** receiving detailed reporting on AIL's engagement activities. This will include engagements on AIL's stewardship priorities, which align with their beliefs in relation to responsible investment. These stewardship priorities focus on climate change and net zero, nature loss and biodiversity risk, combatting modern slavery, and ensuring strong governance.
- **Integration of ESG Factors:** consideration of how ESG factors are integrated into AIL's stewardship activities.
- **Active engagements with underlying managers:** The Trustee will look to ensure that it has a thorough understanding of the stewardship activity that is undertaken on its behalf by the underlying managers with whom it holds investments, through AIL, to determine that the stewardship activity undertaken on the Trustee's behalf aligns with its expectations.

### 3.2. The exercise of the Trustee's voting rights

Management of the Plan's DC assets has been delegated to its fiduciary manager, AIL. AIL invests the Plan's DC assets in the default strategy. AIL selects the underlying managers to achieve the objective of the default strategy on behalf of the Trustee.

The Trustee has reviewed the stewardship activity carried out over the year by the material investment managers selected by AIL and, in the Trustee's view, all were able to disclose adequate evidence of voting and / or engagement activity. Based on the information provided, the Trustee is comfortable that its stewardship policy (including voting and engagement activity) has been implemented effectively in practice.

The rest of this section sets out the stewardship activities, including the exercise of the Trustee's voting rights, carried out on the Trustee's behalf over the year to 31 March 2025 by both AIL and the appointed underlying investment managers.

#### What is stewardship?

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

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

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

Source: UN PRI

### 3.3. The fiduciary manager's engagement activity

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

Over the year, AIL held several engagement meetings with many of the underlying asset managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the asset managers. AIL provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

To support these engagements, AIL maintains a set of stewardship priorities which align with their responsible investing beliefs. These priorities focus on investment stewardship, climate change transition and nature loss, combatting modern slavery and Artificial Intelligence. A summary of these priorities is provided in Appendix 1.

Over the year, AIL engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, AIL committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019). During the year, AIL published its first report for the Taskforce on Climate Related Financial Disclosures. This showed that AIL has achieved a meaningful reduction in carbon footprint across its default strategies over the period from 2019 to 2023.

AIL successfully renewed its signatory status to the 2020 UK Stewardship Code. This is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

#### What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

AIL has developed an Impact Research platform, focused on integrating ESG risk factors into the manager research process. The Impact research platform aims to help evolve AIL's view of "impact" to encompass both ethics/values-driven investing and ESG integration.

### 3.4. Underlying managers' voting activity – Equity, real asset and multi-asset funds

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock.

We believe that good asset stewardship is in members' best interests by promoting best practice and encouraging investee companies to access opportunities, manage risk appropriately and protect shareholders' interests.

Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the arrangement.

#### Why is voting important?

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

Source: UN PRI

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights. Over the year, the material equity, real asset and multi-asset investments held by the Plan within the default strategies and wider self-select fund range were as set out below:

Aon Managed Fund that forms part of the default strategy	Underlying Managers (equity-owning only)
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Initial Growth Phase Fund	Equities: LGIM, UBS Listed real assets: BlackRock, LGIM
Aon Managed Diversified Asset Fund	LGIM, UBS

Source: Aon Investments Limited

#### 3.4.1 Voting statistics

The table below shows the voting statistics for each of the material funds held within the default strategy, the Aon Managed Retirement Pathway Funds, for the year to 31 March 2025. We also provide a combined view for a member 30 years from retirement and at retirement, invested in the Aon Managed Retirement Pathway Funds.

	% Proposals Voted	% votes cast against management	% votes cast against management
Aon Managed Initial Growth Phase Fund <sup>1,2</sup>	94.5%	12.4%	0.6%
Aon Managed Global Impact Fund	96.7%	21.3%	0.9%
Aon Managed Diversified Asset Fund <sup>1</sup>	95.8%	14.6%	0.7%

Default Strategy - Aon Managed Retirement Pathway Funds			
	% Proposals Voted	% votes cast against management	% votes cast against management
Member 30 years from retirement <sup>1</sup>	94.7%	13.3%	0.6%
Member at retirement <sup>1</sup>	95.2%	13.9%	0.6%

Source: Aon Investments Limited, Underlying investment managers: BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea.

<sup>1</sup> Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

<sup>2</sup> Invests 90% in the Aon Managed Global Equity Fund and 10% in property and infrastructure.

### 3.5. Underlying managers' engagement activity

Examples of some of the engagement activity carried out by the underlying investment managers for the default strategy are detailed below.

The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund invested in by the Aon Managed Retirement Pathway Funds.

All managers engaged across all key themes. We would expect this to be the case, as all underlying managers meet ALL's required standards for consideration of ESG factors / risks.

#### What is engagement?

Engagement primarily refers to an investor communicating with current or potential investee companies or issuers to improve ESG practices, sustainability outcomes or public disclosure.

Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision making.

Source: UN PRI

Underlying manager	BlackRock	LGIM	UBS	Baillie Gifford	Mirova	Nordea
Environment - Climate Risk Management	✓	✓	✓	✓	✓	✓
Environment Biodiversity	✓	✓	✓	✓	✓	✓
Governance Remuneration	✓	✓	✓	✓	✓	✓
Governance Board Effectiveness	✓	✓	✓	✓	✓	✓
Governance Corporate Strategy	✓	✓	✓	✓	✓	✓
Social Human Capital	✓	✓	✓	✓	✓	✓
Social Risks & Opportunities	✓	✓	✓	✓	✓	✓

Source: Aon Investment Limited, Underlying managers (BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea).

Below are examples of specific engagement activity carried out by the most material underlying investment managers.

#### 3.5.1. UBS engagement with BHP Group.

Over 2024, UBS engaged with BHP Group. They met three times in 2024, primarily focusing on the release of their new Climate Transition Action Plan (CTAP).

BHP Group are a leading producer of iron ore, copper and metallurgical coal. The company is a significant carbon emitter but a key enabler of the energy transition. In 2024, UBS met with the CFO, participated in their group investor engagement sessions and had bilateral discussions with BHP Group in the lead up to and after the release of the new CTAP.

The focus was on Scope 3 emissions, physical risk and scenario analysis use for transition planning. UBS requested further disclosure on its Scope 3 emissions, given 97% of their total emissions are Scope 3. UBS also requested an update on Paris alignment scenarios the company uses to set strategies. Due to the speed of the transition expected to influence the demand for key minerals, and be a key driver of the sector's performance, UBS believed this is important to report on.

In their new CTAP, BHP enhanced their Scope 3 strategy disclosures, including their view on steelmaking technologies and pipeline of abatement projects. BHP have also provided an initial framing of their assessment process on physical risk and further assessments are underway. UBS will

continue to engage in 2025, focusing on the lack of clarity on outlook for metallurgical coal and the scale of expected use of offsets in BHP's net zero target.

### **3.5.2. LGIM engagement with Walmart**

Over 2024, LGIM engaged with Walmart Inc, an American multinational retail corporation that operates a chain of hypermarkets, discount department stores and grocery stores.

LGIM contacted Walmart in relation to establishing a company compensation policy of paying a living wage and have been engaging with them on the topic for several years. In 2023, LGIM launched their income inequality engagement campaign, targeting 15 of the largest global food retailers, to which Walmart is a part of. LGIM voted for this policy, where they have been encouraging Walmart to establish a compensation policy that ensures employees earn a living wage, to reduce potential negative financial impacts that stem from low worker morale, poor health or high staff turnover.

Over 2024 LGIM held a series of engagement meetings with Walmart. While the company has improved on some areas, in terms of training opportunities, the company does not have a policy yet in place and still pays employees under the living wage. LGIM continue to engage with Walmart and publicly advocate their position on this issue.

## **3.6. Engagement Activity – Non-equities**

While equity managers may have more direct influence on the companies they invest in, managers investing in asset classes such as fixed income and alternatives are also increasingly influential in their ability to encourage positive change.

The Aon Managed Retirement Pathway Funds include investment in non-equity assets. This might include fixed income, cash, direct property and alternatives such as gold, depending on the fund. Below we describe examples of engagement by managers of these funds.

### **3.6.1 Fixed Income**

The Aon Managed Retirement Pathway Funds invested in fixed income and cash over the year. The engagement activities carried out by LGIM, BlackRock and UBS shown in the table above are also applicable for the multi asset and fixed income funds.

### **3.6.2 Direct Property**

The Aon Managed Retirement Pathway Funds invested in direct property over the year.

The Trustee appreciates that engagement activities within the direct property fund may be limited in comparison to other asset classes, such as equity and fixed income. Nonetheless, the Trustee expects ESG engagement to be integrated in its managers' investment approaches.

The direct property manager, Threadneedle, is a signatory of the UN PRI and has adopted ESG policies across its investments. Threadneedle's UK direct property funds are managed in line with their UK Real Estate ESG Policy Statement. Threadneedle takes an approach to real estate whereby it strives to understand the risks posed within the asset class and focus on mitigating these during the lifecycle of the projects. This can be done through property management, refurbishment, building improvements and strategic asset management.

Key topics of engagement during the year include the energy efficiency of assets, low carbon development opportunities, tenant engagement and Net Zero initiatives. During the 12 months to 31 March 2025, Threadneedle completed a range of projects designed to improve the energy efficiency of the underlying assets.

### **3.6.3 Commodities**

The Aon Managed Retirement Pathway Funds invested in commodities over the year.

The BlackRock Gold Fund provides exposure to gold via an exchange traded fund (ETF). The main ESG consideration relates to how the gold is sourced. The London Bullion Market Association (LBMA) has established standards on the trade of gold and silver; these specify the requirements that refiners, and their gold, must meet to be accepted for trading. The refiners that source the gold that backs the BlackRock fund align to those standards.

### 3.7. Use of proxy voting advisers

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

#### Why use a proxy voting adviser?

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

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

The table below describes how the Plan's DC managers use proxy voting advisers.

Manager	Description of use of proxy voting advisers
<b>Baillie Gifford</b>	Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (Institutional Shareholder Services (ISS) and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon ISS's recommendations when deciding how to vote on its clients' shares. All client voting decisions are made in-house. Baillie Gifford votes in line with its in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide it with more nuanced market specific information.
<b>BlackRock</b>	BlackRock uses ISS's electronic platform to execute its 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 its proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform its voting decision.
<b>BNY Mellon</b>	Walter Scott receives third party research from ISS for information purposes. However, the recommendations from any intermediary have no bearing on how Walter Scott votes.
<b>Harris</b>	Harris utilises the services of ISS's proxy voting services. ISS implements a bespoke proxy voting policy for Harris and ISS's services are otherwise used for information only. Harris state that it will follow its own Proxy Voting Policy, except where the analyst covering a stock recommends voting otherwise. In these cases, the final decision rests with Harris' Proxy Voting Committee.
<b>HSBC</b>	To enable efficient proxy voting operations, HSBC work with their proxy service provider (Institutional Shareholder Services), which provides research, a voting platform and disclosure services. Their Global Voting Guidelines, together with own research, inform more granular voting policy instructions, which form the basis for custom voting recommendations for each shareholder meeting.
<b>LGIM</b>	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM, who does not outsource any part of the strategic decisions. To ensure LGIM's proxy provider votes in accordance with LGIM's position on ESG, LGIM has put in place a custom voting policy with specific voting instructions.
<b>Mirova</b>	Mirova uses ISS as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendation is not prescriptive or determinative to Mirova's voting decisions. All voting decisions are made by Mirova in accordance with its Voting Policy.
<b>Nordea</b>	Nordea uses two external proxy advisors - Institutional Shareholder Services (ISS) and Glass Lewis. ISS is used for proxy voting, execution as well as research, while Glass Lewis is mainly used for research. They evaluate our proxy advisors regularly on operational integrity, quality of research and the implementation of the custom voting policy.
<b>UBS</b>	UBS Asset Management retains the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retain full discretion when determining how to vote at shareholder meetings.

Source: Managers; Aon Investments Limited. Underlying managers

### **3.8. Significant voting examples**

To illustrate the voting activity being carried out on our behalf, the Trustee has asked the Plan's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Plan's funds. A sample of these significant votes can be found in the appendix.

### **3.9. Data limitations**

At the time of writing, LGIM and BlackRock did provide fund level engagement information but not in the industry standard Investment Consultants Sustainability Working Group ("ICSWG") template.

Nordea did not provide any voting examples in relation to Environment or Social topics.



## **Appendix 1 – AIL Stewardship priorities**

Our investment manager has set stewardship priorities that align with its beliefs in relation to responsible investment.

These stewardship priorities focus on climate change and nature loss, modern slavery and artificial intelligence, as well as ensuring strong governance. These priorities have been identified as financially material risks that have the potential to impact the value of members' investments.

To support these priorities, the AIL has an Engagement Programme through which it engages identifies and analyses key areas for focus and engages with the underlying managers in turn. In turn, AIL also has a set of expectations for its underlying investment managers.

A summary of these priorities is set out below:

### **Investment Stewardship**

It is important to be clear on our principles and expectations of good investment stewardship across asset classes. Our investment manager does this through its ongoing engagements with the underlying investment managers and is looking for strong alignment between an investment manager's responsible investment policies and its engagement activity and voting decisions. AIL believes that transparency of engagement and voting activity is key and actively engages with its investment managers to promote transparency. AIL also engages with its underlying investment managers to promote the principles of the Principles for Responsible Investment, adherence to the UK Stewardship Code as well as following industry best practice.

### **Climate transition and nature loss**

Climate change and the progress towards net zero is a key area of focus for [the Trustee and] its investment manager, recognising the impact of climate-related risks on the value of members savings over the long term. AIL looks for alignment between an investment manager's climate risk policy (or stated ambitions) and its responsible investment approach including engagement activities and voting decisions around climate. AIL engages with its underlying investment managers to monitor progress in the underlying investee companies towards setting targets and ensuring meaningful action as a result.

AIL also believes that biodiversity risk, including nature loss, is intrinsically linked to climate-change and hence the value of members savings over the long term. AIL collaborated with the Cambridge Institute of Sustainability Leadership to create a framework for assessing nature-related risks including a due diligence questionnaire to measure progress on goals. AIL engages with its underlying investment managers to understand the risks in this area and ensure appropriate action is taken as a result.

### **Combatting modern slavery**

AIL is a signatory of the 'Find It, Fix It, Prevent It' initiative which aims to combat modern slavery through engagement with investee companies, participation in shaping public policy and in developing better modern slavery data. Through this initiative AIL aims to raise awareness of the role investors can play in addressing modern slavery in supply chains. AIL engages with its investment managers to understand where any potential exposure exists and ensure appropriate action is taken as a result.

### **Artificial Intelligence (AI)**

AI is a nascent industry, and its real world applications are yet to be fully explored. AIL has made AI an important topic for its engagement programme and endeavours to be at the forefront of this fast-developing area. AIL believes in the responsible use of AI. To effect this AIL will promote transparency and explainability and appropriate guards against bias. Where AI is adopted, AIL will

endeavour to engage with its investment managers to ensure this is done in a way that incorporates responsible design, and that the energy intensive nature of AI balances appropriately with Net Zero commitments.

## Appendix 2 - Significant voting examples

In the table below are some significant vote examples provided by the Plan's managers and underlying investment managers appointed by AIL and used within the default strategy, the Aon Managed Retirement Pathway Fund. The Trustee considers a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some examples include:

- a vote where a significant proportion of the votes (e.g., more than 15%) went against the management's proposal;
- a vote where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting;
- a vote that is connected to a wider engagement initiative with the company involved;
- a vote that demonstrates clear and considered rationale;
- a vote that the Trustees consider inappropriate or based on inappropriate rationale; and
- a vote that has significant relevance to members of the Fund.

<b>LGIM</b>	<b>Company name</b>	<b>ConocoPhillips</b>
	<b>Date of vote</b>	May 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.4%
	<b>Summary of the resolution</b>	Resolution 5: Revisit Pay Incentives for GHG Emission Reductions
	<b>How the manager voted</b>	Against management
	<b>Did the manager communicate its intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
	<b>Rationale for the voting decision</b>	Shareholder Resolution - Climate change: A vote against is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome</b>	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	<b>On which criteria have the vote is considered significant?</b>	Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant due to misleading proposals (shareholder resolutions brought with the aim of undermining positive environmental, social and governance behaviours) are a relatively recent phenomenon. Such proposals often appear to be supportive of, for example, the energy transition but, when considered in depth, are actually designed to promote anti-climate change views.
<b>HSBC</b>	<b>Company name</b>	<b>Apple Inc.</b>
	<b>Date of vote</b>	February 2025
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	8.4%
	<b>Summary of the resolution</b>	Advisory Vote to Ratify Named Executive Officers' Compensation
	<b>How the manager voted</b>	Against management
	<b>Did the manager communicate its intent</b>	No

	<b>to the company ahead of the vote?</b>	
	<b>Rationale for the voting decision</b>	HSBC believes that the vesting period is not sufficiently long.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome</b>	HSBC will likely vote against a similar proposal should it see insufficient improvements.
	<b>On which criteria have the vote is considered significant?</b>	The company has a significant weight in the portfolio and HSBC voted against management.
<b>UBS</b>	<b>Company name</b>	<b>Shell Plc</b>
	<b>Date of vote</b>	May 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	Not disclosed
	<b>Summary of the resolution</b>	Align medium-term emissions reduction targets covering the GHG emissions of the use of its energy products (scope 3) with the goal of the Paris Climate Agreement
	<b>How the manager voted</b>	Against management
	<b>Did the manager communicate its intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	Shell has made incremental progress in this area since the previous year (when UBS supported the proposal), including introducing an absolute Scope 3 emissions target for their oil products. While the new target is not perfect, it is a sign of momentum in a positive direction, specifically in the area the proponent is focused on in this request. In UBS's view it would be necessary for Shell to divest a higher level of assets than is currently in investor interests in order to achieve an expanded Scope 3 target. With a say on climate vote on the ballot, UBS feels the best way to voice its concerns on the overall transition plan in our vote is on this resolution. This allows UBS to evaluate the entire plan and recognise where Shell may fall short of expectations, rather than in one specific component of the plan, which this proposal focuses on.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome</b>	UBS will continue to engage with Shell as part of its Climate Engagement Programme.
	<b>On which criteria have the vote is considered significant?</b>	Aggregate percentage of votes in support of shareholder resolution exceeded 18% of votes cast.
<b>Nordea</b>	<b>Company name</b>	<b>ANSYS, Inc.</b>
	<b>Date of vote</b>	June 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	1.9%
	<b>Summary of the resolution</b>	Provide right to call a special meeting
	<b>How the manager voted</b>	Against management. For the shareholder proposal
	<b>Did the manager communicate its intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	Nordea thinks that each company should grant holders of a specific proportion of the outstanding shares of a company, no greater than ten per cent (10%), the right

		to convene a meeting of shareholders for the purpose of transacting the legitimate business of the company. In Nordea's view, this shareholder proposal requesting the company to take the necessary steps to afford shareholders the right to call a special meeting, would improve shareholder rights.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome</b>	The protection of shareholder rights is an essential requirement for minority shareholders in a listed company. Nordea will continue to vote for such proposals in other relevant companies.
	<b>On which criteria have the vote is considered significant?</b>	Significant votes are those that are severely against Nordea's principles, and where Nordea feels it needs to enact change in the company.
<b>Mirova</b>	<b>Company name</b>	<b>Unilever Plc</b>
	<b>Date of vote</b>	May 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	<i>Not provided</i>
	<b>Summary of the resolution</b>	Say on climate
	<b>How the manager voted</b>	Supported management
	<b>Did the manager communicate its intent to the company ahead of the vote?</b>	Yes
	<b>Rationale for the voting decision</b>	The sector dedicated ESG analyst thoroughly reviewed the proposed transition plan. While there is room for improvement noted, on balance, Mirova was satisfied with the current proposal.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome</b>	While concerns remain regarding governance of sustainability, Mirova will leverage engagement to push the company to further improve the climate transition target setting and provide meaningful progress reports.
	<b>On which criteria have the vote is considered significant?</b>	Relevant to engagement strategy regarding governance of sustainability.
<b>Baillie Gifford</b>	<b>Company name</b>	<b>Markel Group Inc.</b>
	<b>Date of vote</b>	May 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.9%
	<b>Summary of the resolution</b>	Shareholder resolution - Climate
	<b>How the manager voted</b>	Supported management
	<b>Did the manager communicate its intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	Baillie Gifford supported the shareholder proposal regarding disclosure of GHG emissions from the company's underwriting, insuring, and investment activities, considering the potential materiality of climate risk to the company's core activities. Baillie Gifford believes there is scope for improvement of carbon reporting and that this data will enable the company and its shareholders to better understand the company's climate risks.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome</b>	Baillie Gifford will continue the engagement with the Company on this issue.

	<b>On which criteria have the vote is considered significant?</b>	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
<b>Harris</b>	<b>Company name</b>	<b>Glencore plc</b>
	<b>Date of vote</b>	May 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	2.1%
	<b>Summary of the resolution</b>	Approve 2024-2026 Climate Action Transition Plan
	<b>How the manager voted</b>	Supported management
	<b>Did the manager communicate its intent to the company ahead of the vote?</b>	Not applicable
	<b>Rationale for the voting decision</b>	After engaging with the company and NGOs, Harris decided to support the 2024-2026 Climate Action Transition Plan and will continue to monitor the situation.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome</b>	Harris will continue to monitor the situation, and to conduct and escalate engagement as needed.
	<b>On which criteria have the vote is considered significant?</b>	Significant exposure to climate risk

Source: Aon Investments Limited, Underlying Managers (LGIM, UBS, Baillie Gifford, Mirova, Nordea, HSBC, Harris).