APPENDIX V

IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2023 (FORMING PART OF THE TRUSTEES' REPORT)

1) Introduction

The Trustees are pleased to present their fourth Implementation Statement for the Scheme, prepared in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended), covering the Scheme Year ended 30 April 2023.

The Trustees set out in detail their approach to investing the assets of each Section of the Scheme in the investment principles section of the respective Integrated Statements of Funding and Investment Principles (ISFIP). This document sets out the actions taken by the Trustees over the course of the year in terms of implementing their stated policies under the ISFIPs (excluding members' Additional Voluntary Contributions – which remain invested in external unitised pooled funds).

The Investment Sub Committee (ISC) is responsible for the oversight and governance of the Scheme's investment managers. The role of the ISC is formalised in Terms of Reference reviewed and last updated in May 2021.

2) Statements of Investment Principles (SIP)

The Statement of Investment Principles contained with the ISFIP for the two sections of the Scheme (the Main Section and the London Section) dated 28 March 2022 was in force at the beginning of the Scheme year. The SIP details the Scheme's statutory funding objective, approach and relationships with other parties relating to delivering that objective. These policies are focused on meeting the liabilities of the Scheme over the long-term.

Both Statements were updated on several occasions during the year to reflect the changes to the investment strategy (as noted below in Section 3.1). The ISFIP for Main Section was updated on 1 September and 6 October 2022 and again on 23 February 2023. The ISFIP for the London Section was updated on 14 October 2022 and 23 February 2023. The Supertram Section does not require a SIP but the Trustees have implemented an appropriate investment strategy for the Section, having considered relevant investment advice. Within the SIP for Main and London Sections, there were no changes to the Trustees' Stewardship & Engagement policies during the year ended 30 April 2023.

Overall, the Trustees are satisfied that their key stated policies have been followed during the year ending 30 April 2023.

3) Implementation of the SIP

3.1) Investment strategy

Over the year to 30 April 2023, the Trustees decided to significantly reduce the level of risk taken within the investment portfolio. This followed the material change in gilt yields which saw the funding position of each Section of the Scheme (as measured on a Gilts+0.5% basis) improve significantly.

SEI Investments Ltd (SEI), the Trustees' fiduciary investment manager, proposed a series of changes to the strategy for each Section that would target the lower level of investment risk desired by the Trustees. The Trustees took investment advice from Hymans Robertson LLP in relation to the suitability of the new portfolio delivering the Scheme's objectives, and incorporated updated estimates of the Scheme's liabilities, as provided by the Scheme Actuary, Mercer.

Implementation of this strategy took place via the reduction or removal of allocations to return seeking allocations, primarily equity and multi-asset allocations, with the proceeds being allocated to corporate bonds and gilts within the SEI Discretionary mandate. This allowed the Trustees to hedge a greater proportion of the Scheme's liabilities against interest rate and inflation risk, with only limited use of 'levered' hedging arrangements.

Through these investment strategy changes, and prior assessment and implementation of the investment strategy, monitoring and other actions by the Trustees, the funding level of the Scheme has improved and drives long-term value for beneficiaries.

These changes were progressively made over the course of the Scheme year, with changes to these portfolios noted in the following tables.

IMPLEMENTATION STATEMENT (continued)

3.1.1) Main Section

During the year ended 30 April 2023 the Main Section's investments have been reallocated in line with the strategy set out below with the position at the beginning of the year also shown in a consistent manner:

Allocation	Start of year (%)	End of year (%)
Equity	52.3	-
Multi Asset	32.4	5.0
Property	9.4	8.0
Global Credit	4.1	4.0
UK Investment Grade Credit	-	31.9
Liability Driven Investment	-	49.1
Trustee Cash & Other	1.8	2.0

During the year, progressive changes to the strategy resulted in asset allocations moving outside the previously agreed ranges although this was in line with expectations. Within the resultant investment strategy, SEI has been instructed to manage two distinct portfolios:

- The Growth Portfolio, which currently comprises only an allocation to Global Credit. The goal of this portfolio is to deliver returns in excess of liabilities.
- The Matching Portfolio, which contains allocations to Investment Grade Credit and Liability Driven Investments. The goal of this portfolio is to provide protection against movements in interest rates and inflation while also delivering some outperformance above liabilities.
- In aggregate, the Main Section investment strategy is designed to deliver returns in excess of 0.8% pa above gilts.

3.1.2) London Section

During the year ended 30 April 2023, the London Section's investments have been reallocated in line with the strategy set out below with the position at the beginning of the year also shown in a consistent manner:

Allocation	Start of year (%)	End of year (%)
Equity	55.6	11.4
Property	12.0	9.5
Return seeking Credit	19.4	4.5
UK Investment Grade Credit	-	21.3
Liability Driven Investment	12.4	47.7
Cash/Other	0.5	5.6

During the year, progressive changes to the strategy resulted in asset allocations moving outside the previously agreed ranges although this was in line with expectations. Within the resultant investment strategy, SEI has been instructed to manage two distinct portfolios:

- The Growth Portfolio, which currently comprises allocations to equity and return seeking credit mandates. The goal of this portfolio is to deliver returns in excess of liabilities.
- Matching Portfolio, which contains allocations to Investment Grade Credit and Liability Driven Investments. The goal of this portfolio is to provide protection against movements in interest rates and inflation while also delivering some outperformance above liabilities.
- In aggregate, the London Section investment strategy is designed to deliver returns in excess of 1.4%pa above gilts.

The Trustees have maintained their strategic allocation to the LGIM LPI Income Property Fund which also offers an element of indirect inflation-hedging relative to capped RPI.

IMPLEMENTATION STATEMENT (continued)

3.2) Trustees' cash flow arrangements

Income forms an important component of the Scheme's total expected return and the Trustees' policy since 2010 is to draw income generated by the Scheme's investments (dividends, rents and interest) each month to meet the ongoing cost of benefit payments and expenses.

The Main Section is largely closed to future accrual so regular contribution income is limited albeit supplemented by deficit repair contributions of £3m per year since 1 May 2021, following completion of the 30 April 2020 actuarial valuation. These contributions were retained as additional employer contributions from April 2022, following the 30 September 2021 actuarial valuation. With limited contribution income the Trustees meet the ongoing cost of benefit payments and expenses by drawing down the income generated by the Section's assets each month, supplemented by irregular private equity distributions and, where necessary, fixed monthly withdrawals from specified asset managers.

Over the course of the year to 30 April 2023 the Trustees received withdrawals from the SEI discretionary portfolio totalling £28.750m, to support the cash requirements for the Scheme.

Following the restructuring of the investment strategy, the Trustees introduced an explicit allocation to cash within the strategy to ensure that an appropriate balance, broadly equal to three months' payments, was available to pay benefits and other costs as they fall due. This allocation is reviewed on an ongoing basis.

For the London Section, income is again an explicit component of expected return for the portfolio as a whole and the Trustees draw down £0.5m per month (ended 31 March 2023) from the delegated portfolio towards the cost of benefit payments and expenses. This amount is generally expected to be less than the actual income generated by the delegated portfolio but is normally sufficient to meet the cash flow requirements of the Section, taking into account members' and sponsors' contributions and the quarterly income distribution from the long-leased pooled property fund managed by Legal & General Investment Management.

3.3) Delegation of fund manager activity

3.3.1) Investment Manager agreements

The Trustees have delegated day-to-day management of all Sections' assets to the appointed asset managers with appropriate agreements in place as follows. For the multi-asset and property mandates within Main Section, Investment Management Agreements (IMA) have been agreed. For the assets managed by SEI, a Fiduciary Management Agreement (FMA) is in place. These agreements set out in detail the terms of appointment, the investment objectives, investment restrictions (if any), various matters of compliance and governance and require the managers to be familiar with and comply with the Section's SIP.

Manager agreements (IMAs and the FMA) are reviewed and updated from time to time but, due to the nature of the agreed investment approaches and also the robust monitoring process in place, the Trustees consider manager performance relative to their mandates over a rolling 3 – 5-year horizon and do not consider it necessary to specify a finite term of appointment within the body of each IMA or FMA.

3.3.1.1) Main Section

No amendments were made to any IMAs that remained in force during the year although agreements with several managers were terminated. The FMA was amended on several occasions during the year ended 30 April 2023 to reflect the evolution of the investment arrangements as described above, including the separation of the portfolio into Growth and Matching elements and the introduction of a specific liability benchmark.

3.3.1.2) London Section

The FMA was amended on several occasions during the year ended 30 April 2023 to reflect the evolution of the investment arrangements as described above, including the separation of the portfolio into Growth and Matching elements and the introduction of a specific liability benchmark.

IMPLEMENTATION STATEMENT (continued)

3.3.2) Setting of investment strategy

Investment mandates are clearly defined to complement overall investment strategy and meet the expectation to generate a satisfactory rate of return over the long term, sufficient to meet the Section's liabilities as they fall due. The strategy has been determined based on analysis and advice provided by both SEI and Hymans Robertson.

3.3.3) Role of fiduciary manager

The FMA sets out in detail the terms of appointment of SEI, the investment objectives, investment restrictions (if any), various matters of compliance and governance and requires the underlying asset managers to be familiar with and comply with the Section's SIP. The FMA is reviewed and updated from time to time but, due to the nature of the fiduciary mandate agreed and the robust monitoring process in place, the Trustees consider SEI's performance relative to their mandate over a rolling 3 – 5 year horizon. The Trustees do not consider it necessary to specify a finite term of appointment within the body of the FMA.

SEI has responsibility for both the growth portfolio (equities and return seeking credit) and the matching portfolio (UK investment grade credit and Liability Driven Investment). The latter is designed to provide a match to the profile of the Scheme's longer-term cashflows. The Trustees are aware of interest rate, inflation, mismatch and leverage risks as they relate to their investments, and take advice from Hymans on these matters, in addition to currency and credit risk. The SEI portfolios are managed in line with the investment return and hedging targets that are determined by the Trustees.

SEI has sole responsibility for the appointment of underlying asset managers, selection of funds and the allocation of funds between those managers and does so in accordance with the investment objectives as agreed with the Trustees.

Access to income in excess of that passed to the Trustees each month to meet Scheme cash outflows, together with their general discretionary powers, enables SEI to reallocate funds between different managers or different strategies as appropriate to reflect changing market conditions. Information on the changes to the investment Portfolio structure is detailed in section 3.1.

3.3.4) Private Markets

The Trustees are Limited Partners in a number of Private Equity/Venture Capital investment funds but have not committed any new money to these private markets since 2010.

3.3.5) Conflicts of interest

The Trustees are comfortable that the appointed Investment Managers have appropriate conflicts of interest policies in place, which is assessed upon appointment of new managers and through ongoing monitoring as provided by their Investment Advisor.

3.4) Performance and other monitoring metrics (both Sections)

The Trustees' policy has been for the ISC to meet face to face (whenever possible) with each of their appointed managers no less frequently than once a year. The ISC set the agenda for each of these meetings to ensure managers focus on matters relevant to their mandates, their investment approach, buy-sell discipline and turnover, performance, stewardship practices and approach to the risks inherent in the mandates they manage. The ISC also use these meetings to discuss individual stock positions with their Investment Managers. ESG-related topics are a standing item as part of meeting agendas.

As part of regular monitoring, the Trustees assess the target return, income yield, inflation hedging and interest rate hedging levels relating to the portfolios managed by the fiduciary manager. The Trustees highlight any areas of concern and challenge investment managers on particular issues. Given the change in investment arrangements that took place over the year, the Trustees have sought to evolve their manager oversight, focusing primarily on the mandates overseen by SEI. The Trustees have also worked to ensure that performance reporting is provided to support the updated arrangements.

The Trustees also receive Funding Updates from their actuary. The most recent of these was delivered over the Scheme year, dated as of 31 October 2022, by way of a Funding Valuation and was used as part of the review of the investment strategy.

The Trustees held four ISC meetings during the year ended 30 April 2023. At each regular meeting they considered a detailed investment report for each Section of the Scheme setting out asset and manager allocations and movements, performance over year to date, rolling one year, three year and since inception time periods, actual versus expected income and growth, and a high-level review of each underlying asset manager.

IMPLEMENTATION STATEMENT (continued)

3.4) Performance and other monitoring metrics (both Sections) (continued)

The Trustees have undertaken training on the latest TCFD related obligations and have formalised their TCFD Policy Statement effective from October 2022, with their inaugural report to be published by 30 November 2023. As part of this reporting, the Trustees test the resilience of their strategy under different climate related scenarios, take advice from their investment advisor and meet with their appointed investment managers to monitor and discuss areas of concern and relevance to the investment strategy.

3.5) Costs and charges

In January 2023 the Trustees considered a detailed Cost & Charges Report prepared by SEI, in line with CMA requirements, covering all investment related costs for the year ended 31 December 2021 in relation to their appointed listed securities and fiduciary managers. The Trustees were satisfied that these costs were in line with expectations and agreed mandates for each of the managers but continue to strive to reduce costs over time whenever possible.

3.6) Stewardship and Engagement

In accordance with each SIP, the Trustees have, as previously stated, delegated the day-to-day management of the Scheme's assets, including voting and engagement, to their appointed investment managers. Each of these investment managers is regulated by the UK's Financial Conduct Authority (or equivalent overseas) in the conduct of their investment business. Each Manager is expected to operate in accordance with their published governance and engagement policies which are reviewed periodically.

As noted, in line with SIP, the Trustees aim to meet with their investment managers on at least an annual basis. The agendas include ESG considerations, and activities carried out to implement the rights and responsibilities that are delegated to each manager. The Trustees are satisfied that these considerations and ownership activities (including voting and engagement) are integrated and acted upon by the investment managers in line with the Trustees' expectations (as detailed in the Stewardship and Engagement Policy) and in the best interests of the Scheme beneficiaries.

Since the Myners Principles of 2001, the Trustees have ensured that their appointed investment managers adopted the principles within the Institutional Shareholders' Committee Statement on Responsible Ownership, which has since been incorporated into the Financial Reporting Council (FRC)'s Stewardship Code. Principal aspects of established Responsible Ownership policies for each manager are reviewed from time to time. A number of the Scheme's investment managers have been accepted as signatories to the FRC's Stewardship Code and/or to the United Nations Principles of Responsible Investment (UNPRI). Some investment managers are also members of the Institutional Investors Group on Climate Change and the Net Zero Asset Manager Initiative (NZAMI), amongst other industry initiatives.

Over the year to April 2023, the investment strategies of the Schemes were updated to target a lower level of risk and return. This was implemented through a reduction in the allocations to equities, and an increase in allocations to bonds (including gilts). As at 30 April 2023, only Ruffer and Pyrford (within Main Section) and SEI (within London Section) held equity allocations. The Trustees recognise that due to the lower allocation to equity in the Scheme portfolios, there is less opportunity to cast votes relating to these investments. The Trustees also recognise that the capacity for engagement with underlying companies and issuers is lower for fixed income investments than for equities (where shareholder proposals can be brought forward, for example), more so in relation to government-issued bonds. In any case, the Trustees expect their appointed asset managers to vote (as applicable) and engage with underlying companies and issuers to the extent available (as relevant for each asset class), to ensure that those stakeholders are acting in a way that best protects the long-term value of the investments and therefore act in the best interests of the Scheme's beneficiaries.

The Trustees have not imposed any investment strategy restrictions relating to ESG issues on their investment managers and there are no exclusions applied to investment arrangements based on non-financially material factors. The Trustees consider the issues which they consider material in the monitoring and appointment of new investment managers and are comfortable with the actions taken by their investment managers in this area.

IMPLEMENTATION STATEMENT (continued)

3.6.1) Delegation of Voting responsibilities

For the year ended 30 April 2023, the Trustees have confirmed that their investment managers have employed their house voting policies in managing their portfolios and exercising ownership rights on behalf of the Scheme (in relation to voting decisions on stocks). Investment managers typically use proxy voting services from Broadridge, Glass Lewis or ISS, whilst the Fiduciary Manager used BMO Global Asset Management's overlay service. In most cases voting services are execution only but, in the case of LSV (a quant manager), advice services may also have been provided. The Trustees also ask their investment managers, including the fiduciary manager, to provide an update on their house voting policy each year. The Trustees recognise that the house voting policies that are used to implement voting aim, in each case, to improve the long-term value of the related investments, and are therefore comfortable with the voting activity which is conducted on their behalf.

Again, for the year ended 30 April 2023, the Trustees have confirmed the percentage of company resolutions voted on by their investment managers, and the proportion of votes cast with and against company management. While only some investment managers have voted on 100% of resolutions, the others have voted on at least 75% of resolutions. For the manager with the lowest percentages of resolutions voted (Ruffer), the Trustees have discussed the reasons for this with the manager and consider their approach to be reasonable on the basis that voting is only usually carried out where a shareholding is meaningful.

The Trustees' annual review of significant resolutions, including company reporting, on the effects of climate change, has added to the Trustees' knowledge and understanding of investment managers' processes and due diligence.

During the year, as part of their meetings with their appointed investment managers the Trustees have engaged with and sought further information from their investment managers on how portfolios may be affected by a particular issue or issues, including climate change and whether business strategy was "Paris-compliant" or whether disclosure initiatives proposed by Climate Action 100+ were progressing, about measurable actions to reduce food waste, about executive remuneration, and about corporate governance such as proposals to transfer corporate domicile or disclosure of lobbying-related expenditure. This dialogue has improved the Trustees' understanding of some of the processes employed by their investment managers.

The Trustees have historically highlighted their individual priorities and concerns on individual portfolio holdings to their appointed investment managers during routine meetings which it was expected would be addressed by managers in their discussions with companies and issuers that relate to their respective portfolios, and in the execution of their respective voting strategies This included the consideration of climate change and the Trustees have sought to understand where their managers have addressed this and other material ESG issues, giving particular consideration to individual stocks.
The significant changes in strategy over the year has required the Trustees to refocus their dialogue with managers given the shift form equity to credit-based investment. Whilst the Trustees still request their managers to address their approach to stewardship, the Trustees have not yet set any priorities for their managers other than the improvement in reporting of climate data within credit mandates as their TCFD goal.

A summary of voting activity for each of the investment managers for the year ending 30 April 2023 is included below as Appendix VI. Where an investment manager appointment has been terminated over the period, the voting statistics in relation to that particular mandate are detailed for the quarters (three-month periods) in which the appointment was invested for the majority of the period.

3.6.2) Significant votes (samples from year ended 30 April 2023)

In line with their approach to delegating responsibility to their investment managers, the Trustees have not specified to their managers what matters they consider to be significant although have noted a focus on climate change. The Trustees have therefore sought input from their investment managers on what they consider to be the most significant votes exercised during the year and consider the following cases provided by their continuing managers to be of particular importance given their alignment with the issues the Trustees have discussed with their managers.

IMPLEMENTATION STATEMENT (continued)

3.6.2) Significant votes (samples from year ended 30 April 2023) (continued)

BP PLC. 12 May 2022. Environmental (Shareholder proposal to approved climate change targets)
Pyrford – 0.96% of mandate; Ruffer 3.5% of mandate

Both Pyrford and Ruffer voted against the shareholders proposal (and in line with management's recommendation). BP contend that they had suitable targets in place already. BP claimed approval of the resolution would be disruptive to the current strategy and confuse the company's journey through the Energy Transition.

Pyrford believed that anything that hindered BP's successful negotiation of the Energy Transition was a threat to the investment case. On this basis Pyrford voted with management.

Ruffer noted that they had undertaken extensive work on BP, had engaged with the company before the AGM, and believed their approach was currently industry leading. They noted supported for management in their efforts to provide clean, reliable, and affordable energy.

The vote was considered significant by managers given expected client interest and the focus on climate change.

The resolution failed with 85.1% voting against.

Meta Platforms, Inc. 25 May 2022. Social (Shareholder proposal requesting the company provide a report on Child Sexual Exploitation Online)
Ruffer – 0.9% of mandate

Ruffer voted for the company to provide reports on child exploitation online as the company has experienced some recent controversy related to its alleged failure to catch hundreds of cases of child exploitation on its platform. There were also concerns that the company's plans to apply end-to-end encryption by default across its messaging platforms would severely hinder investigations of child predators. Although the company says that in some instances, Facebook Safety Advisory Board members are informed about future product launches in order to share their insights on the company's approach to safety before the products are released, the company does not provide any indication that this includes the safety of end-to-end encryption technologies as they are developed. Given the potential financial and reputational impacts of potential controversies related to child exploitation on the company's platforms, shareholders would benefit from additional information on how the company is managing the risks related to child sexual exploitation, including risks associated with end-to end encryption technologies. will continue to vote on shareholder resolutions that affect transparency over Diversity, Ethnicity, and Inclusion Efforts.

The vote was considered significant given the managers focus on obtaining transparent and accurate information on issues that may affect the company's revenue streams.

The resolution failed with 82.7% votes against.

Barclays Bank plc. 4 May 2022. Environment (Management proposal to approve climate strategy)
Ruffer – 1.1% of mandate

Ruffer have had a number of meetings with Barclays over the last 18 months with respect to their climate strategy, existing targets, data analysis and the plans for setting new targets on a number of new sectors. Ruffer supported the group's climate resolution in 2020 and voted against a too narrow "Market Forces" resolution at last year's AGM. The new progress reports set out ahead of this "Say on Climate" vote made further intermediate commitments, targets and hurdles to be achieved as part of its membership of the Net- Zero Banking Alliance which has a headline 2050 target. Ruffer assessed the progress made in the context of their discussions with the company and whilst there are certain elements (phase out of thermal coal financing; financing unconventional oil and gas, amongst others) which remain unsatisfactory, the overall policy, new targets and tracking warranted a vote FOR this resolution. Ruffer intend to continue their engagement with the company on this topic.

The vote was considered significant given the managers focus on obtaining transparent and accurate information and the focus on climate change.

The resolution passed with 80.8% votes for.

IMPLEMENTATION STATEMENT (continued)

3.6.2) Significant votes (samples from year ended 30 April 2023) (continued)

Mitsubishi Electric Corp. 29 June 2022. (Management proposal to elect Director Kei Uruma)
Pyrford 0.49% of mandate

Pyrford voted against the resolution as the restructuring measures announced did not substantially address the structural issues facing the company and are effectively a continuation of measures introduced by the old CEO, before the test data falsification incidents in the company came to light.

The vote was considered significant as the manager believed the outcome would have a significant impact on shareholder returns.

The resolution passed with 58.46% votes for.

SGS SA, 28 March 2023. Governance (Management proposal for the replacement of the authorized share capital by a capital band).
Pyrford 0.53% of mandate

Pyrford voted against the resolution given that capital band will be in addition to the existing conditional capital authorisations the company holds and the potential exclusion of pre-emptive rights, we believe the potential dilution to existing shareholders from capital issuance could be significant.

The proposal was considered significant as the manager believed the outcome would be detrimental to shareholders.

The proposal was not approved at the AGM.

Unilever PLC, 04 May 2022. Governance (Re-elect Nils Andersen as Director)

Veritas voted against the re-election of Nils Andersen as they were unhappy with the way the business was performing and believed the executive management needed to be replaced. The resolution has since passed.

Amazon, 25 May 2022, Corporate Governance (Advisory Vote on Executive Compensation)
SEI voted against the proposal 'advisory vote on executive compensation'. In association with the new CEO transition, Mr Jassy was set to receive $212 million as a time-based promotion award, which would become fully vested in ten years. Large awards like this can undermine the integrity of a company's regular incentive plans and the link between pay and performance. Although the long vesting period may have helped lessen concerns around the lack of performance-based conditions, an award of this size without performance – based vesting conditions is concerning. This vote is deemed significant because it is a high-profile company which has been under scrutiny on account of its labour conditions which continue to be a focal point for investors and the media. Additionally, the lack of clarity of future grants to Mr Jassy and lack of transparency to the shareholders through performance-based conditions for a grant this size warranted shareholder opposition. The resolution has since passed.

3.6.3) Engagement

As noted, the Trustees have delegated active ownership activities (including engagement) to their investment managers. These responsibilities are delegated by the fiduciary manager to a third party, Sustainalytics. Furthermore, the fiduciary manager has appointed a secondary engagement specialist, BMO Reo, to focus on climate change engagement. The Trustees have noted the following engagement activities undertaken by their managers.

Manager: SEI
Company engaged: Archer-Daniels-Midland (ADM)
Engagement objective: Progress on ESG governance, land use, biodiversity and carbon management activities

Through their collaborative engagement with Sustainanalytics, SEI has engaged with ADM to encourage a transition to more sustainable agricultural practices, a holistic response to environmental challenges, and to contribute to a more sustainable food system.

During a call in May 2022, ADM discussed its approach to carbon and land management risks. The company explained recent updates to their executive share plan, outlining the integration of ESG metrics (carbon emissions and employee diversity criteria) to replace total shareholder return, which are more reflective of stakeholder materiality and desired behaviour change.

IMPLEMENTATION STATEMENT (continued)

3.6.3) Engagement (continued)

Archer-Daniels-Midland also mentioned their attention to deforestation and carbon sequestration exposures, and has put a stakeholder materiality assessment in place to monitor these exposures and impacts. This includes a goal to mitigate deforestation in all supply chains by 2030, which is already in progress.

ADM has set a robust target to reduce 25% of its scope 3 greenhouse gas emissions by 2035 from a 2019 baseline, outlined by a clear strategy focused on the company's supply chain activities. Through various approaches to supply chain management, ADM is taking steps to reduce its ecological impacts and risks.

Manager: SEI
Company engaged: Walmart, Inc.
Engagement objective: Improve labour rights

Sustainalytics began its bilateral engagement dialogue with Walmart, Inc. in 2011. At the beginning of engagement efforts, labour rights were a major controversy within Walmart's engagement and management activities. Although initially exposed to a high degree of labour risk across the supply chain and within the brick and mortar stores, the company has evolved to a place where Walmart now welcomes constructive dialogue and engagement on industry best practices in human capital management.

Since the inception of Walmart's engagement with Sustainalytics, the company has attended almost twenty conference calls and conducted two in-person meetings to discuss reducing their exposure to labour rights. Walmart, Inc. implemented and published a human rights policy statement across business operations, which led to an improvement in disclosure practices on the topic.

Walmart, Inc. has taken the necessary steps to mitigate its risk associated with labour rights management, including resolving any related legal incidents and providing detailed human capital disclosures aligned with their strategy. Resulting from Walmart's consistent willingness to engage and transition their leadership approach to one that supports transparent human rights management, Sustainalytics considers this case to be resolved.

Manager: Pyrford
Company engaged: Imperial Oil
Engagement objective: Discuss Imperial's current level of GHG and other emissions and what their plans are for reducing these going forward.

Imperial Oil is an integrated Canadian oil company with upstream and downstream capacity of ~ 400kb/d. A majority of Imperial's production comes from oil sands mining projects, which have a large environmental footprint. Oil sands are water intensive, are high in CO2 and other emissions (such as SO2 and NOx). They also produce significant quantities of tailings that have high concentrations of heavy and other compounds that can potentially be toxic.

Pyrford has been engaging with Imperial on an on-going basis given emissions is an ongoing issue for them. Whilst Imperial has had emission reduction targets for several years, they were short term in nature and somewhat unspecific. Pyrford has been asking for the company to provide longer term goals and for more detail on exactly how these goals will be achieved. Most of the current focus of emissions reduction is on the E&P side. Targets for the refining and chemicals division are also needed.

During October 2022, Pyrford engaged with a number Imperial's employees, including Brad Corson (CEO) and David Hughes (IR). They followed this up with a call with the VP of Policy & Advocacy, and the VP of Commercial & Corporate Development. This follows a similar pattern of engagement over recent years noting that the visibility and willingness of the company to have meetings solely on ESG issues has increased considerably over the last few years.

Pyrford expect the engagement to be ongoing and continue to monitor the company's progress on meeting their stated objectives and await updated goals being shared.

IMPLEMENTATION STATEMENT (continued)

3.6.4) Engagement with Managers

Whilst the Trustees have regular informal dialogue with their investment managers, they met formally with their investment managers as follows over the course of the Scheme year. Given the substantive changes in investment arrangements over the year, the Trustees engagement was primarily with managers who retained an ongoing appointment.

Date	Manager engaged	Issues discussed
July 2022	SEI	Options for derisking strategy Performance of underlying asset managers within discretionary portfolios
August 2022	SEI	Credit investment Implementation of LDI strategies Climate change and TCFD
September 2022	Barings	Outlook for UK property market; performance of individual properties within the portfolio; market liquidity; Management of ESG risks within property assets
September 2022	SEI	Derisking implementation Climate change & TCFD
November 2022	SEI	Implementation of derisking/hedging strategy Performance of underlying asset managers within discretionary portfolio
January 2023	SEI	Credit investment and default risk Curve risk within LDI Performance of underlying asset managers within discretionary portfolios Climate risk

The Trustees receive reporting on the activities carried out by these parties on a regular basis as part of ongoing monitoring. The Fiduciary Manager and the other Investment Managers report on voting activity although the Trustees also use industry-standard (PLSA) to ensure that comparable information is received.

Managers are expected to notify the Trustee of any issue on which it may be beneficial for the Trustees to undertake further engagement, though there were no such notifications made over the Scheme year.

The Trustees are comfortable that these activities are integrated and acted upon in line with the Trustees' expectations (as detailed in the Stewardship and Engagement Policy) and in the best interests of the Scheme beneficiaries. As noted in this statement, the Trustees have significantly changed the strategy over the course of the year to reflect the improved funding position of the Scheme. This has included better tailoring the assets to the term and structure of the Scheme's liabilities and the Trustees have discussed the changed position of the Scheme with all their managers.

3.7) Portfolio turnover

The Trustees request and review turnover costs incurred by the Investment Managers over the Scheme reporting year.

4) Advisors and other service providers

Consistent with the Investment Consultancy and Fiduciary Management Market Investigation Order 2019, the fiduciary manager role carried out by SEI was retained by the Trustees following completion of a competitive retendering exercise, carried out towards the end of 2021 and early 2022.

In recognition of SEI's dual role as lead adviser and asset manager, the Trustees have also appointed Hymans Robertson LLP (Hymans) as an additional investment adviser to support ongoing monitoring of SEI, in their capacity as a fiduciary manager. The Trustees considered a number of separate papers from Hymans over the course of the year in relation to SEI's management of the delegated discretionary portfolios including Environmental, Social and Governance (ESG) considerations, and other compliance or related matters.

IMPLEMENTATION STATEMENT (continued)

4) Advisors and other service providers

The Trustees are also mindful of the important role played by their appointed investment consultants and monitor performance against objectives set out in their "Objectives for providers of investment consultancy services" policy dated 10 December 2019, in accordance with the Investment Consultancy and Fiduciary Management Market Investigation Order 2019.

5) Compliance

This Implementation Statement was approved by the Trustees on 30 November 2023 and signed on their behalf by:

John Hamilton
John Hamilton
Chair of Trustees