

Thomson-Leng Provident Fund

SIP Implementation Statement for the Year Ended
31 March 2025

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Section 1

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustee for the Thomson-Leng Provident Fund (“the Fund”) has been followed during the year running from 1 April 2024 to 31 March 2025 (the “Fund Year”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the relevant versions of the SIPs that were in place for the Fund Year, which were the Defined Benefit (“DB”) Section SIP dated September 2023 and September and December 2024 and the Defined Contribution (“DC”) Section SIPs dated September 2023 and September 2024.

Sections 2.1 and 2.2 of this statement set out the investment objectives of the Fund and changes which have been made to the SIP during the Fund Year, respectively.

Section 2.3 of this statement sets out how, and the extent to which, the policies in the Defined Benefit (“DB”) Section and Defined Contribution (“DC”) Section of the SIP have been followed. **The Trustee can confirm that all policies in the SIPs have been followed during the Fund Year.**

Copies of the DB Section and DC Section SIPs are available at: <https://www.dcthomson.co.uk/pension-fund-information/>

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers within each Section of the Fund.

Section 2

Statement of Investment Principles

2.1. Investment Objectives of the Fund

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set.

DB Section

The Trustee's objective for the **DB Section** of the Fund is to meet their obligations to the beneficiaries.

DC Section

The Trustee recognises that DC Section members have differing investment needs and that these may change during the course of a member's working life. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances.

In order to encompass these factors, the Trustee has agreed the following objectives:

- To make available a range of investment funds that should enable members to tailor their own investment strategy to meet their own individual needs.
- To offer funds which allow diversification of risk and long-term capital growth.
- To provide a default investment option for members who do not make their own investment decisions.

Mercer Workplace Savings ("MWS") offers funds via the Scottish Widows platform to provide a range of investment options for members to invest their contributions. Mercer, as the delegated investment manager, is responsible for making decisions on asset allocation, selection, appointment, removal and monitoring of underlying investment managers.

2.2. Review of the SIPs

During the Fund year, the Trustee reviewed and amended the Fund's DB Section and DC Section SIPs, taking advice from its Investment Consultant. A revised DB Section SIP was agreed in September 2024 and December 2024 in order to reflect the introduction of a liability hedging portfolio in the Fund's investment strategy and subsequently the purchase of a Bulk Purchase Annuity Policy ("Buy-In Policy"). The liability hedging portfolio was introduced through the purchase of physical fixed and inflation-linked UK government bonds to hedge a proportion of the liability exposure to interest rates and inflation and was increased over the Fund year. The liability hedging portfolio was consequently terminated in order to fund the purchase of the Buy-In Policy in October 2024.

A revised DC Section SIP was also signed in September 2024 to include details of the Trustee's policy in relation to the default investment option investing in illiquid assets, where the Trustee defines illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund.

The Trustee consulted with the Sponsoring Employer before finalising the SIPs.

2.3. Assessment of how the policies in the SIP have been followed for the Fund Year

The information provided in this section highlights the work undertaken by the Trustee during the year, and has driven long term value for beneficiaries where relevant, and sets out how this work followed the Trustee's policies in the SIPs, relating to the DB Section and DC Section of the Fund.

In summary, it is the Trustee's view that the policies in the SIPs have been followed during the Fund Year to 31 March 2025.

Investment Mandates

Securing compliance with the legal requirements about choosing investments

Policy

As required by legislation, the Trustee consults a suitably qualified person when making investment selections by obtaining written advice from its Investment Consultant. The policy is detailed in Section 12 of the DB Section SIP and Sections 1 and 8 of the DC Section SIP.

DB Section	DC Section
<p data-bbox="114 655 824 687">How has this policy been met over the Fund Year?</p> <p data-bbox="114 707 1088 807">The Trustee last reviewed and updated the Fund's DB Section SIP in December 2024 to reflect the introduction of a Buy-In Policy, as mentioned in the previous page.</p> <p data-bbox="114 853 1088 1054">The purchase of the Buy-In Policy was funded by a portion of the Fund's existing assets. The residual assets remaining in the Fund will be invested to meet ongoing contributions from the Sponsoring Employer to the DC Section of the Fund. Future benefits payable from the Fund to DB Section members will be met by payments received from M&G through the Buy-In Policy.</p> <p data-bbox="114 1102 1088 1166">Written advice from a suitably-qualified adviser was taken in making these decisions.</p> <p data-bbox="114 1214 1010 1278">For the DB Section, the Trustee is satisfied this policy has been followed over the Fund year.</p>	<p data-bbox="1126 655 1832 687">How has this policy been met over the Fund Year?</p> <p data-bbox="1126 707 2101 807">The Trustee did not make any changes to the investment options available to members within the Fund during the year, therefore written advice from its Investment Consultant was not required.</p> <p data-bbox="1126 853 2018 917">For the DC Section, the Trustee is satisfied this policy has been followed over the Fund Year.</p>

Realisation of Investments

Policy

The Trustee's policy is that there should be sufficient liquidity within the Fund's assets to meet short-term cashflow requirements in the majority of foreseeable circumstances, so that realisation of assets will not disrupt the Fund's overall investment policy.

DB Section	DC Section
<p data-bbox="103 555 210 593">Policy</p> <p data-bbox="103 609 1115 647">Further details are set out in the following sections of the DB Section SIP:</p> <ul data-bbox="103 686 1115 762" style="list-style-type: none"><li data-bbox="103 686 1115 724">• Realisation of Investments (DB SIP Section 8)<li data-bbox="103 724 1115 762">• Day-to-Day Management of Assets (DB SIP Section 6) <p data-bbox="103 785 1115 823">How has this policy been met over the Fund Year?</p> <p data-bbox="103 839 1115 941">The Trustee monitors the Fund's cashflow position on a regular basis to ensure there is sufficient liquidity within the Fund to allow for the pay-out of approved member benefit requests and market drawdowns.</p>	<p data-bbox="1115 555 1223 593">Policy</p> <p data-bbox="1115 609 2112 647">Further details are set out in the following sections of the DC Section SIP:</p> <ul data-bbox="1115 686 2112 724" style="list-style-type: none"><li data-bbox="1115 686 2112 724">• Day-to-Day Management of Assets (DC SIP Section 5) <p data-bbox="1115 785 2112 823">How has this policy been met over the Fund Year?</p> <p data-bbox="1115 839 2112 973">The DC Section assets are invested in pooled funds with daily liquidity. Over the Fund Year, the Trustee undertook regular monitoring of the Fund's investment options and is not aware of any liquidity issues arising in respect of those options.</p>
<p data-bbox="103 981 1115 1058">For the DB Section, the Trustee is satisfied this policy has been followed over the Fund Year in order to meet benefit payments.</p>	<p data-bbox="1115 1019 2112 1153">The Trustee received a quarterly administration update at each Trustee meeting to ensure that core financial transactions (including realisation of investments) are processed within service level agreements and regulatory timelines.</p> <p data-bbox="1115 1198 2112 1297">For the DC Section, the Trustee is satisfied this policy has been followed over the Fund Year. No issues were experienced as regards the realisation of investments.</p>

Environmental, Social and Governance (“ESG”)

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

Policy

The Fund's SIP outlines the Trustee's beliefs on ESG factors (including climate change). Further details are included in Section 9 of the DB Section SIP and Section 6 of the DC Section SIP. The Trustee keeps its policies under regular review. With the purchase of the Buy-In Policy, the Trustee's responsibility for the management of these risks in respect of the assets backing the DB section liabilities is limited and passed on to the Buy-In provider.

DB Section and DC Section

How has this policy been met over the Fund Year?

The Pension Schemes Act 2021 introduced legislation requiring specified pension schemes to ensure there is effective governance with respect to the effects of climate change.

In order to establish its beliefs and produce the SIP policy, the Trustee undertook investment training provided by the investment consultant on responsible investment. The training covered ESG factors, stewardship, climate change and ethical investing. This training was provided at the December 2020 Trustee meeting. At this meeting, the Trustee's investment beliefs were discussed with the investment consultant and investment manager to assist the Trustee with establishing their policy in this area. Following the discussions at the Trustee meeting, the updated policies were incorporated into the SIP agreed in September 2020. The Trustee keep policies under regular review with the SIP subject to review at least triennially. At the June 2023 Trustee meeting, the Trustee agreed that it would be helpful to start to consider what, as a group, their ESG and climate change views and beliefs are to help them develop a Trustee Board policy on ESG and climate change. The Trustee and Wm Thomson in conjunction with Mercer completed an ESG belief questionnaire to collate the Trustee Board's views and objectives on ESG issues. The work on this policy remains ongoing.

The Trustee has delegated responsibility for the selection, retention, and realisation of investments to their investment managers and accordingly, the Trustee seeks to manage the risks and opportunities associated with these ESG factors by selecting industry leaders in investment management who are committed to the Principles for Responsible Investment (“UNPRI”) (as they apply to the sector in which the manager invests or the strategy pursued by the manager) and against criteria which include ESG considerations. ESG and the level of integration will differ across asset classes and by investment manager.

DB Section and DC Section

The Trustee does not require the Fund's investment managers to take non-financial matters into account in their selection, retention and realisation of investments.

DB Section

As set out in the DB Section SIP, the Trustee has given the appointed investment manager full discretion in evaluating how ESG factors, including climate change considerations, are taken into account when selecting and retaining the Fund's investments. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.

This was last reviewed in September 2020 and the Trustee is satisfied that this policy has been followed over the Fund Year.

DC Section

Research ratings which included investment managers' ESG capabilities were monitored as part of the annual Value for Members Assessment completed in September 2024 for the DC Section. The investment performance report is reviewed by the Trustee on a quarterly basis which included both research ratings of the pooled funds in which the DC Section invests. In general, the funds remained well rated during the Fund Year.

MWS also considers ESG considerations as an important factor in the overall design of the investment strategy and the selection and retention of investment managers.

For the DC Section, the Trustee is satisfied this policy has been followed over the Fund Year.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee's would monitor and engage with relevant persons about relevant matters).

Policy

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Fund's directly held investments to the appointed investment manager, Wm Thomson.

Further details are set out in Section 10 (Engagement with the Investment Manager) of the DB Section SIP and Section 6 (Responsible Investment and Corporate Governance (Voting and Engagement)) of the DC Section SIP. The Trustee, primarily through the Investment Committee, can review the voting history (in respect of equities) and engagement activity, and can challenge such decisions to try to ensure the best performance over the medium to long-term.

DB Section and DC Section

How has this policy been met over the Fund Year?

DB Section

The Fund's DB Section investment manager, Wm Thomson, is not a signatory to the current UK Stewardship Code. The Trustee does not directly use a proxy vote advisor.

DC Section

The Trustee has identified key stewardship priorities and reports on significant votes linked to these priorities. The Trustee considers a significant vote as any vote in material investment funds (holds more than 5% of DC Section assets at Fund year-end) relating to holdings in a company representing at least 1% of the Fund year-end value of the investment fund, in three key stewardship priorities for the Fund relating to:

DB Section and DC Section

- Climate change – including low carbon transition and physical damages resilience,
- Human rights – including modern slavery, pay and safety in the workforce and supply chains, and
- Diversity, Equity and Inclusion – including inclusive and diverse decision making.

Section 3 of this statement includes engagement and voting activity undertaken by the Fund's investment managers with investments in equities, and Section 4 sets out a summary of voting activity and significant votes cast on behalf of the Trustee by relevant investment managers. The Trustee supports the aims of the UK Stewardship Code, and its investment managers are encouraged to report their adherence to the Code. The underlying managers used in MWS funds are signatories to the UK Stewardship Code.

Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies

Policy

The Trustee's policy is set out in Section 10 (Engagement with the Investment Manager) of the DB Section SIP and Section 7 (Arrangements with asset managers) of the DC Section SIP.

DB Section	DC Section
<p>How has this policy been met over the Fund Year?</p> <p>The Investment Committee meet with the investment manager on a regular basis to review and evaluate ongoing performance of the Fund. The Trustee's focus is on long-term performance but they engage with the investment manager if there are short-term performance concerns.</p>	<p>How has this policy been met over the Fund Year?</p> <p>The Trustee invests in pooled / multi-client investment vehicles, as such accepts that there is limited direct ability to influence the Investment Managers to align their decisions with the Trustee's policies set out in the DC Section SIP. However, appropriate mandates are selected to align with the overall investment strategy, with ongoing oversight and monitoring by the Trustee.</p>

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustee's policy is set out in Section 10 (Engagement with the Investment Manager) of the DB Section SIP and Section 7 (Arrangements with asset managers) of the DC Section SIP.

DB Section	DC Section
<p data-bbox="120 560 819 592">How has this policy been met over the Fund Year?</p> <p data-bbox="120 627 1032 722">Over the year to 31 March 2025, the Investment Committee received monthly investment reports. These were then discussed on a quarterly basis at each of the Trustee meetings.</p> <p data-bbox="120 770 1099 834">The Trustee will agree the remuneration with the investment manager on an annual basis.</p>	<p data-bbox="1133 560 1827 592">How has this policy been met over the Fund Year?</p> <p data-bbox="1133 627 2107 786">The performance of each of the DC Section's funds and lifestyle arrangements were reviewed by the Trustee at each of its quarterly meetings. This included fund performance against the benchmark over both short-term and longer-term periods and peer group analysis for key component funds used in the default investment option.</p> <p data-bbox="1133 834 2085 1070">The charges paid to the investment managers for their services were analysed as part of the annual Value for Members assessment for the DC Section, which was conducted with input from the Fund's DC Investment Consultant in September 2024. The assessment concluded that the DC Section continued to provide good value for members with respect to member borne deductions, with additional member resources paid for by the Fund enhancing this value further.</p>

Monitoring portfolio turnover costs

Policy

The Trustee's policy is set out in Section 10 (Engagement with the Investment Manager) of the DB Section SIP and Section 7 (Arrangements with asset managers) of the DC Section SIP.

DB Section	DC Section
<p data-bbox="114 544 1115 592">How has this policy been met over the Fund Year?</p> <p data-bbox="114 608 1115 884">The Trustee does not currently monitor portfolio turnover costs but may look to do this in the future. As part of the monthly reporting pack, the Trustee receives data on portfolio turnover. Investment manager performance was reported and evaluated net of all fees and transaction costs (costs incurred as a result of buying and/or selling assets), and where possible, performance objectives for investment managers were set on a net basis. In this way, managers were incentivised to keep portfolio turnover costs to the minimum required to meet or exceed their objectives.</p>	<p data-bbox="1122 544 2114 592">How has this policy been met over the Fund Year?</p> <p data-bbox="1122 608 2114 884">Portfolio turnover costs for each of the funds in the DC Section are reviewed by the Trustee on an annual basis as part of the annual Value for Members assessment and are also disclosed in the annual Chair's Statement. The Portfolio turnover costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. Performance is considered net of the costs of such activities.</p>

The duration of the arrangements with asset managers

Policy

The Trustee is a long-term investor and does not seek to change the investment arrangements on a frequent basis. Further details of the Trustee's policy are set out in Section 10 (Engagement with the Investment Manager) of the DB Section SIP and Section 7 (Arrangements with asset managers) of the DC Section SIP.

DB Section	DC Section
<p data-bbox="103 592 824 627">How has this policy been met over the Fund Year?</p> <p data-bbox="103 655 1115 826">There is no set duration for the investment manager appointment. However, the appointment is regularly reviewed as to its continued suitability and could be terminated either because the Trustee are dissatisfied with the managers' ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Trustee.</p>	<p data-bbox="1115 592 1832 627">How has this policy been met over the Fund Year?</p> <p data-bbox="1115 655 2119 826">All funds within the DC Section are open-ended and therefore there is no set duration for manager appointments. The fund range is formally reviewed by the Trustee on at least a triennial basis as part of the investment strategy review. The latest investment strategy review was carried out in June 2023, and found that the investment strategy remains appropriate.</p> <p data-bbox="1115 871 2119 1174">The investment proposition, including manager appointments and funds which the Trustee can make available to its members, are also reviewed by MWS on an annual basis as part of their annual strategy review. The MWS review conducted during the Fund year resulted in some changes to the underlying strategic asset allocation of key constituent funds of the default investment option. The strategic asset allocation to equities was increased in the Mercer Growth Fund alongside changes to the composition of the equity and fixed income allocations. There were similar changes to the equity and fixed income portfolios within the Diversified Retirement Fund.</p>

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DB Section	DC Section
<p data-bbox="114 536 215 571">Policy</p> <p data-bbox="114 603 1115 699">The Trustee's policy on the kinds of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:</p> <ul data-bbox="114 708 651 778" style="list-style-type: none"><li data-bbox="114 708 651 743">• Portfolio Construction (SIP Section 4)<li data-bbox="114 746 651 778">• Investment Strategy (SIP Section 5) <p data-bbox="114 810 819 845">How has this policy been met over the Fund Year?</p> <p data-bbox="114 874 1115 970">In October 2024, the Trustee completed the purchase of a Buy-In Policy, and the Fund's physical fixed and inflation-linked UK government bonds were transferred to the Provider in-specie to meet the insurance premium.</p> <p data-bbox="114 1018 1115 1120">The Fund's accrued Defined Benefit liabilities are met by the Buy-In Policy. The Provider is responsible for the realisation of assets within the policy to make the payments due under the contract.</p> <p data-bbox="114 1168 1115 1332">The majority of the residual invested assets are invested in pooled funds, investment trusts, and direct equity by the Investment Manager. The aim of these assets is to generate sufficient income to meet the ongoing Sponsoring Employer contributions into the DC Section of the Fund while providing capital growth and daily access to liquidity.</p>	<p data-bbox="1122 536 1223 571">Policy</p> <p data-bbox="1122 603 2123 699">The Trustee's policy on the kind of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:</p> <ul data-bbox="1122 708 1659 778" style="list-style-type: none"><li data-bbox="1122 708 1659 743">• Investment Objectives (SIP Section 2)<li data-bbox="1122 746 1659 778">• Investment Strategy (SIP Section 4) <p data-bbox="1122 810 1827 845">How has this policy been met over the Fund Year?</p> <p data-bbox="1122 874 2123 1184">There have been no changes to the kinds of investments held or the strategic balance between them during the year. Alignment with the SIP policies is monitored through quarterly reporting on asset allocation through the presentation of the quarterly investment report. The Trustee carries out regular assessments of the investment strategy to ensure it remains appropriate for the membership. The Trustee last undertook a triennial investment strategy review in June 2023 which found that the investment strategy remained appropriate and no changes were recommended.</p>

Risks, including the ways in which risk are to be measured and managed

DB Section	DC Section
<p data-bbox="114 464 215 499">Policy</p> <p data-bbox="114 531 1115 628">The Trustee's policy on the management and measurement of risks involved in the investment of the assets of the DB Section can be found under the following section of the SIP:</p> <ul data-bbox="114 639 853 671" style="list-style-type: none"><li data-bbox="114 639 853 671">• Risk Management and Measurement (SIP Section 3) <p data-bbox="114 716 1115 847">The Trustee considers the Fund's anticipated lifetime when considering risk management and concentrates on the risk of a deterioration in the funding level over the long-term when deciding investment policies, strategic asset allocation, and the choice of asset classes, funds, and asset managers.</p> <p data-bbox="114 895 1115 992">Arrangements are in place to monitor the investments to help the Trustee check that nothing has occurred that would bring into question the continuing suitability of the current investments.</p> <p data-bbox="114 1027 822 1059">How has this policy been met over the Fund Year?</p> <p data-bbox="114 1091 1115 1222">During the year, the Trustee received quarterly updates from the Scheme Actuary on the development of the funding position. In addition to this, the Investment Committee met monthly, and the Trustee received regular reports from the investment manager.</p> <p data-bbox="114 1270 1115 1334">As a key step to reducing risk, the Trustee, following consultation with the Sponsoring Employer, entered an irrevocable Bulk Purchase Annuity Policy</p>	<p data-bbox="1122 464 1223 499">Policy</p> <p data-bbox="1122 531 2121 692">The Trustee recognises a number of risks involved in the investment of the assets of the DC Section and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found under the following section of the SIP:</p> <ul data-bbox="1122 703 1615 735" style="list-style-type: none"><li data-bbox="1122 703 1615 735">• Risk Management (SIP Section 3) <p data-bbox="1122 783 2121 944">The Trustee considers risks when determining the range of funds to offer to members. As detailed in the risk table in the DC Section SIP, the Trustee considers risk from a number of perspectives, including market risks, Environmental, Social and Governance risks, investment manager risk and liquidity risk.</p> <p data-bbox="1122 1027 1830 1059">How has this policy been met over the Fund Year?</p> <p data-bbox="1122 1091 2121 1334">The Trustee received quarterly investment reports from the Investment Consultant to monitor performance and risk of each of the DC Section's funds which were reviewed by the Trustee at each of its quarterly meetings. The investment report also includes updates on developments concerning the underlying investment managers. None of these updates raised any material risks or resulted in any recommended changes to the DC arrangements.</p>

DB Section

("Buy-In Policy") with the Provider in respect of all DB Section members who have accrued benefits in the Fund.

DC Section

DB Section and DC Section

The Trustee maintains a register of key risks, including investment risks, which is reviewed bi-annually by the Trustee or more frequently if new risks are identified. 'Top' risks are also reviewed quarterly. The register of key risks rates the impact and likelihood of the risks and identifies mitigating factors and additional actions taken.

Section 3

Engagement Activity by the Fund’s Investment Managers

Set out below is an example of engagement activity undertaken by one of the Fund's Equity investment managers in the DB section. We have shown engagement activity undertaken by Baillie Gifford as the largest allocation to an individual investment manager in the DB Section of the Fund is held in Scottish Mortgage Investment Trust PLC, an investment trust run and managed by Baillie Gifford.

We have also set out engagement information within the DC section, highlighting one of the managers used within the default investment option.

DB Section	DC Section
<p>Continuing Baillie Gifford’s long-term engagement with the company, they met with Amazon's experienced environmental, social and governance (ESG) team to discuss several ongoing sustainability concerns. The areas of discussion this time included employee engagement, supply chain transparency, human rights implications with cloud-hosting, AI governance and commitment to decarbonisation.</p>	<p>Mercer appoints sub-investment managers, who are expected to adopt voting and engagement practices that include a focus on sustainability risks and other material Environmental, Social and Governance (ESG) themes and topics</p>
<p>Discussion: The open and frank discussion enabled Baillie Gifford to understand the company's position on a variety of subjects. For each concern raised, they were provided with numerically supported evidence to robustly defend the company's position and counter suggestions of unsustainable practices. Baillie Gifford heard about various company-wide initiatives to support employee engagement, including the company's 'Dragonfly' software tool that records employee safety-related feedback to turn into measurable action - over 200,000 observations were actioned in 2023. The company's efforts to meaningfully improve working conditions have reduced recorded injury rates to substantially below the industry</p>	<p>BlackRock Engagement Case Study: PepsiCo, Inc. (PepsiCo)</p> <p>Background: PepsiCo is a U.S. based global consumer packaged goods company focused on beverages and convenient snacks.</p> <p>On the agenda of Pepsi’s May 2024 AGM was a shareholder proposal requesting that the company “complete a material Americas PepsiCo, Inc. (PepsiCo) biodiversity dependency and impact assessment and issue a corresponding public report to identify the extent to which the company’s supply chains and operations are vulnerable to risks associated with biodiversity loss.”</p>

DB Section

average. Baillie Gifford also learned about efforts to engage and monitor the company's vast supply chain to reduce the risk of human rights abuses. They were informed about the company's continued, substantial decarbonisation ambitions, including contracting 28GW of renewable power in 2023, equivalent to more than 50 per cent of the installed capacity in the whole of the UK. Finally, the company highlighted the recent board appointment of Stanford University adjunct professor Dr. Andrew Ng. He was previously the head of Google Brain, Baidu's chief scientist and is currently the managing partner of an AI venture fund. His appointment will help to inform the board's perspective on the opportunities and challenges that AI presents from both a social and commercial perspective.

Outcome: Given the scale and complexity of the company's operations, Baillie Gifford expect to continue regularly engaging with the company on a number of sustainability challenges. Unlike some of Amazon's technology peers, the company continues to listen and engage with long-term investors on challenging topics. Baillie Gifford were able to hear the company's thoughts on different subjects that have regularly appeared on shareholder proposals and we will continue to constructively engage and thoughtfully vote on each proposal.

DC Section

Engagement: At PepsiCo's request, BlackRock engaged with members of the company's management team in advance of the May 2024 AGM. In that engagement, BlackRock discussed PepsiCo's Positive Agriculture agenda. PepsiCo's business relies on a secure source of crops and ingredients to manufacture its products. The company's Positive Agriculture agenda is designed to address risks such as freshwater scarcity and soil degradation.

From engagement as well as the company's disclosure, BlackRock also learned that PepsiCo is striving to mitigate natural capital-related risks across its value chain. PepsiCo is committed to expanding biodiversity-related disclosure and are assessing how they might incorporate the Taskforce on Nature-related Financial Disclosures (TNFD) into future reporting as they seek to comply with other requirements, such as ISSB and the Corporate Sustainability Reporting Directive (CSRD).

Outcome: BlackRock did not support the natural capital-related shareholder proposal at PepsiCo's May 2024 AGM, which received ~18% shareholder support. In our assessment, PepsiCo's existing disclosure on these issues is robust and the company has policies and practices in place to manage material natural capital-related risks and opportunities.

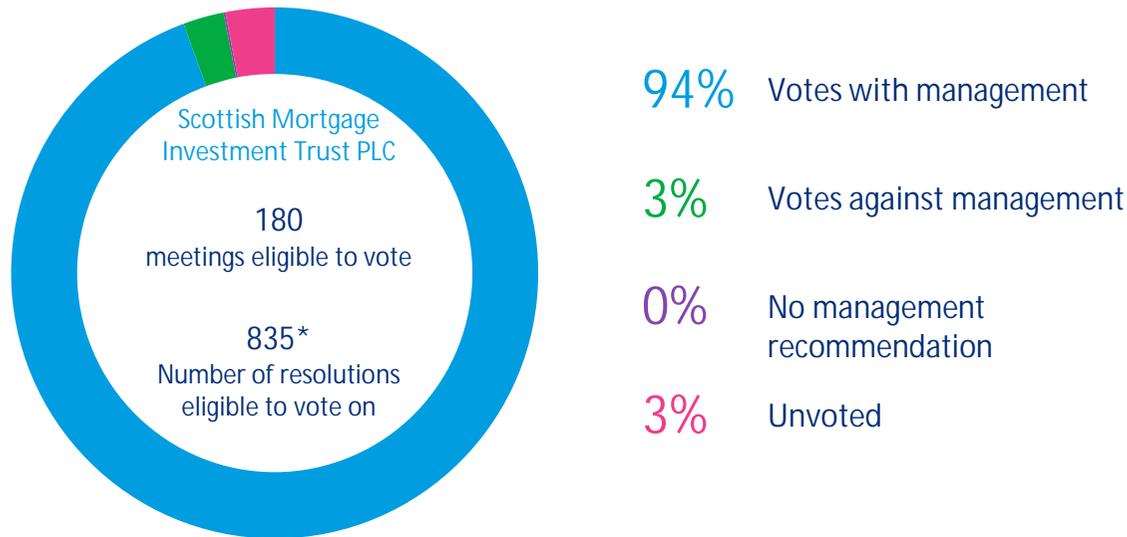
Source: BlackRock Annual Stewardship Report 2024

Section 4

Voting Activity during the Fund year

DB Section

Set out below is a sample of voting activity for this reporting period and overleaf a sample of the most significant votes cast on behalf of the Trustee by the Scottish Mortgage Investment Trust PLC (the "Trust"), the DB Section's largest collective investment vehicle holding.



*97.0% of resolutions voted on

Source: Wm Thomson & Sons, data may not sum due to rounding.

Set out below is a sample of voting activity for this reporting period on behalf of the Trustee by the Trust, the DB Section's largest collective investment vehicle holding.

Company	Number of Proposals eligible to vote on	Date of vote	Vote Instruction
Spotify Technology SA	16	17/04/2024	For 16 Proposals
Amazon.com	28	22/05/2024	For 19 Proposals and Against 9 proposals.

The votes Against included:

- Opposing the shareholder resolution requesting an independent report on the company's due diligence of its customers for certain technologies. Baillie Gifford have consistently opposed this resolution as the company continues to be proactive and make improvements. We do not share the proponent's concerns.
- Opposed a shareholder resolution requesting a third-party audit on warehouse working conditions. The company continues to make demonstrable progress on health and safety. They continue to provide extensive disclosure and detailed safety metrics and continue to take pre-emptive action, investing in safety initiatives, tech, and programs. This is consistent with how we have voted on this resolution previously.

Meta Platforms Inc	23	29/05/2024	For 18 Proposals and Against 5 proposals.
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The votes Against included:

- Opposing the shareholder resolution calling for human rights risks in the non-US markets, as Baillie Gifford do not find that a report would be additive. Baillie Gifford are satisfied with the Company's reporting, expansion of content moderation in additional languages and conducted country-specific human rights impact assessments.

Company	Number of Proposals eligible to vote on	Date of vote	Vote Instruction
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- Opposed the shareholder resolution regarding political advertising, as Baillie Gifford are satisfied with the progress made by the company on this front.

Tesla Inc	13	13/06/2024	For 10 Proposals and Against 3 proposals.
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The votes Against included:

- Opposing the shareholder resolution requesting the company adopt a policy on freedom of association and collective bargaining. These rights are enshrined in the National Labor Relations Act and like any US company, Tesla must comply with the law and this is not a matter for company policy. This is consistent with how Baillie Gifford have voted on this resolution previously.
- Opposing the shareholder resolution requesting the company assess the feasibility of integrating sustainability metrics into executive compensation. While there has been controversy surrounding the CEO's pay package and compensation of board members, it is not clear how a report assessing the integration of sustainability metrics in executive compensation plans will provide meaningful information on those issues.

Source: Baillie Gifford.

Most significant votes

For the purposes of this report, a significant holding is defined as being the top three direct equities by market value at 31 March 2025. The top three direct equity holdings within the DB Section on 31 March 2024 were National Grid plc, Halma plc and Shell plc. The priority themes being focussed on in this slide are:

- Climate Change: including low-carbon transition and physical damages resilience,
- Human Rights: including modern slavery, pay and safety in the workforce and supply chains; and
- Diversity, Equity and Inclusion: including inclusive and diverse decision making.

Significant votes in the direct equities that fall under the priority themes identified are shown below and overleaf.

✗ Resolution not passed ✓ Resolution passed

Company	Approximate size of the holding in the Fund (%)	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
National Grid plc	3.0	10/07/2024	Election or re-election of directors	For	No issues were identified with any individual, although it is noted that 4 of the 11 proposed individuals are female. Board comments that they 'intend to restore gender balance in due course'.	✓	Diversity, Equity and Inclusion
National Grid plc	3.0	10/07/2024	To approve the Climate Transition Report	For	The proposed Climate Transition Plan covers all three scopes and features SBTi-verified targets. The targets of the plan are in sync with shareholder expectations, with goals supported by sub-targets.	✓	Climate Change

Company	Approximate size of the holding in the Fund (%)	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
Halma plc	3.0	25/07/2024	Election or re-election of directors	For	No issues were identified with any individual, and it is noted that 5 of the 10 proposed individuals are female, which is considered sufficiently diverse.	✓	Diversity, Equity and Inclusion
Shell plc	3.0	21/05/2023	Election or re-election of directors	For	No issues were identified with any individual, and it is noted that 5 of the 12 proposed individuals are female, which is considered sufficiently diverse.	✓	Diversity, Equity and Inclusion
Shell plc	3.0	21/05/2023	Approve the Shell Energy Transition Strategy	For	Some concerns were noted: the Company has discontinued a 2035 Net Carbon Intensity (NCI) reduction target, featured in the 2021 climate plan. As a result of the strategy shift the 2030 target has been reduced from 20% to 15-20%. The Plan covers Scope 1,2 and 3 emissions over multiple time frames.	✓	Climate Change
Shell plc	3.0	21/05/2023	Shareholder proposal for Shell to align its Medium-term Emissions Reduction Targets and the Use of its Energy Products (Scope 3) with the	Against	Resolution was filed by a consortium of investors, led by the Dutch campaign group Follow This. Consortium consider Shell's existing 2030 target covering Scope 3 not to be	✗	Climate Change

Company	Approximate size of the holding in the Fund (%)	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
			Goal of the Paris Climate Agreement.		Paris aligned, a claim the company refute. Acceptance of the proposal would represent a change to Shell's existing strategy.		

DC Section

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Fund. Investment funds where voting is not applicable (i.e. non-equity funds) are not included in the list below. All DC investment funds are delegated to Mercer Workplace Savings (MWS).

Fund	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
Defensive	41,641	95.0	82.4	15.8	1.8
Growth	87,220	94.0	83.7	15.4	0.9
Moderate Growth	99,062	96.0	84.5	14.6	0.9
High Growth	101,294	96.1	84.7	14.4	0.9
Diversified Growth	102,119	96.1	84.6	14.5	0.9
Active Global Equity	8,652	97.9	90.6	8.9	0.5
Active Sustainable Global Equity	6,240	99.6	89.4	9.9	0.7
Passive Sustainable Global Equity Hedged	16,329	98.6	77.0	22.3	0.6
Shariah	1,719	96.2	78.5	21.5	0.1

Source: MWS

Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

Significant votes

✗ Resolution not passed ✓ Resolution passed

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	If a vote against management, was this communicated ahead of the vote?	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Implication of the outcome
Mercer Growth	2.110	Alphabet Inc	07/06/2024	Shareholder Proposal Regarding EEO (Equal Employment Opportunities Policy Risk Report	Against	N/A – Voted with Management	Alphabet has an EEO Policy which promotes a work environment that respects different points of view and ensures that employees are not subject to harassment, intimidation, bias, and discrimination. The company's current commitments, policies, and disclosures provide investors with adequate information to evaluate how the company protects against discrimination towards employees and any associated risks.	✗	Diversity	N/A

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	If a vote against management, was this communicated ahead of the vote?	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Implication of the outcome
Mercer Growth	1.320	Meta Platforms Inc	29/05/2024	Shareholder Proposal Regarding Lobbying Activity Alignment with Net Zero Emissions Commitment	For	No	Meta provides limited disclosure around its direct and indirect lobbying expenditures. It also does not go into detail about how it assesses misalignment or what strategies it would use when misalignments are found.	✗	Climate Change	Follow up in post-season engagement to verify any progress on this topic.
Mercer Growth	2.701	Microsoft Corporation	10/12/2024	Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas Development and Production	For	No	A vote for this proposal is warranted, as shareholders would benefit from additional disclosure related to the potential risks associated with the use of the company's artificial intelligence and machine learning tools for new oil and gas development and production.	✗	Human Rights	ILIM engages with Microsoft on the topic of Net Zero, deployment of advanced technology for the fossil fuel industry exposes it to material reputational, competitive, and operational risk. ILIM intends to continue to monitor the company's progress on the topic or any potential amendments.

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	If a vote against management, was this communicated ahead of the vote?	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Implication of the outcome
Mercer Growth	3.402	Apple Inc	25/02/2025	Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies	Against	N/A – Voted with management	While the proponent argues that the company's diversity, equity, and inclusion (DEI) initiatives present litigation risks assessing disclosures it is evident that Apple has strong compliance measures and effective oversight of legal and regulatory risks. Additionally, the company maintains clear non-discrimination policies and aligns its oversight with market standards and there are no known controversies regarding employee discrimination linked to Apple's DEI efforts at the time of the AGM. ILIM therefore did not support this proposal.	✘	Diversity	N/A

Source: MWS