IMPLEMENTATION STATEMENT

BACKGROUND

The Department for Work and Pensions ('DWP') implements regulation which aim to improve disclosure of financially material risks.

The regulatory requirements recognise Environmental, Social and Governance (ESG) factors as financially material, and UK pension plan trustees are required to consider how these factors are managed as part of their fiduciary duty. The regulations require the Trustee to detail policies in the Plan's Statement of Investment Principles ("SIP") and demonstrate adherence to these policies in an implementation report on an annual basis.

This implementation report is to provide evidence that the Trustee continues to follow and act on the principles outlined in the Plan's SIP, including:

- Actions the Trustee has taken to manage financially material risks and implement the key policies in their SIP;
- The current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks;
- The extent to which the Trustee has followed policies on engagement covering engagement actions with the Plan's fund managers and, in turn, the engagement activity of the fund managers with the companies in the investment mandate;
- The voting behaviour by investment managers (noting the Trustee's delegation of Plan voting rights to the investment managers through its investment via pooled fund arrangements), covering the reporting year up to 31 May 2024 for and on behalf of the Plan, including the most significant votes cast on the Plan's behalf;
- The policies in place to ensure the default strategy remains in the best interest of its members.

Summary of key actions undertaken over the Plan's reporting year

The Trustee undertook a formal investment strategy review in early September 2022. However, as a result of significant gilt market volatility caused by the government's "mini budget", the previously agreed strategic changes were no longer feasible due to changes within the LDI industry (e.g. lower leverage available within leveraged LDI products) and guidance from the Pensions Regulator (tPR) to hold a larger proportion of dedicated collateral to support LDI portfolios.

The Trustee subsequently agreed to revise the agreed strategic changes to align these with the new market environment and agreed direction of travel, as follows:

- Reduce the existing equity portfolio allocation by 15%;
- Introduce a 10% allocation to a multi-asset credit (MAC) fund, and a 5% allocation to a low-risk asset backed securities (ABS) fund.

The Trustee also agreed at this time to increase the Plan's liability hedge to offset 100% of the Plan's liability sensitivity to changes in interest rates and inflation (on the Plan's Technical Provisions funding basis). The Trustee agreed the ABS allocation would serve as first tier collateral for the LDI portfolio, with the MAC allocation thereafter if required.

The above strategic changes were implemented over September and October 2023.

Additionally, over the accounting year, in October 2023 the Company communicated a proposal to the Trustee to restructure the Plan's equity portfolio by switching 25% of the equity portfolio allocation (equating to c.10% of the Plan's total assets) to the Martin Currie UK Equity Income Fund.

The Trustee discussed the Company's proposal and having consulted with their investment adviser, Isio, on the impact on the Plan's risk exposures agreed to implement this. This change was implemented in May 2024.

Implementation Statement

This report demonstrates that the Trustee of the Martin Currie Retirement and Death Benefits Plan has adhered to their investment principles and policies for managing financially material considerations including ESG factors and climate change.

IMPLEMENTATION STATEMENT (CONTINUED)

MANAGING RISKS AND POLICY ACTIONS – As set out in current SIP

Risk	Definition	How it is managed	Actions over reporting period
Interest rates and inflation	The risk of mismatch between the value of the Plan assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge a fixed proportion, as agreed by the Trustee, of these risks on the Plan's Technical Provisions basis via the LDI portfolio.	Trustee increased the Plan's liability hedge target to 100% (Technical Provisions basis), to further reduce these risks and protect the Plan's improved funding position.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values) and to provide collateral to the LDI manager. The Plan's assets are invested in pooled funds which are readily realisable.	The Plan's assets remain fully liquid (all mandates daily traded). To manage liquidity risk from the Plan's LDI portfolio, the Trustee allocated 5% of the Plan's assets to a low-risk, liquid credit allocation (ABS), and 10% of the Plan's assets to a daily traded multi-asset credit fund.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Trustee restructured the Plan's investment strategy to reflect the Plan's improved funding position. This involved partially de-risking the strategy by disinvesting from equities and investing in two pooled fixed income funds (a Multi-asset credit fund, and a low-risk Asset Backed Securities fund) which exhibit a lower risk, lower return target. This also improved diversification across the Plan's growth assets.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Plan for the risk of default.	The Trustee considered the risk:return metrics of the newly appointed fixed income asset classes (MAC, ABS) as part of the strategy review. Furthermore, as part of the manager / fund selection exercise, the Trustee considered the underlying investments of their preferred funds to ensure alignment with their risk tolerances, and that they were sufficiently diversified

			across ratings, regions, issuer.
Environmental, Social and Governance ("ESG")	Exposure to ESG factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. Signatory to the UN Principles for Responsible Investment ('UN PRI') The Trustee monitors the mangers on an ongoing basis.	No action, change or material deviation from stated policy over accounting period.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	Allow the Plan's active managers who invest in overseas securities the flexibility to hedge overseas currency exposure to manage risk.	No action, change or material deviation from stated policy over accounting period.
Non-financial	Any factor that is not expected to have a financial impact on the Plan's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	No action, change or material deviation from stated policy over accounting period.

CHANGES TO THE SIP

The Plan's SIP was updated in December 2023 to reflect:

- a change to the Trustee's investment adviser's (Isio) format, including recommended wording and structure; and
- the strategic changes implemented over September and October 2023.

Date last updated: December 2023

IMPLEMENTING THE CURRENT ESG POLICY AND APPROACH

ESG as a financially material risk

The SIP describes the Trustee's policies with regards to ESG as a financially material risk.

The below table outlines the key areas on which the Plan's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustee reviews the Plan's ESG policies and engagements periodically to ensure they remain fit for purpose.

Key areas of assessment and ESG beliefs

Area of assessment	Trustee's beliefs
1. Risk	• The Trustee recognises that ESG factors, including climate change, can all influence the investment performance of the Plan's portfolio. • The Trustee believes it is in members' and the Plan's best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as best as possible. • The Trustee believes that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.
2. Appointment of investment managers	• The Trustee will work with the Investment Consultant to help select the investment managers that have passed the initial ESG screening. ESG screening will involve some of the following activities, but is not limited to ensuring the managers are signatories to UNPRI, reviewing the managers' own ESG policies, investigating the extent to which these policies are integrated into their standard procedures of investment research and analysis. • The Trustee will take into consideration the investment managers' approaches to ESG factors, including climate change considerations, with respect to their selection of investments and is satisfied that a responsible approach, which is consistent with the long-term financial interests of the Plan and its members, is undertaken.
3. Monitoring of investment managers	• The Trustee will monitor the performance, strategy, risks, ESG policies, including climate change considerations, and corporate governance of the investment managers. If the Trustee has any concerns, they will raise them with the respective managers, verbally or in writing. • The Trustee will also refer to output from Isio's Sustainable Investment research team's appraisal process, whereby investment managers are rated on a number of quantitative and qualitative factors, ESG considerations are taken into account in this process. This process is also applied to existing investment managers.
4. Engagement	• As the Trustee invests the Plan's assets in pooled funds, the Trustee acknowledges that the influence it can have on the ESG policies and practices, including climate change considerations, of the companies in which its managers invest, is potentially limited. • The Trustee will continue to review the available products and approaches in this space and strive for the Plan to continue to deliver strong risk-adjusted returns, incorporating responsible investments principles into the process, where possible.

Trustee's approach to investment managers' voting and engagement policies

The Trustee has concluded that the decision on how to exercise voting rights should be left with their investment managers, who will exercise these rights in accordance with their respective published proxy voting policies.

These policies, which are provided to the Trustee from time to time, take into account the financial interests of shareholders and should be for the Plan's benefit. Where this primary consideration is not prejudiced, the investment manager should engage with companies to take account of ESG factors, including climate change considerations, in the exercise of such rights.

The Trustee notes that the investment managers' proxy voting policies are available on request and on their respective websites.

Where the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee will exercise its right in accordance with what it believes to be the best interests of the majority of the Plan's membership.

Investment managers' engagement activity over reporting year

As the Plan invests via investment managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 March 2024 (note: voting and engagement data provided on a quarterly basis by the Plan's investment managers).

Fund name	Engagement summary	Commentary
Various MCIM Equity Funds	Total engagements: 33 Of which: - Environmental: 9 - Social: 5 - Governance: 15 - Other: 4	MCIM provide Shareholder reports for each underlying fund which provide information on engagement activity. Example of significant engagement(s) include: **Kering** MCIM continue to engage with Kering over their remuneration report and the Company's response to shareholder dissent at previous AGMs. MCIM continue to push Kering towards best practice on remuneration to align management and shareholder interests. Kering have since updated their remuneration policy to no longer vest "exceptional remuneration" payments going forward.
M&G Total Return Credit Investment Fund *	Total engagements: 9 Of which: - Environmental: 6 - Social: 2 - Governance: 1	M&G have a systematic approach to engagements whereby specific objectives are outlined in advance and results measured based on the outcomes from the engagements. M&G Analysts are expected to have a more granular awareness of key ESG risks which impact the individual issues they monitor. Where engagement is deemed to be necessary, analysts engage with issuers supported by M&G's Corporate Finance & Stewardship ("CF&S") Team, allowing them to leverage their expertise and sustainability themes. Example of significant engagement(s) include: **AIA Group Ltd -** M&G initiated discussions on improving board diversity (and succession planning) in September 2021. Since then, AIA has added two female directors to its board. Most recently, in September 2023, AIA announced the appointment of Ms. Nor Shamsiah Binti Mohd Yunus as an independent non-executive Director and a member of the Nomination Committee of the Company. The new addition

		means AIA now has 3 female directors on the board of directors (23% female representation).
Insight Liquid ABS Fund	No. of entities engaged: c.65 (of which, Insight note 35 were "meaningful engagements") Total engagements: 70 - 80	Insight engage with underlying portfolio constituents across all funds on a range of ESG issues, mainly related to corporate governance within portfolio companies and share issuance. An example of a significant engagement they provided was as follows: **Pepper Money Ltd** – Pepper is a significant loan issuer in the Australian market and is widely held across Insight's ABS fund range. Insight engaged with Pepper to discuss ESG considerations in their loan origination and underwriting process, as well as their ESG disclosures. Prior to engagement with Insight, ESG considerations had not formed part of the issuer's loan origination process. Following the engagement, Pepper agreed to improve their ESG disclosures and are looking to build on a number of ESG metrics in their annual reporting. Pepper is also reviewing their loan origination practices, although have noted there are no immediate plans to amend their existing policies. Insight is satisfied with the outcome of the engagement, but continue to engage with Pepper on their loan practices.
Insight LDI Funds	Total engagements: 43 Of which: - Environmental: 21 - Social: 12 - Governance: 5 - Other: 11 (Note: some engagements will classify under multiple ESG topics)	Insight engaged with a number of industry participants on long-term strategic issues relating to LDI, including: • Green gilt issuance • Liaising with the FCA and TCFD in relation to climate change reporting disclosures • Working with derivative counterparty banks on the integration of ESG factors into the assessment of credit risk. The team regularly engages with regulators, governments and other industry participants to address long-term structural issues, and aim to stay ahead of regulatory changes and adopt best practice. Example of significant engagement(s) include: **Credit Agricole** – Insight engaged with the French International banking group with the objective of improving their ESG disclosures and policies. Credit Agricole have a number of ESG policies and commitments in place. However, Insight engaged with them to discuss ways they could improve or enhance these policies, as well as ways to

		strengthen their disclosures. Insight note Credit Agricole are progressive with regards to their environmental policies, but poor reporting has seen them historically score poorly in Insight's Net Zero model. Insight continues to engage with the Group to improve their reporting approach.
Insight Liquidity Plus Fund	Total engagements: 13 Of which: - Environmental: 5 - Social: 2 - Governance: 6 - Other: 3 (Note: some engagements will classify under multiple ESG topics)	Insight have a counterparty engagement program in which they engage with deposit and counterparty banks on a range of ESG issues. Example of significant engagement(s) include: **Bank of Novia Scotia (BNS)** – Insight engaged with BNS as they were identified as one of the top financiers of fossil fuels from 2016-2021, with weaker fossil fuel financing policies compared to their peers (poor reporting, and indirect financing of thermal coal or coal power generation. While BNS has since signed up to the Net Zero Banking Alliance, their impact lending target remains below peers. Insight continue to challenge and engage BNS on improving this position on an ongoing basis.

Investment managers' voting activity over reporting year (applicable for the Plan's equity funds only)

The Trustee has acknowledged responsibility for the voting policies that are implemented by the Plan's investment managers on their behalf.

The Plan's fund managers have provided details on their voting actions, including a summary of the activity covering the reporting year up to 31 May 2024. The managers also provided examples of any significant votes.

Fund name	**Voting summary**	**Example of a significant vote(s)**	**Commentary**
Various MCIM Equity Funds	Votable Proposals: 2,644 Proposals Voted: 99.6% Of which: - For: 92.0% - Against: 6.1% - Abstain/Withheld: 1.9%	**Illumina** Topic: Governance Proposal: Re-election of chairman of the Board Vote: Against. Rationale: - Accountability for poor shareholder return and poor decision-making around the Grail acquisition.	Martin Currie uses ISS as their proxy voting advisor. ISS provides voting recommendations for Martin Currie, in accordance with their own policy, which is closely aligned with the Martin Currie internal policy. Martin Currie's voting decisions are informed by their own internal work, ISS, and a specialist governance advisor. They assess voting matters on a case-by-case basis but are guided

			by their over-arching principles on good corporate governance.

Notes: Values are the % of total votable proposals.