

Implementation Statement

for the year ended
31 March 2025



Implementation Statement

Introduction

The People's Pension Trustee Limited ('the Trustee') produces a document called the Statement of Investment Principles ('SIP') that explains how the money that is received from the members is invested. This implementation statement sets out how The People's Pension Scheme ('the Scheme') has followed the investment guidelines set out in the applicable SIP over the scheme year 1 April 2024 to 31 March 2025. The SIP was updated after the end of the Scheme year and is available [here](#) for reference.

The outline of the implementation statement is as follows:

Part 1: Background – this highlights the investment options available to the Scheme's members including its self-select range, and how the Scheme is governed to ensure proper oversight,

Part 2: How the Scheme's SIP has been adhered to during the year under review – as part of this assessment, this also includes:

- ✓ How the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- ✓ The voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes and the use of any proxy voting services.

Part 3: Concluding remarks about SIP adherence

Part 1: Background

The Investment Options the Scheme offers to members

The Balanced profile (also referred to as the default fund) is where the member will be invested if they don't select an investment. To begin with the member will be invested in the Global Investments (up to 85% shares) Fund before being slowly switched into the Pre-Retirement Fund starting from when the member is 15 years from retirement date.

The Adventurous profile works in the same way as the Balanced profile, but the member is initially invested in the higher risk Global Investments (up to 100% shares) Fund before being switched into the Pre-Retirement Fund. For members who are prepared to accept more risk for the chance of more growth in the value of their pension savings.

The Cautious profile again works like the Balanced profile but invests in the lower-risk Global Investments (up to 60% shares) Fund before being switched into the Pre-Retirement Fund. For members who would prefer a level lower of risk but with a lower level of expected growth in their pension savings.

All of the funds in the investment profiles have a target related to the rate of inflation (how quickly goods and services are getting more expensive over time) as measured by the Consumer Price Index ('CPI'). So, a fund that has a target of CPI+2.5% will over the long-term aim to grow by the

CPI rate plus 2.5% per year.

Self-Select Funds

If a member does not wish to invest in one of the investment profiles, they can self-select from the range of funds below which include all four funds used in the investment profiles as well as four additional funds. Members can select from one or a mixture of funds apart from the Shariah Fund where a member must invest 100% in the fund. Descriptions and performance objectives of the funds are in the table below.

Fund	Invests in	Long-Term Performance Objective
Global Investments (up to 85% shares) Fund	Mainly in company shares around the world, offering the potential for long-term growth. This is balanced against some investments in typically less risky bonds.	CPI +2.5%
Pre-Retirement Fund	A combination of bonds, cash and shares, with a smaller proportion in shares. This lowers the fund's growth potential but also aims to lower the fund's risk.	CPI +0.5%
Global Investments (up to 60% shares) Fund	A combination of shares and bonds, with a lower proportion in shares, which means the potential for growth is reduced, but so is the level of risk.	CPI +2.0%
Global Investments (up to 100% shares) Fund	Predominately the shares of companies around the world, may hold additional diversifying asset classes.	CPI +3.0%
Ethical Fund	In global company shares, excluding businesses that produce fossil fuels or gain a substantial portion of their income from tobacco, alcohol, gambling, pornography, weapons, recreational cannabis, for-profit prisons, and non-sustainable palm oil.	CPI +3.0%
Shariah Fund	100% in the shares of global companies – it invests all of its assets in the HSBC Amanah Global Equity Index.	CPI +3.0%
Cash Fund	As a result of the lower-risk nature of the fund, the potential for investment growth is reduced. In short-term money market investments and fixed investments that are liquid – i.e. things that can be converted to cash on short notice.	Returns equivalent to cash returns
Annuity Fund	100% in UK government and corporate bonds.	To protect against rises in the level of annuity prices

How the Scheme is governed

This section outlines who looks after the members' investments and an overview of how investment decisions are made by the Scheme.

- ✓ The Board of The People's Pension Trustee Limited ('the Trustee'). The Trustee makes the decisions relating to how the Scheme, is managed. It has a fiduciary duty to act in the best interests of the members when making decisions. The Trustee Directors bring a diversity of thought, backgrounds and experience to the Board and are all experienced financial services and pensions professionals.
- ✓ Trustee Investment Committee ('the Committee'). The Committee is a group of three Trustee Directors who all have significant experience of working in investments. They work with People's Partnership's Investment Team ('the Investment Team') and the Scheme's investment adviser to review the performance of the Scheme's investments and any proposed changes to the Scheme's investment strategy.
- ✓ People's Investments Limited ('PIL') – People's Partnership's (the Scheme's pension provider) in-house team of investment specialists who conduct extensive investment research and make changes in investment strategy and implementation recommendations to the Trustee and the Investment Committee. The investment operations ('Investment Ops') team is part of the investments team and ensures the day-to-day operation and pricing of the members' funds.
- ✓ The Investment Adviser – An organisation that is Financial Conduct Authority ('FCA') authorised to provide regulated financial advice to the Trustee. During this Scheme year, PIL was authorised by the FCA and became the Trustee's adviser.



Implementation Statement (continued)

How the Scheme is governed (continued)

- ✓ Board of PIL – The Board of PIL is responsible for overseeing the Investment Team.
- ✓ People's Administration Services Limited – The part of People's Partnership that performs the administration and responds to member queries for the Scheme.
- ✓ Asset Managers – The companies that the Scheme uses to invest members' contributions. The Scheme used State Street Investment Management ('SSIM') (formerly known as State Street Global Advisors) and HSBC Asset Management for the whole Scheme year and appointed Amundi (UK) Limited ('Amundi') and Invesco Asset Management Limited ('Invesco') in February 2025.
- ✓ Investment Administrator – Northern Trust which provides a range of services for the Scheme including valuing and safekeeping assets.

Part 2: How the SIP was adhered to during the year under review

Key changes to the SIP since previous review

This section outlines the key changes to the SIP from Scheme year 2023/2024 to 2024/2025 as a result of the last review of the SIP which was published on 1 April 2024. These were as follows:

- ✓ To comply with regulations a new section outlining the Scheme's policy regarding illiquid investments was added.
- ✓ The Retirement Risks section was amended to include that members regularly receive statutory money purchase illustrations ('SMPI') giving a projection of potential fund size at retirement.
- ✓ The Financially material considerations and Voting rights and engagement principles sections were simplified. The Trustee considered that it would be more appropriate to have a summary in the SIP and to refer to the Responsible Investment Policy where required.
- ✓ The Asset manager arrangements section was updated to confirm that the updated Responsible Investment Policy outlines the minimum requirements when selecting new managers.
- ✓ The Asset Manager arrangements section was updated to include a section stating that the Scheme primarily used passive investing techniques to limit portfolio turnover.

Key changes to the Scheme's portfolio during the year under review

This section outlines the key changes to the Scheme's investments and/or oversight during the year under review. These were as follows:

- ✓ The Trustee has appointed new asset managers, Amundi and Invesco. Amundi are responsible for managing the developed market share investments. Invesco manage the global bond investments (loans to companies and governments).
- ✓ PIL / the Investment Team has obtained authorisation from the FCA and been appointed as the Scheme's investment adviser by the Trustee.
- ✓ The Scheme has transferred 90% of the Scheme's underlying investments into segregated mandates from pooled funds. This means that the Scheme now directly owns those investments on behalf of the members, giving the Scheme more control over how they are invested, how the Scheme can use the share voting rights and increases their security.

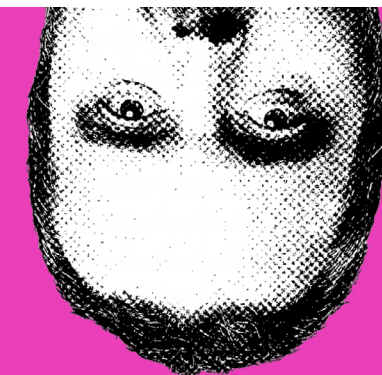
Please note that these changes were covered in an updated SIP that was published after the end of the Scheme year 2024/2025, and can be found [here](#).

How the changes impact the risks faced by the Scheme's members

Pages 7 and 8 of the SIP describe a range of the different types of risk faced by the Scheme's members, the section below looks at the specific risks that were affected by the changes to the Scheme's investment arrangements.

- ✓ The appointment of Amundi and Invesco as asset managers. Amundi's investment mandate is the same as the previous mandate to track a range of developed market equity indices. The only impacted risk is the asset manager risk and due to the extensive research conducted in the investments team's opinion Amundi will track these indices at least as well if not better than the previous manager. Invesco are using active management for a portion of their portfolio and so whilst it is expected that doing so will improve performance which should reduce inflation, conversion retirement benefit, and market risks there is the potential for these risks and asset manager related risk to increase. For the index tracking part of Invesco's portfolio in the opinion of the Investment Team Invesco will be able to track the indices as well if not better than the previous manager.
- ✓ The Trustee believes that the Investment Team has sufficient skill and resources to provide high quality investment advice to the Scheme. The Trustee has confidence that the appointment of PIL to the role of investment adviser will not increase the risks to the members caused by poor advice.
- ✓ In the opinion of the Trustee, the movement of 90% of the Scheme's underlying assets into segregated mandates should reduce the operational risk of the Scheme.

The Scheme has transferred 90% of the Scheme's underlying investments into segregated mandates. This means that the Scheme now directly owns those investments on behalf of the members, giving the Scheme more control over how they are invested, how the Scheme can use the share voting rights and increases their security.



Implementation Statement (continued)

How the Scheme has implemented the policies in the SIP during the year under review

This below table provides a summary of the Trustee's key policy statements within the SIP, and correspondingly how the Scheme implemented them during the year under review.

SIP Policy	How the Scheme implemented the 2024/2025 SIP
<p>2 – Choosing investments Summary of policy: The Trustee's policy is to offer a default investment arrangement plus a core range of investment funds suitable for the Scheme's membership profile.</p>	<p>The Scheme continues to offer the Balanced profile as its default and a range of additional self-select funds. The Investment Adviser provided a detailed report on the default fund to the Committee during the November meeting. At the February meeting the additional fund range was discussed and it was agreed that additional options should be researched to increase the choice available to members.</p>
<p>3 – Investment objectives Summary of policy: The Trustee has discussed and agreed on key investment objectives in light of an analysis of the Scheme's membership profile as well as the constraints the Trustee faces in achieving these objectives.</p>	<p>The Trustee sets performance objectives based on its understanding of members' age, income, and attitude and tolerance to risk. The Committee received the annual member behaviour report at its August meeting and a full investment review of the objectives in November. This review included due consideration of the Trustee's investment time horizons.</p>
<p>4 – The kind of investments to be held. Summary of policy: The Trustee is permitted to invest in a wide range of assets, including equities, bonds, cash, property, derivatives, and alternatives, subject to complying with relevant legislation.</p>	<p>The Investment Ops team monitors the Scheme's investments on an ongoing basis and confirms that the Scheme has not invested in anything not permitted by the Trustee.</p>
<p>5 – Illiquid Investments Summary of policy: The Scheme does not currently invest in illiquid assets.</p>	<p>The Investment Ops team confirms that the Scheme did not invest directly in illiquid investments such as private equity, infrastructure and commercial property during the Scheme year.</p>
<p>6 – The balance between different types of investments Summary of policy: The Trustee expects a range of investments to be made available that allows for changes in members' risk appetites over time. The Trustee also expects due consideration of the relative merits of active or passive investment for different parts of the overall portfolio. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and that the asset allocation may change as the membership profile evolves.</p>	<p>The Trustee understands that people generally get more risk averse as they get older. The default option is designed to invest more in investments that offer higher returns but with higher risk when members are young. The Committee reviewed the default arrangement at the November meeting.</p> <p>The Trustee look at both index tracking and active management for the management of the Scheme's assets. In February 2025, the Committee approved the appointment of two new managers: Amundi to manage the investments in global developed market shares using an index tracking approach, while Invesco will use active management for part of its fixed interest portfolio and index tracking for UK and US government bonds.</p> <p>Part of the Committee's annual default fund review in November looked at the asset allocation of the scheme and its suitability for members. In the Committee's opinion the asset allocation continues to meet member requirements. Reviews of performance expectations are provided in the appropriate time horizons for the Trustee's objectives.</p>
<p>7 – Investment Risk Please refer to section 7 of the SIP.</p>	<p>Pages 7 and 8 of the SIP look at the different types of investment risk the Trustee has considered and how it has mitigated them for members. This list was reviewed by the Trustee when it approved the SIP under review which was published on 1 April 2024.</p>

Implementation Statement (continued)

How the Scheme has implemented the policies in the SIP during the year under review (continued)

This below table provides a summary of the Trustee's key policy statements within the SIP, and correspondingly how the Scheme implemented them during the year under review.

SIP Policy	How the Scheme implemented the 2024/2025 SIP
<p>8 – Expected return of investments Summary of policy: The Trustee has regard to the relative investment return, net of fees, and risk that each asset class is expected to provide. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowances for inflation when making decisions and comparisons.</p>	<p>The Investment Team and Committee regularly review the expected real returns of asset classes that the Scheme invests in to ensure that the members' investments are likely to meet their objectives.</p> <p>Part of the Committee's annual default fund review in November looked at the expected returns in the asset allocation of the Scheme and its suitability for members. In the Committee's opinion the asset allocation continues to meet member requirements.</p> <p>Reviews of performance expectations are provided in the appropriate time horizons for the Trustee's objectives.</p>
<p>9 – Realisation of investments Summary of policy: The Trustee has delegated the responsibility for buying and selling investments to the asset manager. This role includes considering the liquidity of the investments in the context of the likely needs of members and the payment obligations of the Scheme.</p>	<p>As part of the research process for choosing any investment the Trustee will review how easy it is to be bought and sold (known as liquidity). On a day-to-day basis this will be managed by the Investment Ops team who report to the Committee quarterly. There were no issues with liquidity for the Scheme this year.</p>
<p>10 – Financially material considerations Summary of policy: The Trustee believes that environmental, social and governance ('ESG') factors can affect the performance of investment portfolios and should be considered as part of the Scheme's investment policy.</p>	<p>The Trustee regularly reviews financially material considerations as part of its fiduciary duty, with climate change considered to be the ESG risk with the greatest potential to impact upon member outcomes.</p> <p>Further details can be found in the Responsible Investment section below.</p>
<p>11 – Member views and non-financial factors Summary of policy: The Trustee has agreed to a Responsible Investment Policy that outlines its approach to non-financial factors, including exclusions.</p>	<p>The Trustee updated its exclusions policy, enhanced its Ethical Fund offering, and conducted a survey to better understand members' attitudes and preferences with regards to responsible investment issues.</p> <p>Further details can be found in the Responsible Investment section below.</p>
<p>12 – Voting rights, corporate governance and engagement principles. The Trustee monitors its fund managers against the voting and engagement expectations set out in its Responsible Investment Policy. If the Trustee deems this behaviour inadequate, it will engage with the relevant manager and seek to better align the behaviour of the manager with the Trustee's policy.</p>	<p>The Trustee regularly reviews how its voting rights were exercised and engagement executed as part of its fiduciary duty. As such, it has set expectations with its asset managers and regularly assesses its managers' activities against them.</p> <p>Further details can be found in the Responsible Investment section below.</p>

Implementation Statement (continued)

How the Scheme has implemented the policies in the SIP during the year under review (continued)

This below table provides a summary of the Trustee's key policy statements within the SIP, and correspondingly how the Scheme implemented them during the year under review.

SIP Policy	How the Scheme implemented the 2024/2025 SIP
<p>13- Asset Manager Arrangements</p> <p>Summary of policy:</p> <p>Prior to appointing the asset manager, the Trustee discusses the asset manager's benchmark and approach to stewardship, as well as the management of ESG and climate-related risks, with the Scheme's investment adviser and how they are aligned with the Trustee's own investment aims, beliefs and constraints.</p> <p>The Trustee monitors the performance of its asset managers over medium to long-term time periods that are mutually agreed upon with the asset manager and are consistent with the Trustee's investment aims, beliefs and constraints. The investment adviser assists the Trustee in this monitoring process.</p> <p>The Trustee expects the asset manager to vote and engage on behalf of the fund's holdings, and the Scheme monitors this annually.</p> <p>The Trustee expects the asset manager to minimise transaction costs wherever possible</p> <p>The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustee's investment aims, beliefs and constraints are assessed every 3 years, or more frequently when changes deem it appropriate to do so. As part of this review, the ongoing appropriateness of the asset manager and the specific funds used are assessed.</p> <p>If fund manager expectations are not met, the Trustee will work with the fund manager to improve them. If this engagement is unsuccessful, their appointment may be reviewed or terminated.</p>	<p>During the Scheme year the Investment Team conducted a thorough review of the Scheme's asset manager arrangements for developed market equities and fixed interest investments. A wide range of criteria was employed in assessing potential managers from across the whole industry. Those included performance, RI policy alignment¹, the partnership offering, fee structure and research capabilities. At the February Committee meeting the appointment of Invesco and Amundi was confirmed.</p> <p>Mark Condron, Chair of the Trustee described the rationale for the selection. "By selecting Amundi and Invesco, we have chosen to prioritise sustainability, active stewardship and long-term value creation..." "The Scheme aims to balance strong financial performance with responsible investment principles."</p> <p>The transfer of the assets was carefully managed to limit transaction costs. The Committee reviewed the transaction costs of the manager transfers.</p> <p>The Committee monitors the performance of the funds on a quarterly basis and the portfolio turnover costs on an annual basis.</p> <p>For further details on how the Scheme's voting and engagement policies forming part of the RI Policy alignment were adhered to during the year under review, please refer to the Responsible Investment section of the Implementation Statement.</p>
<p>14 – Monitoring</p> <p>Summary of policy:</p> <p>Investment performance: The Trustee reviews the performance of each investment option.</p> <p>Objectives: The Trustee monitors the suitability of the objectives for the Scheme.</p> <p>Investment choices: The Trustee monitors the appropriateness of the investment choices offered on a periodic basis.</p> <p>Engagement and stewardship: The Trustee monitors the engagement and stewardship activities undertaken by the manager of the pooled funds on an annual basis.</p> <p><small>¹For further details on the criteria forming part of that RI Policy alignment, please refer to Principle 3 of the Scheme's RI Policy.</small></p>	<p>The Committee reviews the performance of the funds in detail quarterly as well as receiving a report from the Investment Ops Team. The Investment and Investment Ops teams monitor the Scheme's performance and liquidity daily.</p> <p>The Committee last reviewed the objectives at its November meeting. The Scheme's default was reviewed in November and the self-select fund range was discussed in February.</p> <p>The Trustee monitors the stewardship activities undertaken by the manager of the pooled funds on an annual basis. For further details on how this implemented during the year under review, please refer to the Responsible Investment section of the Implementation Statement.</p>

With reference to the above table, the Trustee considers that it has, in all material respects, followed the policies set out in the SIP during the year under review.

Implementation Statement (continued)

How the Scheme has implemented the policies in the SIP during the year under review (continued)

Responsible Investment

This section outlines how the Scheme's Responsible Investment ('RI') Policy was followed during the year under review. Activities undertaken during the year under review are provided in italics for ease of reference.

Introduction

The Scheme's RI Policy was developed in the previous reporting year, and the Trustee believes it reflects a significant step forward in the Trustee's stewardship approach. This Policy was approved in April 2024 and was therefore in force during the year under review. Note that given the addition of a new public exclusions policy (see relevant section below) and an evolving investment strategy, the Policy was updated and approved after the year under review, but before the publication of this statement (June 2025). The Scheme's asset managers have been provided with this policy.

The RI Policy sets out minimum requirements and ongoing expectations for the Scheme's investment managers. A summary of the ongoing expectations is outlined below:

- ✓ Alignment with the Scheme's RI objectives and beliefs, with robust governance systems that drive effective stewardship
- ✓ Exercise of voting rights on the Trustee's behalf in companies in which the Scheme has holdings
- ✓ Alignment of stewardship activity with the Scheme's stewardship priorities
- ✓ Formalised and robust process for setting and tracking engagement milestones, including escalation
- ✓ Robust oversight of index construction and management processes
- ✓ Alignment of industry and policy engagement with the Scheme's stewardship priorities
- ✓ Best-in-class, strategy level stewardship reporting on the Scheme's stewardship priorities

To enable the Trustee to allocate an appropriate amount of time to assess RI issues and make high quality decisions, the fact-finding and analysis against these expectations are delegated to the Investment Team.

If these minimum requirements and ongoing expectations are not met, the Trustee has warned it will put asset manager relationships under review, which could result in it moving to other asset managers.

During the year under review, the Trustee's assessment of asset manager expectations described above was a contributing factor in the addition of two new managers as detailed in the previous table - Section 13 (Asset Manager Arrangements).

Further details on the Trustee's RI activities against its SIP requirements are shown in the subsequent sections.

Financially material considerations

The primary objective of the Scheme's RI approach is to add financial value and resilience to its members' savings through its portfolio construction and stewardship approaches.

ESG factors are integrated into the portfolio when they are believed to be material to the portfolio's return prospects or risk characteristics. Integration may mean using the ESG factors to influence the weights of securities, sectors, or asset classes held in the portfolio. The Trustee considers climate change to be the ESG risk with the greatest potential impact upon member outcomes. The consideration of financially material ESG issues influences both portfolio construction (e.g., climate aware funds) and asset manager contractual arrangements. An illustration of how the Trustee takes a longer-term outlook in its investment decision making is by integrating climate and nature risk into the Scheme's portfolio construction and/or stewardship processes.

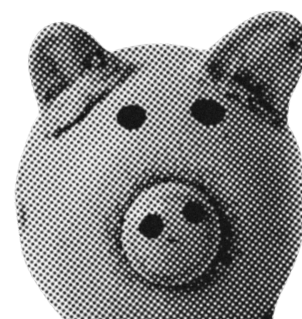
During the year under review, the following activities were undertaken:

- ✓ The Scheme's updated Responsible Investment Policy now clearly states the Trustee's net zero ambition.
- ✓ The inclusion of ESG integration and net zero requirements within the Investment Management Agreements ('IMA') of the new developed equities and fixed income managers (refer to the previous table under Section 13 - Asset Manager Arrangements, for further details).
- ✓ Through its previously reported investment in climate aware strategies, more than halved the carbon footprint of its main investment fund in 12 months.

Member views and non-financial factors

✓ **Secondary RI objective:** As a complement to the primary objective described above, the Trustee aims to encourage companies to behave in a more sustainable way for the benefit of society and the world into which members will eventually retire. Ultimately, this aim is likely to lead to better and more sustainable retirement outcomes for members.
For further details on how this responsible investment objective was implemented in practice during the year under review, please refer to the above table under Section 13 (Asset Manager Arrangements) and the below section on voting rights, corporate governance and engagement principles.

✓ **Exclusions:** As part of its RI objectives, the Scheme's RI Policy states that it takes a limited approach to exclusions, so long as it does not cause financial detriment in their use. The exclusions outlined in the Scheme's exclusions policy are designed to reduce the risk of the portfolio being significantly exposed to internationally banned products, and certain ESG risks, and/or business practices that may expose the investee company to reputational risks. The exclusions are not expected to have a material impact on the risk or return characteristics of the portfolio.



✓ *During the year under review, the following activities were taken:*

- ✓ *The establishment of a minimum baseline for exclusions was agreed by the Trustee's Investment Committee in November 2024, a public version of which is included in the Scheme's updated RI Policy as of summer 2025.*
- ✓ *A formal exclusions policy was developed that was published as an appendix to the July 2025 update to the Responsible Investment Policy.*
- ✓ **Self-select funds:** The Scheme also offers members self-select funds, such as the Ethical Fund and the Shariah Fund, which allow them to invest in accordance with their values.
During the year under review, the Ethical Fund was enhanced to include significantly more exclusions, such as a blanket exclusion for fossil fuels, including the value chains of coal, oil, gas, and carbon-intensive power generation. Other new exclusions in the ethical fund include weapons, alcohol, tobacco, gambling, adult entertainment, unsustainable palm oil, recreational cannabis, and for-profit prisons.
- ✓ **Understanding member attitudes and preferences:** The Trustee is also committed to understanding member views on a variety of responsible investment topics.
During the year under review, the Scheme conducted a YouGov survey on responsible investment issues to better understand member expectations, findings from which will be taken into account in shaping the Scheme's responsible investment approach.

Voting rights, corporate governance and engagement principles

- ✓ The Trustee's policy on voting and engagement is set out in the Scheme's RI Policy.
- ✓ The Scheme invested primarily in pooled funds for the year under review, and as such delegated responsibility for carrying out voting and engagement activities to the Scheme's asset managers. While both SSIM and HSBC use Institutional Shareholder Services ('ISS') to operationalise their voting activities, both asset managers have in-house stewardship teams that oversee bespoke, in-house voting and engagement programmes that are reflective of their own views on effective stewardship, with limited reliance on proxy adviser views on voting matters.
- ✓ The Trustee also recognises the importance of engaging with its asset managers and the wider industry to ensure stewardship is carried out in line with its policies and encourages positive change in companies and across the investment industry. This is particularly important for the Scheme as one of the largest commercial pension schemes in the UK.
- ✓ As the Trustee invested in funds alongside other investors during the year under review, it recognises that its chosen managers' prioritisation of issues for engagement and voting may not be the same as its own. As far as practicable, the Trustee undertakes a formal engagement process with each asset manager every year to ensure that there is a good alignment of views and issues to prioritise over the coming year. In some cases, and as highlighted previously, the Trustee may decide to undertake a formal escalation process should its expectations not be met (see next page).

Implementation Statement (continued)

Voting rights, corporate governance and engagement principles (continued)

The following activities were undertaken by the Trustee during the year under review:

- ✓ Communicated its “net zero voting guidelines” (in the form of an “expression of wish”), as detailed in the Scheme’s Responsible Investment Policy. Further details on State Street Investment Management (‘SSIM’)’s alignment to the Scheme’s net zero voting guidelines can be found below.
- ✓ Completed a robust due diligence on its asset managers, where its RI expectations (including voting and/or engagement where relevant) were given a material weighting in the assessment process. The key outcome of SSIM’s assessment can be found in above table under Section 13 (Asset Manager Arrangements).
- ✓ Moved its underlying assets from pooled funds to segregated mandates, allowing for more control over the Scheme’s voting rights in the future.

Summary of Voting and Engagement Behaviour

- ✓ The Trustee has collected voting and engagement data to determine the degree of alignment to its own policies. The methodology and key findings are summarised below, with the following supporting documentation in Appendix 1 and 2 respectively:
 - ✓ Appendix 1: High level alignment assessments against the Trustee’s policies. This analysis was supported by Minerva Analytics, a proxy voting research provider.
 - ✓ Appendix 2: Individual significant vote and engagement examples and standard voting and engagement statistics.
- ✓ During the year under review, the Trustee has conducted a “3 Hurdle” Alignment Assessment with respect to its asset managers’ voting and engagement approach, with increased scrutiny for each subsequent hurdle: from **baseline expectations** (Hurdle 1), **good industry practice** (Hurdle 2) and the **Scheme’s RI policy**, notably its net zero voting guidelines (Hurdle 3). In determining the degree of alignment to the Scheme’s net zero voting guidelines as part of Hurdle 3 (which covers both climate and deforestation as long-term systemic risks), the Trustee is taking into account its long-term investment horizon in how it evaluates its asset managers’ stewardship approach.
- ✓ Given that the Scheme is a well-diversified, the Trustee has also identified its significant votes predominantly by the degree of alignment with the Scheme’s stated voting guidelines and thematic priorities (see Hurdle 3 above). With regards to individual votes, the Trustee first looked at whether the vote related to the Scheme’s thematic priorities of climate change, nature or human rights. From there, the Scheme assessed a variety of factors, including but not limited to:
 - ✓ Potential impact on financial outcomes.
 - ✓ Potential impact on stewardship outcomes.

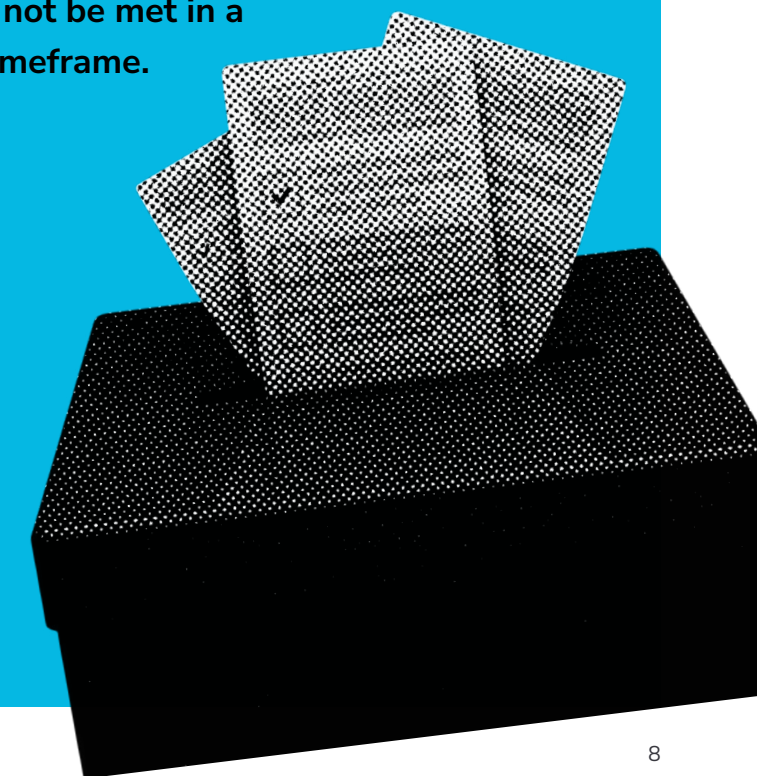
- ✓ Whether the vote was high-profile or controversial.
- ✓ Size of the holding in the fund/mandate.
- ✓ The following are the key findings from the analysis:
 - ✓ Both SSIM and HSBC have published voting and engagement policies and are also UK Stewardship Code signatories.
 - ✓ Public voting and engagement policies were assessed as moderately or poorly aligned with the Scheme’s stewardship expectations.
 - ✓ Neither manager’s policies fully implement the Scheme’s requirements, particularly regarding actions on director elections and shareholder proposals on climate and deforestation.
 - ✓ Engagement themes generally align with the Scheme’s priorities of climate, nature, and human rights, but outcome reporting is basic, limiting the Scheme’s ability to assess impact.
- ✓ With regards to HSBC, the key findings have been (and will continue to be) factored into the Scheme’s ongoing monitoring program.

Part 3: Concluding remarks

In preparing this statement, it is the Trustee’s opinion that its SIP has been adhered to over the year. The Trustee reviewed the contents of this Statement prior to signing.

Prepared by the Trustee of The People’s Pension Scheme September 2025

With regards to SSIM, the key findings generally align with the stewardship assessment undertaken as part of the asset manager due diligence process for developed market equities and global fixed income highlighted in the beginning of this section and in the table under Section 13 (Asset Manager Arrangements). The SSIM developed markets equities and fixed income mandates were replaced by Amundi and Invesco respectively. In making this decision, the Trustee has satisfied its SIP requirement to put its asset managers’ appointment under review (which may include termination) should its expectations not be met in a reasonable timeframe.



Implementation Statement (continued)

Appendix 1: Alignment Assessments



IMPLEMENTATION STATEMENT: VOTING & ENGAGEMENT ACTIVITY

ALIGNMENT ASSESSMENTS

SMART EXECUTION: RESEARCH | CUSTOM VOTE POLICY | DATA & ANALYTICS



MINERVA: BETTER DATA, BETTER STEWARDSHIP

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Implementation Statement (continued)

Appendix 1: Alignment Assessments (continued)

TPP IMPLEMENTATION STATEMENT – STEWARDSHIP ACTIVITY SUMMARY

Analysis Aspect	Details & Comments
Who?	Minerva were asked by the People's Partnership Group, on behalf of the Trustee of The People's Pension Scheme's ("TPP" / "the Scheme"), to review the stewardship activities of SSGA and HSBC – TPP's external investment managers
Why?	Our analysis was sought to assist the Trustee in preparing the Scheme's annual Implementation Statement, which sets out how the Trustee has followed the SIP during the year
What?	Our primary focus was to analyse each manager's approach to voting and engagement, including looking at their Voting & Engagement ("V & E") policies and reported activities
When?	We looked at the V & E policies in place, and reported activities undertaken, in the year from 01/04/24 to 31/03/25
How?	We assessed the V & E policies against basic expectations, 'Good Practice', and then added in reported V & E actions for assessment against TPP's requirements



'3 Hurdles' Assessment – managers' stewardship approaches assessed against 3 tests of increasing importance and relevance

Assessments Of Managers' Approaches	Voting		Engagement		Details of Assessment
	SSGA	HSBC	SSGA	HSBC	
1. Alignment with basic expectations	GOOD	GOOD	GOOD	GOOD	We reviewed each manager's public V & E policies, to see what they had to say about how each manager approach voting at company meetings, and engaging with companies on issues
2. Alignment with 'Good Practice'	MODERATE	MODERATE	MODERATE	GOOD	We assessed each managers V & E policies against V & E Good Practice benchmarks we have created, which reference ICGN and PRI good practice expectations respectively
3. Alignment with TPP's requirements	POOR	POOR	MODERATE	MODERATE	Each manager's V& E policies were assessed against TPP's explicit requirements – set out in the SIP, Net Zero Voting Guidelines, and the Fund's RI Policy

Level of Alignment MISALIGNED POOR MODERATE GOOD ALIGNED

Minerva Says

- The managers' approaches have a 'Good' level of alignment with basic stewardship expectations – i.e. they have publicly disclosed policies that are structured and demonstrate intent
- When assessed against 'Good Practice', the Voting alignment assessments come down to 'Moderate', linked mainly to limited information disclosed in the public Policies
- Alignment with TPP's requirements is assessed as 'Poor' for SSGA and 'Moderate' for HSBC – these scores are a combination of a deep dive assessment of their policies & reported voting and engagement activities, and TPP's expectations.

MINERVA: BETTER DATA, BETTER STEWARDSHIP




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Implementation Statement (continued)




Appendix 1: Alignment Assessments (continued)

TPP IMPLEMENTATION STATEMENT – STEWARDSHIP ACTIVITY SUMMARY

Reported Voting Activities

-  Quality of voting data provided by SSGA was particularly poor – we asked them to investigate data issues 3 times, resulting in 2 updated data sets provided
-  Both managers mentioned Climate and Human Rights in voting rationales, but neither mentioned Nature
-  Reported voting activity is not aligned on TPP's priority themes – **POOR** level of alignment for SSGA, **MODERATE** level of alignment for HSBC

Reported Engagement Activities

-  Both managers had issues with their reported engagement activities – the data was missing concrete 'outcomes' on the result of the engagements
-  Both managers evidenced regular engagements with companies on a range of issues, including on TPP's Priority Themes
-  Reported engagement activity is not aligned with 'promises' made in policies – **MODERATE** level of alignment for HSBC, **POOR** level for SSGA

Minerva Says

- Manager-reported V & E activity data is important – when it is analysed, it either supports or contradicts what the managers have said they will do in their V&E policies
- Both managers suffered from some voting data quality & consistency issues, but SSGA were by far the more problematic of the two
- Reported engagement data set out individual company engagements and engagement themes, but both managers were lacking in terms of detailing engagement 'outcomes'
- Overall - we observed a disconnect between what the managers said in their policies versus the actual voting & engagement activities they undertook during the year

Best Practice Enhancements

1. More details from managers on their voting policies would allow a more accurate gap analysis vs 'Good Practice' and TPP's own 'Net Zero' Voting Guidelines
2. Clearer reporting from the managers around the rationales for votes against management, and details and outcomes of engagement activity should be requested
3. Managers should be reminded to meet their stewardship activity reporting 'promises' – otherwise, hard for Trustee to accurately assess their performance

MINERVA: BETTER DATA, BETTER STEWARDSHIP

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Implementation Statement (continued)

Appendix 1: Alignment Assessments (continued)

SUPPORTING INFO – VOTING POLICY ASSESSMENT VS NET ZERO VOTING GUIDELINES

TPP's Net Zero Voting Guidelines	SSGA Alignment	HSBC Alignment	Minerva Comments Supporting Alignment Assessment
Basic Reference to Climate & Deforestation	Good	Good	Both managers clearly acknowledge these themes in their policies and engagement priorities. They cover <i>climate change and deforestation</i> in public documents, though <i>alignment with action (voting or escalation) varies in consistency and depth</i> .
Directors – baseline expectations	Poor	Poor	<i>Both managers set out consideration of climate disclosures</i> when voting on director elections however <i>the policies lacked specificity and wide coverage</i> . While expectations are stated, <i>both are generally cautious in using votes to enforce baseline governance standards</i> at board level and focus on a limited set of high-level criteria, limiting effectiveness. HSBC's policy relied on external benchmark assessments.
Directors – deeper scrutiny of key sectors for fossil fuel reliance	Poor	Poor	<i>SSGA disclosed limited additional scrutiny to high-carbon sectors</i> and whilst the policy includes transition plan disclosure expectations it is unclear how this translates to voting actions. HSBC identified fossil fuel-reliant sectors but <i>did not disclose consistent voting action or sector-specific voting actions on routine governance votes</i> . This weakens alignment with the Net Zero transition objective.
Deforestation and land use	Poor	Moderate	<i>SSGA lacked clear voting policies on director elections on deforestation</i> . HSBC set out voting actions on director elections at high-impact companies where a company fails to take appropriate steps to address biodiversity and nature loss although <i>does not clearly set out criteria on commitments to end deforestation</i> .
Criteria for shareholder resolution support on Climate	Moderate	Poor	SSGA disclosed evaluation criteria for shareholder proposals and the climate disclosures it expects from companies when voting on climate-related proposals - <i>however the policy does not cover all issues and is unclear how the disclosure expectations translates to voting actions</i> . HSBC provides examples of shareholder proposals it will generally support but is <i>generally limited in its discussion</i> .
Criteria for shareholder resolution support on Deforestation	Poor	Poor	Discussion on <i>voting and evaluation of deforestation-related shareholder resolutions is limited from both managers</i> . The policies include a high-level statement to indicate support for disclosure on deforestation at high-impact companies.

Minerva Says

- Neither manager's Voting Policy is well aligned with TPP's Net Zero Voting Guidelines
- Whilst it might be expected that the managers' Public Voting Policies wouldn't necessarily be well aligned with any given individual Scheme's voting policy, we should see evidence of alignment in the voting results if the managers are indeed taking TPP's requirements into account.

Implementation Statement (continued)

Appendix 1: Alignment Assessments (continued)

SUPPORTING INFO - ENGAGEMENT POLICY ASSESSMENT VS GOOD PRACTICE

Good Practice Assessment Dimension	SSGA		HSBC	
	Assessed Alignment	Observations on Engagement Policy Content	Assessed Alignment	Observations on Engagement Policy Content
Organizational Commitment	DEVELOPING	The policy <i>references long-term value and ESG integration</i> but does not articulate commitments to specific global sustainability frameworks (e.g., Paris Agreement, SDGs). There <i>is no mention of system-level sustainability risks or alignment with fiduciary duties</i> related to sustainability outcomes.	ADVANCED	<i>Strong alignment with the Paris Agreement and Net Zero Asset Managers initiative.</i> Sustainability outcomes are central to the strategy, with firm-wide integration and board-level oversight of stewardship priorities.
Strategy Integration	INTERMEDIATE	The engagement strategy addresses priority themes (e.g., climate risk, governance), and there is a stated relationship between voting and engagement. However, there is <i>no explicit framework for how engagement drives sustainability outcomes or how it is linked to investment decisions and remuneration structures.</i>	ADVANCED	Engagement themes are linked directly to investment strategies across asset classes. <i>ESG analysts and portfolio managers collaborate closely</i> , and stewardship is embedded into investment decision-making processes.
Escalation Approach	INTERMEDIATE	SSGA's policy indicates <i>use of escalation tactics</i> (e.g., vote changes) if companies fail to respond. However, it <i>lacks formal escalation timelines or predefined milestones</i> to gauge progress, which limits the strategy's accountability and transparency.	ADVANCED	Detailed escalation process includes <i>proactive engagement tracking, milestone-setting, and diverse tools</i> such as voting against directors and co-filing resolutions. Governance oversight ensures follow-through.
Voting Policy & Transparency	ADVANCED	The firm <i>commits to public disclosure of voting records</i> and outlines specific principles guiding its voting decisions. The policy addresses how votes are evaluated and when rationales are shared, aligning well with PRI's advanced criteria on transparency and accountability.	ADVANCED	<i>Voting policies are publicly available</i> , with clearly stated principles and issue-specific positions. Voting records and rationales are disclosed regularly, ensuring transparency and alignment with stewardship goals.
Collaboration & Policy Engagement	INTERMEDIATE	The policy affirms <i>participation in collaborative investor initiatives</i> and highlights the value of collective engagement. However, <i>it lacks detailed disclosures on the scope, leadership, or impact of these efforts</i> and <i>provides minimal insight into formal public policy advocacy</i> aligned with sustainability outcomes	ADVANCED	<i>HSBC actively participates in global collaborative initiatives</i> (e.g., CA100+, PRI Advance) and engages in public policy advocacy, contributing to consultations and regulatory dialogues in line with sustainability goals.



Minerva Says

- HSBC's Engagement Policy is stronger on paper, following the policy assessment against our PRI-based Good Practice Benchmark
- However, in the real world, both managers engagement reporting fall short of the expectations set out in their respective policies

MINERVA: BETTER DATA, BETTER STEWARDSHIP

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Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes

Voting Data
SSIM

Fund	No. of Meetings								
	Eligible for Voting	Reported	Votes Reported	Vote in Favour	Vote Against	Vote Abstain	Do Not Vote	Non-Voting	Votes Against Mgmt
All World Climate Paris Aligned ex-Fossil Fuel Index Equity	1,370	19,129	99.4%	88.1%	9.4%	1.9%	0.6%	-	7.6%
Asia Pacific ex Japan Climate Change Index Equity	104	820	100%	88%	11.1%	0.5%	-	0.4%	8.5%
Emerging Markets Screened Index Equity	4,145	35,485	100%	82.2%	14.3%	3.5%	-	-	14.2%
Europe ex UK Climate Change Index Equity	334	6,832	100%	83.2%	9.4%	0.2%	-	7.3%	8.7%
Japan Climate Change Index Equity	203	2,511	100%	91.0%	9.0%	-	-	-	7.6%
Korea Screened Index Equity	176	1,290	100%	72.7%	27.1%	-	-	0.2%	19.2%
MPF Multi-Asset Global Infrastructure Index Equity	715	7,472	99.2%	80.4%	12.3%	3.4%	0.8%	3.1%	10.1%
North America Climate Change Index Equity	562	7,349	98.2%	85.6%	10.5%	2.0%	1.8%	0.1%	7.3%
UK Climate Change Index Equity	79	1,631	100%	95.2%	4.7%	0.1%	-	-	4.7%

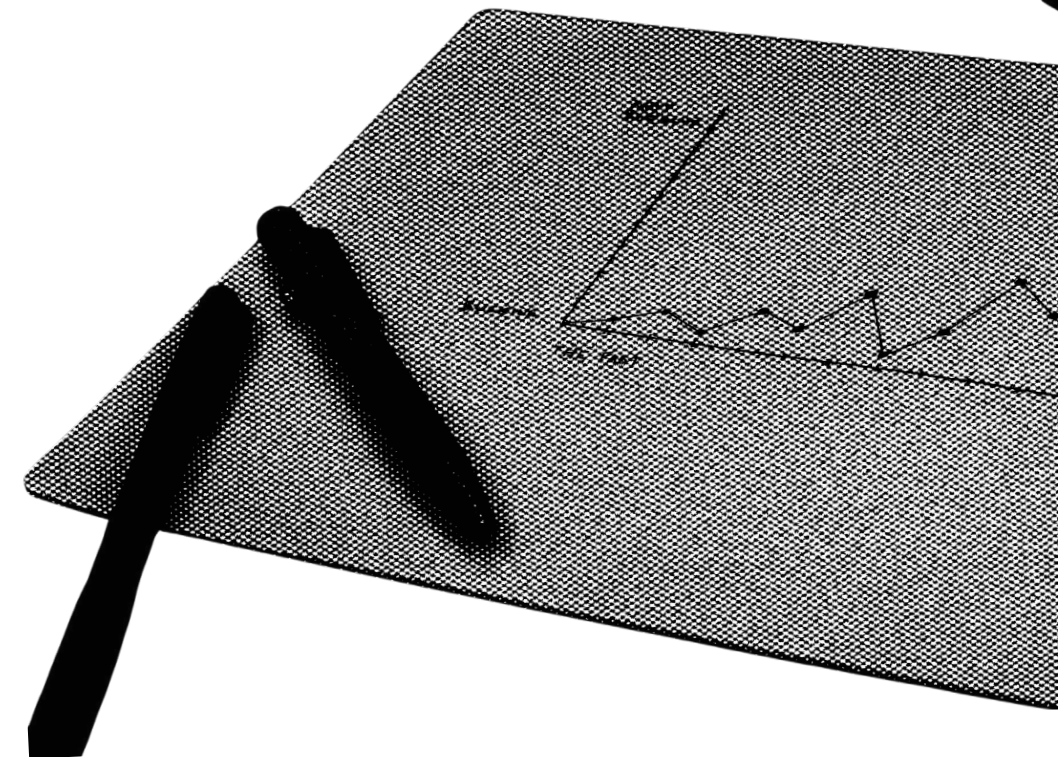
Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Voting Data
HSBC

Fund	No. of Meetings								
	Eligible for Voting	Reported	Votes Reported	Vote in Favour	Vote Against	Vote Abstain	Do Not Vote	Non-Voting	Votes Against Mgmt
Shariah Equity	102	1,741	100%	78.2%	18.6%	0.6%	2.6%	-	20.7%

Based on the voting data, both SSIM and HSBC voted at the majority of meetings they were entitled to, meeting the Scheme SIP requirement that its asset managers exercise ownership rights on the Trustee's behalf.



Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Significant Votes

- ✓ For further details on the asset managers' alignment with the Scheme's net zero voting guidelines, please refer to the above analysis and Minerva's analysis in Appendix 1.
- ✓ SSIM has, on behalf of the Scheme, used its voting rights to support shareholder proposals at Bunge Global SA, Restaurant Brands International, and the Goldman Sachs Group. This is illustrated in the significant votes below. Further narrative on the implications of the outcome and criteria on why the vote is considered significant are included within individual vote disclosures.

With regards to individual significant votes, the Trustee selected votes from SSIM and HSBC that it felt showcased either alignment or misalignment with the Scheme's Responsible Investment Policy. Further narrative on how that impacted the asset manager due diligence process can be found on [page 6 \(Section 13 - asset manager arrangements\)](#).

	Vote 1	Vote 1	Vote 1
Company name	Bunge Global SA	Restaurant Brands International Inc	The Goldman Sachs Group Inc
Date of vote	May 15, 2024	April 24, 2024	April 24, 2024
Summary of resolution	Management Proposal: Elect Director Mark Zenuk	Shareholder Proposal: Report on Supply Chain Water Risk Exposure	Shareholder Proposal: Report on Pay Equity
How manager voted	For (with management recommendation)	For (against management recommendation)	For (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSIM does not publicly communicate their vote in advance.		
Rationale for voting decision	SSIM did not provide a company-specific rationale for their votes.		
Outcome of vote	The resolution passed; received 1.8% dissent	The resolution did not pass; received 28.7% support	The resolution did not pass; received 29.8% support
Implications of outcome	Where appropriate, SSIM will contact the company to explain their voting rationale and conduct further engagement.	Where appropriate, SSIM will contact the company to explain their voting rationale and conduct further engagement.	Where appropriate, SSIM will contact the company to explain their voting rationale and conduct further engagement.
Criteria on why vote is considered significant	This is a CA100+ company applicable under the Scheme's net zero voting guidelines. As such, this vote is linked to climate change, which the Trustee has identified as an RI priority and where the Scheme would have expected to see a vote against the Chair of the Board given the inaction on climate change at the company. Verdict: Misaligned	This vote is applicable to the Scheme's deforestation voting policy as it relates to shareholder proposals. The topic of this vote is also linked to nature, which the Trustee has identified as an RI priority. Verdict: Aligned	While the Scheme does not have a specific voting policy for human rights, this vote supports the Trustee's expectation of disclosure to assess fair pay practices and aligns with its human rights thematic priority. Verdict: Aligned

Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Significant Votes (continued)

✓ HSBC has, on behalf of the Scheme, used its voting rights to vote for a shareholder proposal at PepsiCo and against management proposals at PDD Holdings and Woodside Energy Group. This is illustrated in the significant votes below. Further narrative on the implications of the outcome and criteria on why the vote is considered significant are included within individual vote disclosures.



	Vote 1	Vote 2	Vote 3
Company name	Woodside Energy Group Ltd	PepsiCo Inc	PDD Holdings Inc
Date of vote	April 24, 2024	May 1, 2024	December 20, 2024
Summary of resolution	Management Proposal: Approve Climate Transition Action Plan and 2023 Progress Report	Shareholder Proposal: Report on Risks Related to Biodiversity and Nature Loss	Management Proposal: Elect Director Haifeng Lin
How manager voted	Against (against management recommendation)	For (against management recommendation)	Against (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for voting decision	HSBC did not consider the company's climate transition plan sufficiently rigorous	HSBC believed this proposal was in the best interest of shareholders.	HSBC had concerns regarding the company's management of human rights and held this longstanding director accountable.
Outcome of vote	56.3% of shareholders voted against and the management resolution failed.	The resolution did not pass; received 17.8% support	11.8% of shareholders voted against this proposal and the management resolution passed.
Implications of outcome	HSBC will likely vote against a similar proposal should they see insufficient improvements.	HSBC will likely vote against management on a similar proposal should they see insufficient improvements.	HSBC will likely vote against a similar proposal should they see insufficient improvements.
Criteria on why vote is considered significant	The Scheme has baseline net zero expectations for companies. As such, the topic of this vote is linked directly to its views on management of climate change. Verdict: Aligned	This vote applies to Scheme's deforestation voting policy on shareholder proposals. The topic of this vote is also linked to nature, which the Trustee has identified as an RI priority. Verdict: Aligned	While the Scheme does not have a specific voting policy for human rights, this vote supports the Trustee's expectation of board accountability for management of human rights risks. Verdict: Aligned



Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Equity Engagement Data
SSIM

Investment Funds	Breakdown of Engagement Topics Covered				
	No. of Engagements	Environmental	Social	Governance	Other
All World Climate Paris Aligned ex-Fossil Fuel Index Equity	159	9.9%	27.7%	44.6%	17.8%
Asia Pacific ex Japan Climate Change Index Equity	47	21.2%	6.0%	46.2%	26.6%
Emerging Markets Screened Index Equity	44	13.4%	12.2%	37.2%	37.2%
Europe ex UK Climate Change Index Equity	145	9.5%	14.5%	58.5%	17.5%
Japan Climate Change Index Equity	41	12.8%	9.2%	29.8%	48.2%
Korea Screened Index Equity	24	5.5%	5.5%	40.7%	48.4%
MPF Multi-Asset Global Infrastructure Index Equity	74	24.8%	16.0%	37.5%	21.8%
North America Climate Change Index Equity	165	18.4%	30.3%	38.2%	13.1%
UK Climate Change Index Equity	61	11.7%	17.0%	50.0%	21.3%

HSBC

Investment Funds	Breakdown of Engagement Topics Covered				
	No. of Engagements	Environmental	Social	Governance	Other
Sharia Equity Fund	41	41.6%	28.0%	30.4%	-



Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Equity Engagement Examples SSIM

Company	Nestlé SA
Geography	Switzerland
Sector	GICS Sector: Consumer Staples
Key Topics	Climate- and Nature-related risk management
Asset Class	Equity
Key Resolutions	N/A
Background	Companies across the food and agriculture value chain may be exposed to a range of potential climate and nature-related regulatory, reputational, legal, market, and financial risks and opportunities. These span from climate-related physical and transition risks to risks associated with deforestation and other land use, water management, and pollution and waste. We are conducting an ongoing engagement campaign initiated in 2024 focused on companies across segments of the food value chain — including, among others, the fertilizers and agricultural chemicals, agricultural products, and packaged food subindustries — to better understand how companies are responding to these risks and opportunities and to identify best practices on these topics.
Activity	We engaged with Nestlé SA (“Nestle”) in Q4 2024 as part of the engagement campaigns on Climate and Nature-related Risks in the Food Value Chain and Climate Transition Plan Disclosure. We discussed the company’s nature-related disclosures and the company’s strategy related to regenerative agriculture, deforestation and water management. We also discussed the company’s climate-related disclosures and transition strategy including its approach to capital allocation and addressing livestock methane emissions in the dairy supply chain.
Outcome	<p>We discussed Nestle’s strategy toward sourcing 50% of key ingredients by 2030 from farmers adopting regenerative agricultural practices which include protecting soil health and water quality, improving biodiversity, and increasing livestock integration and diverse cropping systems. The company is collaborating with farmer associations, industry peers, and other stakeholders to pilot regenerative agriculture projects and scale up sustainable farming practices. The company shared some of the challenges facing the industry with monitoring and measuring performance of regenerative agriculture practices, including harmonizing commodity-specific methodologies for verifying soil carbon sequestration.</p> <p>Dairy represents Nestlé’s largest source of Scope 3 emissions. During the engagement, Nestlé discussed its approach to addressing livestock methane emissions with emissions reduction opportunities achieved through livestock efficiencies such as increasing per-cow milk production. The company is investigating additional approaches for feed and manure management, including working with value chain partners to explore feed additives to reduce methane emissions. The company has disclosed progress on engaging dairy suppliers to collect emissions data and to identify solutions for managing emissions. The engagement with Nestlé and other companies in the food and agriculture value chain helps us identify and understand best practices for managing for climate- and nature related risks and opportunities in relevant industries.</p>

Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Equity Engagement Examples

HSBC

Company	Chinese multi-national technology company
Geography	China
Sector	GICS Sector: Information Technology
Key Topics	Environmental – Scope 3 Emissions; Social – Human Rights; Governance – Oversight, AI & Digital Risk
Asset Class	Equity
Key Resolutions	N/A
Background	At the start of 2022, we provided input as investors into the company’s ESG materiality assessment and provided recommendations on various ESG issues where we would like to see improvements and more disclosures. The company management has been difficult to access historically. Transparency is therefore one of our key concerns and area of engagement. Having seen increasing regulatory pressure on the internet and e-commerce sector and workplace controversies reported in the media, we highlighted these social and governance concerns through 1-to-1 and collaborative engagements with the company over the years.
Activity	Over the past couple of years, we have highlighted material ESG issues including anti-competitive practices and anti-trust, data privacy and security, artificial intelligence (AI) ethics, governance, gig economy and worker rights/welfare, human capital (long working hours (996), sexual harassment controversies and business culture. We built on our engagement with the company in 2023 on their corporate restructuring strategy and governance. We also joined the Big Tech and Human Rights collaborative engagement initiative organized by the AP Funds Council on Ethics, focusing on issues relating to child safety and data privacy. In 2023, we voted against the longest serving non-executive male director due to insufficient gender diversity of the board. In 2024, the company invited us to present our stewardship approach and expectations on the ethics of science and technology at their monthly internal ESG webinar. This presented an excellent opportunity to broaden our engagement reach with a deep dive on salient topics
Outcome	Our input has contributed to the company’s first ESG report published in 2022, which is much more comprehensive and includes an ESG governance framework at the board level, and an ESG strategy. The company has taken steps to enhance board independence and gender diversity in 2024, adding new INEDs such that board is now 55% independent and has 27% female directors – both above our expectations for the Hong Kong market. The Compensation Committee will also become 100% independent. In 2023, as part of the company’s corporate restructuring, it has separated the Chair and CEO roles, which we view as a positive step towards better board governance. The company also formed a technology committee with six guiding principles to steer the research and development of artificial intelligence ethics. There is also evidence of improved disclosures on work plans and progress made by the sustainability committee. The company has formed a systematic governance approach to ensure building a healthy digital consumption environment, though disclosures are still limited for high-risk digital risks identified and KPIs used to track adherence to AI ethics principles”

Fixed Income

For the year under review, SSIM also managed the Scheme’s fixed income assets. In addition to the voting and engagement done on behalf of the Scheme for equity investments, SSIM also undertook engagement for its investments in corporate and government debt. Further information on engagement themes and engagement examples is provided below.

Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

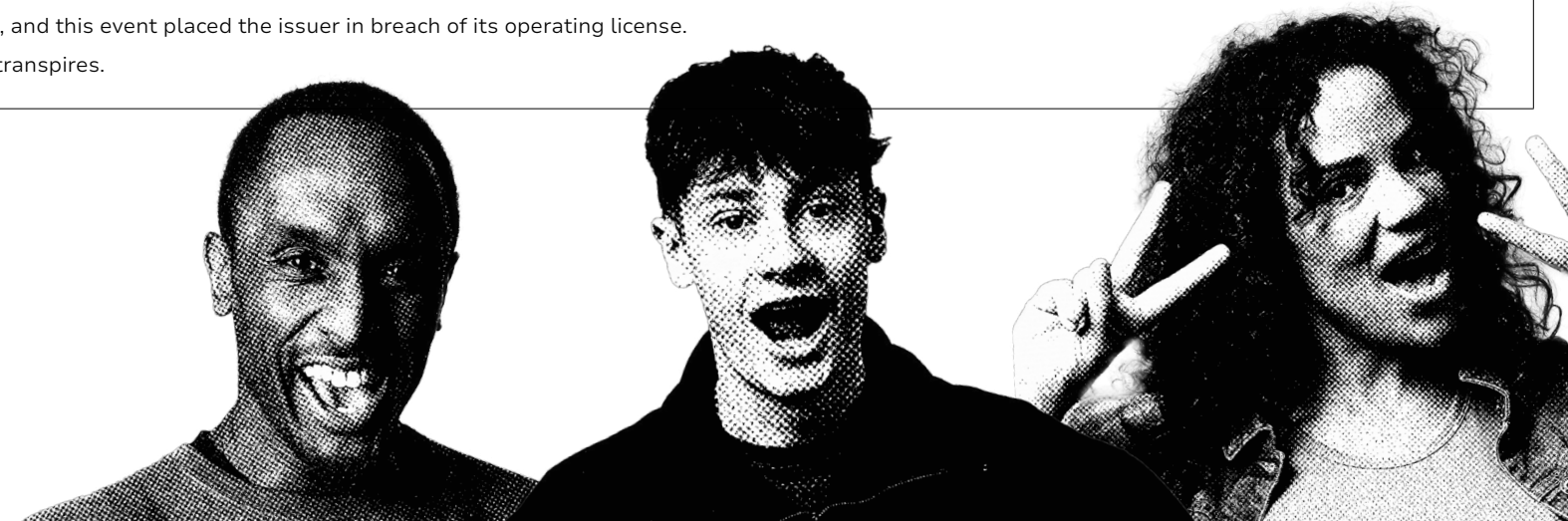
Fixed Income Engagement Examples

Company	Iberdrola SA
Geography	Europe
Industry	GICS Sector: Utilities
Engagement Topics	Environmental - Climate Transition Plan, Fixed Income, Strategy - Capital
Asset Class	Fixed Income
Background	Engagement Purpose: Thematic engagement
Activity	<p>Engagement Notes</p> <p>Joint FI and Equity CTP Discussion FIXED Income Discussion</p> <p>Iberdrola has not modified its funding approach due to climate transition. Their strategy is long-standing and integrated with their business model.</p> <p>Green bonds are the preferred instrument for primary markets, offering transparency to investors. Iberdrola does not issue Sustainability-Linked Bonds, favouring green bonds for their clarity and alignment with project eligibility.</p> <p>They actively work with institutions like the IMF, World Bank, and Brazil's development bank, which are willing to fund eligible projects. Efficient funding: The company reports being able to fund its needs comfortably and efficiently.</p> <p>Iberdrola aligns debt maturity (typically 6–7 years) with regulatory agreements in the regions where they operate. The company emphasizes maintaining strong credit ratios and will only grow within the limits of its balance sheet.</p> <p>The strategy reflects a conservative, board-aligned approach to risk and bondholder rights.</p>
Outcome	The issuer explained their climate transition plans, the risks and opportunities to funding their plan and any changes they foresee. The issuer is a major issuer of Green Bonds and highlighted they continue to prefer this source of funding. The engagement gives a clear picture of the issuers plans and its support of the growing green bond market.

Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Company	Thames Water
Geography	England
Industry	SICS Industry: Water Utilities & Services
Asset Class	Fixed Income
Background	The event leading to this engagement was a credit rating downgrade by S&P to BBB-.
Activity	<p>We engaged Thames Water in May 2024 to better understand the context of the ratings downgrade by S&P and the issuer's plans to address its financial situation.</p> <p>Thames attributed the ratings downgrade by S&P to financial challenges resulting from price control restrictions facing the company. These restrictions have put significant pressure on its financial situation and will not expire until March 2025. Thames noted that it would have a better understanding of future price-control restraints, from March 2025, once it receives draft guidance on price controls, expected in June 2024. To keep its license to operate, Thames must maintain two credit ratings of investment grade. The S&P downgrade resulted in its credit rating being placed one notch above the non-investment grade range.</p> <p>Thames received financial relief in the form of a £500 million equity injection from existing equity holders and dividend deferrals due to its largest shareholder. To deliver on its turnaround plan, Thames must continue to overspend, particularly in the areas of water leakage and pollution. The issuer is continuing to invest in its business and aiming to lower its debt levels over time.</p>
Outcome	<p>The engagement discussion was useful to understand the situation resulting in the credit rating downgrade, and Thames' plans to address related challenges.</p> <p>In July 2024, Moody's downgraded Thames to Ba2, which falls within the non-investment grade range, and this event placed the issuer in breach of its operating license.</p> <p>We will continue to monitor developments at Thames Water and aim to engage again as the situation transpires.</p>



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