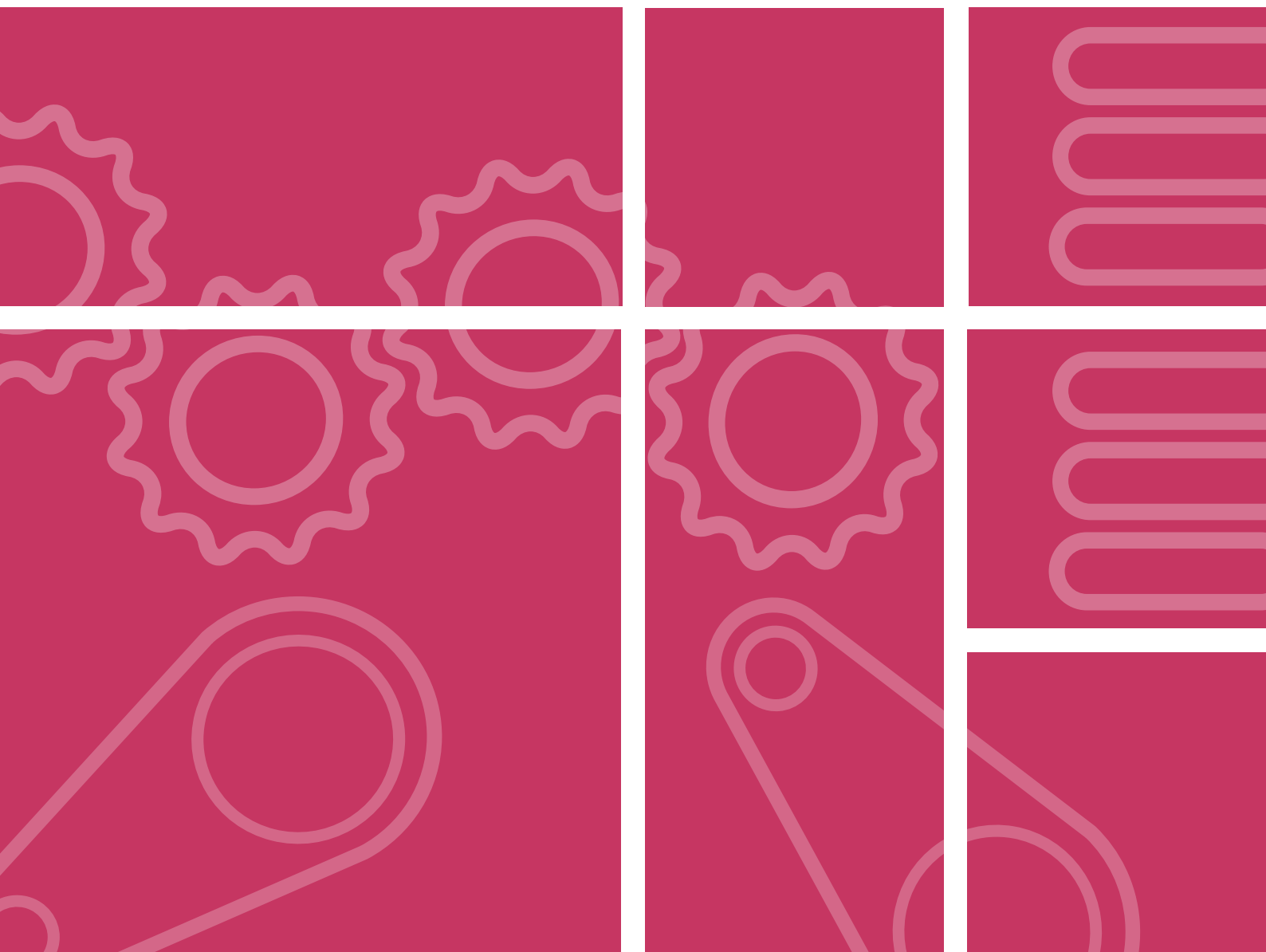




# Implementation statement

1 January 2025 to 31 December 2025



# Summary

## About this statement

Each year, the Trustee of the Cummins UK Pension Plan publishes an Implementation Statement.

This explains how your pension has been invested, how risks are managed, and how responsible investment issues are considered.

This summary gives you an overview of the 2025 Implementation Statement.

### Has the Trustee followed its investment policy?



**Yes.**

The Trustee confirms that it followed all the investment policies set out in the Plan's Statement of Investment Principles throughout 2025.

#### These policies cover:

How the Plan's assets are invested

How investment risks are managed

How environmental, social and governance (ESG) factors are considered



## Investment approach

### Defined Benefit (DB) section

During 2025, the Trustee reviewed the long-term funding and investment approach for the DB section.

**It agreed a new long-term funding target**, aiming for the Plan to be securely funded in the early 2030s.

**It updated the investments to:**

- Better protect against changes in interest rates and inflation.
- Increase exposure to climate-aware equity investments.

**It simplified investment management** by moving key assets to Legal & General Asset Management.

**The Plan maintained enough liquid assets** to pay pensions when they were due to members.

### Defined Contribution (DC) section

Several improvements were made to the default investment option, used by most DC members.

**Changes to the default strategy**

- The default strategy was redesigned to better reflect how members typically save for retirement.
- Funds were renamed to match the retirement journey:
  - Grow – earlier career
  - Strengthen – mid-career
  - Prepare – approaching retirement
- Investment risk now reduces closer to retirement than before.
- New diversified and credit investments were added.
- Older lifestyle options were closed, and members were moved into the main default unless they chose otherwise.

**Additional options**

**A Shariah-compliant lifestyle option was introduced** for members who wish to invest in line with Islamic principles.

**All DC funds allow daily switching**, giving members flexibility to change their investments.



## Investment performance

### DB Section

DB investments performed well overall during 2025 and did better than their target benchmark.

### DC Section

DC investments performed broadly as expected.

Some DC funds may not always keep with strong stock markets at times because they are designed to limit risk, especially as retirement approaches.

### Charges and value for money

- The Trustee regularly reviews investment charges.
- Previous reviews found DC charges to be reasonable compared with similar pension schemes.
- A formal value-for-members review for 2025 is being completed.

## Responsible investment and climate change

The Trustee believes that considering ESG issues helps protect members' pensions over the long term.

### Key priorities are:

Climate change

Human rights

Corporate transparency

The Trustee aims for the Plan's investments to be **net zero by 2050**

Ethical and faith-based investment options are available in the DC section

You can read more about how the Plan considers climate change in the climate change report.

## Voting and engagement

### When the Plan invests in company shares:

Investment managers vote on the Trustee's behalf

The Trustee does not vote directly but monitors voting and engages with managers

Managers voted on almost all shareholder resolutions during 2025

The most important votes focused on climate action, human rights and good corporate governance

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## About this statement

### Implementation Statement for the Cummins UK Pension Plan, covering the Plan Year from 1 January 2025 to 31 December 2025 (the “Plan Year”)

The Trustee of the Cummins UK Pension Plan (the “Plan”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (SIP) during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-8 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 8 below.

In preparing the Statement, the Trustee has had regard to the [guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement](#), issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

This statement is based on the [SIP dated December 2023](#). This Statement should be read in conjunction with the Plan’s current SIP which can be found here: [Cummins UK Pension Plan – Documents](#).

## 1. Introduction

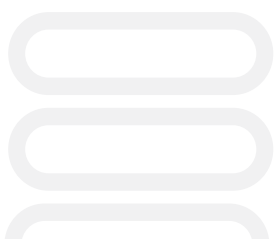
The current SIP was formally reviewed and adopted in December 2023, during which the employer was consulted and confirmed it was comfortable with the changes. The SIP was subsequently reviewed during 2025 and updated to reflect agreed changes to the DB Section’s investment strategy.

At the Scheme year end, the updated SIP was due to go through the consultation process with the employer and is expected to be adopted in early June 2026.

The Trustee has, in its opinion, followed all of the policies in the Plan’s SIP during the Plan Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

## 2. Investment objectives

Over the year to 31 December 2025, the Trustee reviewed the Plan’s long-term funding target and DB investment strategy. As part of these discussions, a revised investment strategy was agreed for the DB Section, along with a revised long-term objective to reach 103% funding on a self-sufficiency basis towards the first half of the 2030s. This revised target and strategy have been included in the updated SIP that is expected to be adopted in early June 2026. Progress against the long-term journey plan for the DB Section is reviewed as part of the



quarterly performance monitoring reports. The Trustee is also able to view the progress on an ongoing basis using LCP Visualise online (a tool provided by the Plan's investment adviser which show key metrics and information on the Plan including expected return and risks of the investment strategy).

As part of the performance and strategy review of the DC default arrangements in June 2023, the Trustee considered the DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan. At a DC workday in January 2024, a variety of new ideas and approaches were considered for the DC strategy. During the Plan year, a number of investment changes were agreed and implemented which are detailed in the following section. The Trustee will formally undertake the next strategy review before June 2026.

Based on the outcome of the analysis carried out in June 2023, the Trustee concluded that the default arrangements have been designed to be in the best interests of the majority of the DC Section members and reflect the demographics of those members.

The Trustee also provides members with access to a range of investment options which it believes are suitable for this purpose and enable appropriate diversification. The Trustee has made available alternative lifestyle strategies and a self-select fund range to members covering all major assets classes. This can be found here: [www.cumminsukpensions.co.uk/dc/invest](http://www.cumminsukpensions.co.uk/dc/invest).

The Trustee monitors the take up of these funds and it has been low in comparison to the market. The Trustee has reminded members to review their investment holdings in their annual benefit statements in April 2025 and check they are suitable for their risk tolerances and retirement planning.

The Trustee reviews the ongoing charges members pay and this is covered further in Section 4, under fees.

### **3. Investment strategy**

For the DB Section, the Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the strategy on multiple occasions during the Plan year. As part of reviewing the investment strategy, the Trustee works to ensure the DB Section's assets are adequately and appropriately diversified between different asset classes.

At the end of 2024, the ISC, following consultation with the Sponsor, agreed to move from holding unleveraged gilts to investing in a leveraged LDI mandate to improve the Plan's interest rate and inflation hedging characteristics. The ISC also considered the introduction of a passive equity allocation within the investment strategy. After engaging with several equity managers to assess their approaches, the ISC agreed to invest in passive climate-tilted equities as part of the updated strategy.

To enhance integration and operational efficiency, it was agreed that the LDI, credit and equity mandates would be managed by the same investment manager. Following a selection process, the Plan's assets were transitioned to Legal & General Asset Management (L&G AM) through 2025. After a period of restructuring the assets, the new investment strategy was fully implemented by late 2025.



The final proceeds of the Plan's disinvestment from its property and secure income allocation were also received during 2025, which was invested in the LDI portfolio. This has helped further strengthen the liquidity profile of the Plan's assets.

As set out in the previous sections, the SIP has been updated to reflect the new investment strategy and is expected to be adopted in early June 2026.

The Trustee undertook a review of the DC Section over the 2024 Plan Year and implemented the following changes over the 2025 Plan Year:

- Moved to a phased approach in the default lifestyle, which involved renaming the Accelerated Growth and Moderate Growth funds to the Grow and Strengthen funds respectively to align the naming with members' retirement journey. In addition, a new blended fund was introduced for the retirement phase allocation, the Prepare Fund, to be consistent with the first two stages of the lifestyle strategy.
- The default lifestyle strategy now de-risks at 10 and 5 years from retirement (previously this was 20 and 10 years from retirement).
- The Nordea Diversified Return Fund was added into the Strengthen and Prepare funds for use alongside the L&G AM Diversified Fund.
- Introduced an allocation to the M&G Total Return Credit Investment Fund to the Prepare Fund and removed the L&G AM Cash Fund.
- Closed and removed the other two lifestyle strategies, ie the Annuity protection lifestyle and Cash lifestyle. Members were given the option to make an alternative choice before the change. If members did not make a choice, their assets were transferred into the main default.
- Launched the Shariah Lifestyle to allow members to invest in a lifestyle which aligns with their religious beliefs.

Over the Plan year, the Trustee also decided to implement a 50% currency hedge within the Grow fund to provide consistency across the Plan's equity exposure, given the implementation of 50% currency hedged exposure in the DB Section. Furthermore, the Ethical Global Equity Fund has been renamed the L&G AM FTSE4Good Developed Equity Index Fund, to match the name of the underlying fund.

As part of these reviews the Trustee made sure the Plan's default arrangement will be adequately and appropriately diversified between different asset classes and that the self-select options will provide a suitably diversified range to choose from. In addition, the funds added to the DC Section are daily dealing to enable members to readily realise and change their investments.

For the DB section, the Trustee monitors the Plan's asset allocation on a quarterly basis, which has been broadly in line with its strategic allocation over the Plan year. As previously noted, the Trustee reviewed and agreed to update the strategic allocation during the Plan year. This has been reflected in the updated SIP, which is expected to be adopted in early June 2026..

The triggers put in place as part of the Plan's monitoring mechanism are monitored daily using LCP Visualise during the year, and none of these triggers were hit. If a trigger were to be hit, LCP would notify the Trustee so that a discussion could take place.



The Trustee reviews the DB Section's net current and future cashflow requirements on a regular basis. The policy is to have access to sufficient liquid assets to meet any outflows while maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

The Trustee maintained sufficient liquidity to meet all cashflow requirement throughout the year and is reviewing the liquidity of the Plan's assets as part of the ongoing investment strategy review.

For the DC Section, it is the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC Section funds which the Trustee offered during the Plan Year are daily priced.

The Trustee's administrator is currently unable to provide retirement data to see how members access their benefits. The Trustee will continue to work with the administrator to obtain this data.

#### **4. Investment arrangements**

When the Trustee reviewed the DB investment strategy over the year, it considered the investment risks set out in Section 6 of the SIP. The Trustee also considered a range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

During the year, as set out in the previous section, the Trustee appointed L&G AM for the DB Section and transitioned assets from BlackRock to L&G AM to manage leveraged LDI, credit and equity mandates. The Trustee's investment adviser, LCP, provided the Trustee information on the investment process, the investment teams, past performance, and formal written advice.

When the Trustee undertook a performance and strategy review of the DC default arrangements in July 2023, it considered the investment risks set out in Section 6 of this Statement. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee will next review the DC default strategies in May 2026.

The Trustee formally reviewed its investment beliefs during the Plan Year in March 2025. Following discussion of the Trustee board members, the Trustee considered that its investment beliefs remained appropriate.

The Trustee invests for the long term, to provide for the Plan's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship<sup>1</sup> activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis and informs the ISC promptly of any developments. The ISC considers whether to inform the Trustee about any significant updates or events it is made aware of, in particular any developments that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification within the funds.

<sup>1</sup> The responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.

The Trustee monitors the performance of the Plan's investment managers on a quarterly basis, using the quarterly performance monitoring report which shows the performance of each fund. Performance is considered in the context of the manager's benchmark and objectives. The Trustee also monitors its managers' responsible investment capabilities, using scores provided by its investment adviser as part of the standard monitoring reports. The Plan's DB Investment strategy delivered positive returns over the year, outperforming its composite benchmark. This outperformance was mainly driven by equities and the Plan's diversifying strategies. The DC Section's investment managers performed broadly in line with their respective benchmarks over the Plan Year, with the exception of the Strengthen Fund. This fund underperformed relative to its equity-based benchmark which is in line with our expectation during periods of strong equity market performance, given the lower allocation to equities of the Strengthen fund compared with the benchmark.

## **Fees**

The Trustee, through LCP, is in the process of undertaking a value for members' assessment in April 2026 for the Plan Year to 31 December 2025. The previous assessment (April 2025) assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be reasonable when compared against schemes with similar sizes mandates.

The Trustee reviews the investment manager fee arrangements for the DB Section of the Plan from time to time. Historically, when this exercise has been carried out the costs have been found to be reasonable when compared to mandates managed for other clients of similar size and composition.

## **5. Social, environmental and ethical issues**

The Trustee published the Plan's third Climate Change report in July 2025 and will publish its fourth report alongside the Trustee Report & Accounts for the year to 31 December 2025.

The Trustee agreed to the following stewardship priorities for the Plan in March 2023:

- Climate change
- Human rights
- Corporate transparency

These priorities were selected based on the results of a Trustee poll and were communicated to the relevant investment managers. The Trustee will review the investment managers' policies and engagement activity related to these priorities periodically.

The Trustee reviewed and agreed to retain these priorities in November 2025.

As part of its advice on the selection and ongoing review of the Plan's investment managers, the Trustee's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement, where possible.

In particular, LCP carried out an in-depth assessment of managers' stewardship approaches (for L&G AM, BlackRock and M&G), including a peer group comparison vs other managers with similar assets under management and investment offerings. As a result, key "asks"



were identified and communicated with the managers to support them in improving their stewardship approach. The Trustee plans to monitor progress against these “asks” regularly, through regular meetings between LCP and its investment managers.

In February and November 2025, the Trustee met with L&G AM, who presented in detail on their corporate governance and stewardship practices. LCP also provided an overview of the corporate governance and stewardship practices of the remaining managers used within the DC section of the Plan.

As referred to in Section 2, the Trustee has set an aspiration for the Plan’s assets to have net zero carbon emissions by no later than 2050 to help mitigate climate risk. It aspires to align the Plan’s assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net zero targets as well as engaging with their appointed managers on their progress against their net zero targets. To assess the credibility of managers’ plans to meet their net zero targets, the Trustee is monitoring their climate-related metrics. The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Plan’s stewardship by monitoring and engaging with managers.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

Within the DC Section, which includes some of the Additional Voluntary Contributions (AVCs), the Trustee recognises that some members may wish for ethical or religious matters to be taken into account in their investments and therefore, as mentioned in the SIP, it has made available the following investment options to members:

- L&G AM FTSE4Good Developed Equity Index Fund;
- Shariah Equity Fund (underlying fund is the HSBC Islamic Global Equity Index); and
- The Shariah lifestyle.

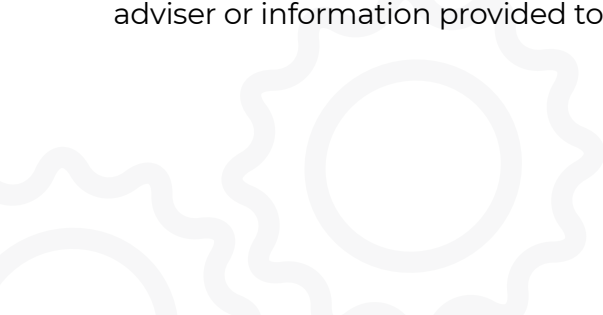
The Shariah Equity Fund and Shariah lifestyle allows members to invest in a fund or strategy where the principles are aligned with Islamic Shariah and ensures the DC Section is suitable for a wider variety of members. The introduction of the Shariah lifestyle alongside the Shariah Equity Fund allows members to access greater diversification into typically lower risk assets, such as bond-like assets and alternatives, in the approach to retirement, which investing in funds compliant with Shariah principles.

## 6. Other matters

### Risk management

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register and this is discussed at quarterly meetings.

**DB Section:** The Trustee’s policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan’s investment adviser or information provided to the Trustee by the Plan’s investment managers. These



include solvency and mismatching risk, sponsor risk, credit risk, equity risk, liquidity risk, political risk, manager risk, currency risk, custodial risk and ESG (including climate) risks. Liquidity risk is also considered in more detail by the Trustee as part of continuing investment strategy considerations.

Looking at the risk of inadequate returns, as part of the quarterly investment monitoring, the Trustee considers the Plan's funding against the return required to achieve the long-term target.

The DB Section's interest rate and inflation hedging levels are typically considered as part of quarterly investment monitoring reports. The Plan's hedging levels were broadly in line with the target levels.

**For the DC Section**, the Trustee considers the following risks:

- Opportunity or shortfall risk – the risk that members do not take sufficient risk at a stage in their lives when they are most able to, resulting in a smaller-than-expected pension account at retirement.
- Capital risk – members' savings fall in absolute terms.
- Inflation risk – investment return over members' working lives does not keep pace with inflation.
- Inadequate returns risk.

To mitigate these risks, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used throughout the default lifestyle arrangements and are also made available within the self-select options. These funds are expected to produce positive real (ie above inflation) returns over the longer term. As part of the default lifestyle arrangements, the equity allocation is gradually reduced for the typical member in the years approaching retirement. Lower volatility assets are used to minimise the risk that members lose material amounts of their retirement pots with a small number of years to their retirement.

From June 2025, the Annuity Protection strategy is no longer available to members. Members will still be able to invest in the Annuity focused fund as a self-select option if they wish to hedge against annuity price movements. The Annuity focused fund aims to broadly match annuity prices and to address the annuity conversion risk which refers to the risk that relative market movements in the years just prior to retirement may lead to a substantial reduction in the pension and cash lump sum secured.

There is also consideration of the 'lack of diversification' risk which is the risk that the failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the value of the Plan's assets. To mitigate this risk, the Trustee has diversified the Plan's assets between different asset classes and within each asset class.

Members of the Plan also face the risk that pension pots are unduly eroded due to unduly high investment charges. The Trustee works to mitigate this risk by regularly reviewing the costs associated with managing the Plan's assets, as noted in Section 4.

With respect to the members making AVCs, the Trustee makes available the same investment arrangements as the DC Section.



Together, the investment and non-investment risks set out in Section 7 of the SIP give rise generally to funding risk within the DB Section. The Trustee formally reviews the Plan's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis, the Trustee reviews the funding position allowing for membership and other experience. The Trustee also informally monitors the funding position more regularly, on a quarterly basis at Trustee meetings and has the ability to monitor it daily on LCP Visualise.

The following risks are covered earlier in this Statement: diversification risk in Section 3, investment manager risk in Section 4, and liquidity risk in Section 3.

## 7. Description of voting behaviour during the Plan Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Plan Year.

However, the Trustee takes ownership of the Plan's stewardship by monitoring and engaging with managers as detailed below.

### DB Section

In this section we have sought to include voting data in line with the Pensions UK guidance, Pensions UK Vote Reporting template and DWP's guidance, on the Plan's funds that hold equities as follows:

- L&G AM RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund (invested from August 2025); and
- L&G AM Low Carbon Transition Global Equity Index Fund - GBP hedged (invested from August 2025).

We have included commentary (provided by the investment managers) on the following funds that do not hold listed equities but have in place a proxy voting policy:

- CDH VGC Fund II LP
- CDH VGC Fund I USD Parallel LP
- WTW Secure Income Fund (final redemption proceeds received in November 2025)

We have not included voting data or commentary on the following funds that the Plan invested in during the period, which do not hold listed equities and where there are either no voting opportunities or where voting information is not available:

- Axiom Asia Private Capital Fund II
- Real Estate Capital Asia Partners IV LP
- CS Capital Partners V LP
- Nuveen Tiaa Cref Global Agriculture II LLC
- CS Iris Low Volatility Plus T Feeder Fund



- BlackRock Buy and Maintain Portfolio (disinvested from July 2025)
- BlackRock Aquila Life Over 25 Years Index Linked Gilts Fund (disinvested over July 2025)
- BlackRock Aquila Life Over 25 Years Fixed Interest Gilts Fund (disinvested over July 2025)
- L&G AM Net Zero Short Dated Global Corporate Bond Fund (invested from August 2025)
- L&G AM Buy and Maintain Credit Portfolio (invested from July 2025)
- L&G AM LDI Portfolio (invested from July 2025)

Commentary provided from managers that have a proxy voting policy in place are set out in Section 8.1.

## **DC Section**

For the DC Section we have included only the funds with equity holdings used in the default strategies given the high proportion of DC Section assets invested in these funds. In addition, we have also included self-select funds which incorporate ESG or ethical factors, recognising that members choosing to invest in these funds may be interested in this information. We have not included any other self-select funds on materiality grounds.

## **8.1 Description of the voting processes**

### **L&G AM**

All decisions are made by L&G AM's Investment Stewardship team in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. Each team member is assigned a specific sector globally, ensuring that the same individuals responsible for engagement with a company also handle voting. This approach allows L&G AM's stewardship strategy to be seamlessly integrated into both engagement and voting processes, ensuring consistent messaging to companies.

The Investment Stewardship team utilises Institutional Shareholder Services STOXX (ISS), a leading voting research and platform provider. ISS's 'ProxyExchange' electronic voting platform to cast votes on behalf of clients. All voting decisions are made internally by L&G AM, without outsourcing any part of the strategic decision-making process.

L&G AM's use of ISS recommendations serves solely to complement its own research and proprietary ESG assessment tools. Additionally, the Investment Stewardship team consults research reports from Institutional Voting Information Services to supplement ISS reports when making specific voting decisions for UK companies.

To ensure that proxy voting aligns with L&G AM's ESG positions, a custom voting policy with specific instructions has been implemented. These instructions apply across all global markets and establish what L&G AM considers to be minimum best practice standards that all companies should follow, regardless of local regulations or customs.

L&G AM retains the ability to override any vote decisions based on its custom voting policy. This may occur when direct engagement with a company provides additional insights—such as disclosures in an annual report—that warrant a qualitative adjustment to voting decisions. Stringent monitoring controls are in place to ensure that votes are executed effectively and in alignment with L&G AM's policies by its service provider. These controls include regular manual checks of vote submissions and an electronic alert system to flag rejected votes requiring further action.

## **HSBC**

HSBC exercises its voting rights as part of its stewardship responsibilities for client assets. The firm follows Global Voting Guidelines designed to protect investor interests and promote strong corporate governance, with a focus on board independence, performance-linked remuneration, limits on shareholder dilution and opposition to anti-takeover measures.

To support efficient proxy voting, HSBC works with its service provider, ISS, which supplies research, a voting platform and disclosure services. HSBC's Global Voting Guidelines, together with internal research and stewardship priorities, inform detailed voting instructions and custom voting recommendations for each shareholder meeting. Voting is largely executed automatically through ISS in line with these recommendations, although in-house teams may intervene where proposals warrant further review or a different approach.

Where a vote may diverge from the standard recommendation, the matter is considered by the Voting Advisory Group, comprising investment and stewardship specialists. If consensus cannot be reached, the issue may be escalated to the ESG Investment Committee or the relevant Chief Investment Officer.

In 2025, HSBC introduced a new framework for assessing environmental and social shareholder resolutions. Proposals are evaluated based on alignment with stewardship priorities, relevance and materiality, the likelihood of delivering the intended outcome (including potential unintended consequences), actions already taken by the company, and the objectives of the funds invested.

Votes against management are regarded as particularly significant. On climate-related matters, HSBC encourages disclosure in line with the Task Force on Climate-related Financial Disclosures (TCFD) and may vote against the Chair at companies in energy-intensive sectors where climate risk governance and disclosure remain inadequate. HSBC also maintains procedures to manage potential conflicts of interest, including where funds hold shares in HSBC Holdings plc.

## **Nordea**

Nordea has an aggregated voting strategy, meaning that it strives to vote for as large a part of its total holdings in any given company as possible.

Nordea's Corporate Governance Principles define how it acts in corporate governance-related matters and set the rules for which strategies apply and how the voting of the shares owned by the funds shall take place. A Corporate Governance Committee has been set up to ensure appropriate handling of the corporate-governance matters, and the operational responsibility rests with the Investment Stewardship Team (outside the investment organisation). The



Investment Stewardship team works closely together with the Responsible Investment Team, which oversees its work on responsible investment together with the investment organisation.

Assessment of shareholder ESG proposals is made on a case-by-case basis. This assessment analyses the relevance and adequacy of the requests, i.e. whether approval of the resolution supports better company's practices or shareholder value, whether the company's current stance on the topic is likely to have negative effects in terms of litigation and reputational damage and whether the company has already put appropriate action in place to respond to the issue contained in the resolution.

Generally, its line is to support proposals aiming to protect or enhance long-term shareholder value creation, to improve transparency on material ESG issues and to address material ESG risks that have emerged. On climate proposals that require companies to disclose information about its governance, strategy, risk management and targets related to climate-related risks, it will generally be positive. Its voting power will be used in cases of company's failure to appropriately manage or mitigate ESG risks or when there is a lack of sustainability reporting in the company's public documents.

### **Commentary from DB asset managers**

The following commentary was provided by the Plan's asset managers who do not hold listed equities, but have provided information regarding their proxy voting policy:

#### **CDH** – CDH VGC Fund II LP and CDH VGC Fund I USD Parallel LP:

The funds are private equity funds where listed securities are not our primary targets for investments. In each of our investments, we target to negotiate for significant minority protection rights and in most cases we would obtain a board seat to be actively involved in the management of our portfolio company and to ensure proper governance. It is our policy that our funds should exercise their rights to vote in all matters submitted for shareholders' votes. The deal team responsible for the investment shall assess the merits of each proposal based on the team's understanding and expectation on the company's business and strategy and recommend voting accordingly. The legal and compliance team shall review the recommendation to assess if the funds' rights might be adversely affected. If any material deviations from our investment thesis or shareholder's rights are identified, the matter will be elevated to the investment committee for decision. If not, the fund shall vote in accordance with the deal team's recommendation.

#### **WTW** – TW Secure Income Fund:

As the SIF invests in private markets, via underlying fund managers who often own a majority share in the assets they hold, there are few formal votes taken. Where there are formal votes typically these are via Investor Advisory Committees (IAC) which tend to be made up of larger investors and represent the interests of all investors in the fund. It is common for WTW to have an observer seat on these committees in order to represent our wider client base. However, in most situations the SIF also takes a voting seat and is an active participant. Over the 12 months to 31 December 2025, we attended 26 IAC (or equivalent) meetings for the SIF's underlying managers.



## 8.2 Summary of voting behaviour

A summary of voting behaviour over the Plan Year is provided in the table below.

### DB & DC Section\*

	Fund	Fund 2
<b>Manager name</b>	L&G AM	L&G AM
<b>Fund name</b>	RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund	Low Carbon Transition Global Equity Index Fund - GBP hedged
<b>Total size of fund at end of the Plan's Year</b>	£853m	£1,405m
<b>Value of DB/DC assets at end of the Plan Year (£ / % of total assets)</b>	DB: £52.6m (8.6%) DC: £96.1m (17.4%)	DB: £51.7m (8.5%) DC: £192.3m (34.8%)
<b>Number of equity holdings at end of the Plan Year</b>	2,233	2,772
<b>Number of meetings eligible to vote</b>	3,462	4,827
<b>Number of resolutions eligible to vote</b>	38,457	49,232
<b>% of resolutions voted</b>	99.95%	99.94%
<b>Of the resolutions on which voted, % voted with management</b>	78.8%	78.0%
<b>Of the resolutions on which voted, % voted against management</b>	19.8%	21.0%
<b>Of the resolutions on which voted, % abstained from voting</b>	1.4%	1.1%

\* Voting information for the Funds above has been provided by L&G for the full year to 31 December 2025. Please note that the DB Section was invested from 1 August 2025.



## DC Section

Used in white-labelled fund:	Grow, Strengthen and Prepare	Strengthen and Prepare	FTSE4Good Developed Equity Index Fund	Shariah Equity	Shariah Multi Asset Fund	Strengthen and Prepare
<b>Manager name</b>	L&G AM	L&G AM	L&G AM	HSBC	HSBC	Nordea
<b>Fund name</b>	MSCI ACWI Adaptive Capped ESG Index Fund (Grow - 40% allocation, Strengthen - 8% allocation, Prepare - 4% allocation)	Diversified Fund (Strengthen - 60% allocation, Prepare - 10% allocation)	FTSE4Good Developed Equity Index Fund	Islamic Global Equity Index Fund	Shariah Multi Asset Fund	Diversified Growth Fund (Strengthen - 20% allocation, Prepare - 30% allocation)
<b>Total size of fund at end of the Plan Year</b>	£3,256m	£11,238m	£1,388m	£5,379m	£52m	£1,325m
<b>Value of DC assets at end of the Plan Year (£ / % of DC assets)</b>	£192.3m (34.8%)	£31.0m (5.6%)	£2.0m (0.4%)	£2.0m (0.4%)	<£0.1m (0.1%)	£16.3m (3.0%)
<b>Number of equity holdings at end of the Plan Year</b>	2,022	6,166	1,128	100	2,013	181
<b>Number of meetings eligible to vote</b>	2,932	9,539	1,207	108	1,325	196
<b>Number of resolutions eligible to vote</b>	34,197	100,740	16,886	1,627	14,841	2,652
<b>% of resolutions voted</b>	99.94%	99.88%	99.88%	97.30%	92.81%	99.40%
<b>Of the resolutions on which voted, % voted with management</b>	77.5%	75.8%	81.8%	83.0%	84.0%	83.5%
<b>Of the resolutions on which voted, % voted against management</b>	20.9%	23.0%	17.9%	16.0%	15.0%	14.7%
<b>Of the resolutions on which voted, % abstained from voting</b>	1.7%	1.2%	0.3%	<0.1%	2.0%	1.8%
<b>Of the meetings in which the manager voted, % with at least one vote against management</b>	66.8%	70.2%	71.3%	72.0%	57.0%	71.4%
<b>Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor</b>	14.5%	14.7%	14.1%	1.0%	0.0%	2.7%

### 8.3 Most significant votes

Commentary on the most significant votes over the Plan Year, from the Plan's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use Pension UK's criteria for creating this shortlist.

Commentary on the most significant votes over the Plan year, from the Plan's asset managers who hold listed equities, is set out below. We have selected a subset of the votes reported by the managers. The Trustee has interpreted "significant votes" to mean those that:

- Align with the trustee's stewardship priorities;
- Might have a material impact on future company performance;
- The investment manager believes to represent a significant escalation in engagement;
- Impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- Have a high media profile or are seen as being controversial;
- Are shareholder resolutions which received material support;
- The subject of the resolution aligned with the investment manager's engagement priorities or key themes; and
- The plan or cummins Inc. may have a particular interest in.

The Trustee has reported on one of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

<sup>2</sup> [Pensions-UK-vote-reporting-template-technical-guidance-Oct-2025.pdf](#).





	L&G AM RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund	L&G AM Low Carbon Transition Global Equity Index Fund - GBP hedged	L&G AM MSCI ACWI Adaptive Capped ESG Index	L&G AM Diversified Fund	Nordea Diversified Growth Fund	L&G AM FTSE4Good Developed Equity Index Fund	HSBC Islamic Global Equity Index	HSBC Shariah Multi Asse Fund
<b>Rationale</b>	A vote in favour is applied as the current threshold necessary to call a special meeting is high and this resolution is seeking to reduce the threshold	A vote in favour is applied as L&G AM expects companies to be taking sufficient action on the key issue of climate and nature. Disclosure of a strategy to eliminate financed deforestation in line with credible frameworks such as the Accountability Framework Initiative (AFI) would provide shareholders with visibility on governance, targets, client expectations, controls, and escalation pathways for this financially material risk. We acknowledge that none of the big four Australian banks has yet set a formal no-deforestation commitment, and NAB has enhanced elements of its risk processes. However, a clear, board-overseen strategy and disclosure is considered beneficial for shareholders.	A vote in favour is applied as L&G AM supports a declassified board as it believes that directors should stand for re-election on an annual basis.	A vote in favour is applied as L&G AM expects companies to be taking sufficient action on the key issue of climate and nature. Disclosure of a strategy to eliminate financed deforestation would provide investors with visibility on governance, targets, client expectations, controls, and escalation pathways for this financially material risk. We acknowledge that none of the big four Australian banks has a formal no-deforestation commitment, and that ANZ plans to strengthen due diligence processes and review exposure to potential deforestation risk, informed by engagement with the Accountability Framework Initiative (AFI) or its delivery partners in 2026, and has set expectations for land and forest sector clients aligned to high standards via certification for soy and palm oil. However, concerns remain regarding the lack of disclosure of specific and quantified processes for identifying and addressing deforestation, including consequences for adverse findings. A clear, board-overseen strategy and disclosure is considered beneficial for shareholders.	Nordea supports the proposal as it believes it improves transparency on material ESG issues such as human rights risk.	A vote in favour is applied as L&G AM believes the current threshold necessary to call a special meeting is high and this resolution is seeking to reduce the threshold, improving shareholder rights.	HSBC believes that the proposal would contribute to the better management of human rights issues and be in the interest of shareholders.	HSBC believes that the proposal would enhance accountability to shareholders.



	L&G AM RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund	L&G AM Low Carbon Transition Global Equity Index Fund - GBP hedged	L&G AM MSCI ACWI Adaptive Capped ESG Index	L&G AM Diversified Fund	Nordea Diversified Growth Fund	L&G AM FTSE4Good Developed Equity Index Fund	HSBC Islamic Global Equity Index	HSBC Shariah Multi Asse Fund
				However, concerns remain regarding the lack of disclosure of specific and quantified processes for identifying and addressing deforestation, including consequences for adverse findings. A clear, board-overseen strategy and disclosure is considered beneficial for shareholders.				
<b>Was the vote communicated to the company ahead of the vote</b>	L&G AM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	L&G AM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	L&G AM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	L&G AM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	No	L&G AM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	No	No

	L&G AM RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund	L&G AM Low Carbon Transition Global Equity Index Fund - GBP hedged	L&G AM MSCI ACWI Adaptive Capped ESG Index	L&G AM Diversified Fund	Nordea Diversified Growth Fund	L&G AM FTSE4Good Developed Equity Index Fund	HSBC Islamic Global Equity Index	HSBC Shariah Multi Asse Fund
<b>Outcome of the vote and next steps</b>	The resolution failed. L&G AM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	The resolution was withdrawn. L&G AM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	The resolution passed. L&G AM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	The resolution failed. L&G AM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	The resolution failed. Nordea will continue to support shareholder proposals on this issue as long as it is needed.	The resolution failed. L&G AM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	The resolution failed. HSBC will vote for a similar proposal should insufficient improvements be made.	The resolution failed. HSBC will vote for a similar proposal should insufficient improvements be made.

