Engagement Policy Implementation Statement for the Year Ended 31 March 2025

Princes (1977) Pension Scheme ("the Scheme")

1. INTRODUCTION

The Engagement Policy Implementation Statement (known as the Statement) presents the Trustees' assessment of their adherence to their engagement policy and their policy concerning the exercise of rights (including voting rights) attaching to the Scheme's investments throughout the one-year period ending 31 March 2025 (the "Scheme Year"). The Trustees' policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in June 2024 in order to reflect the following objectives to help guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed, i.e. to provide protection for members' accrued benefits; and to ensure that the Scheme can meet its obligations to the beneficiaries. The Trustees believe the best way of achieving this is by securing all members' benefits with an insurance company. A copy of the Trustees' SIP is available at https://www.princesgroup.com/princes-pension-scheme.

This Statement has been prepared in accordance with the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019* and the guidance published by the Department for Work and Pensions.

During Q1 2024, the Trustees undertook a "buy-in" by using the majority of the Scheme's assets to purchase a bulk annuity insurance policy with Aviva Life & Pensions UK Limited (Aviva), a UK insurance company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. Under this policy Aviva undertake, via the Scheme, to pay the Scheme's benefit obligations as they fall due. The Trustees purchased the policy with Aviva having considered appropriate advice from their advisors.

As a result of this transaction, Mercer Limited ("Mercer") no longer has discretion over the Scheme assets. However, the Trustees retained the appointment of Mercer as the investment manager of the Scheme's residual assets that are invested in a range of specialised pooled funds (known as the Mercer Funds). The management of each of the Mercer Fund's assets is carried out by a Mercer affiliate, namely Mercer Global Investments Europe Limited (MGIE). Specifically, the Trustees invest in a combination of cash and gilt funds with Mercer. The Trustees have implicitly delegated consideration of ESG issues, engagement and stewardship obligations to Aviva in relation to the majority of the Scheme's DB assets via a bulk annuity contract, and to Mercer in relation to remaining invested DB assets. The annuity contract makes contractual payments to the Scheme dependent only on the benefits payable under the contract. As a result, the Trustees have minimal direct exposure to risks arising from long-term sustainability issues, including climate change. They are however satisfied that Aviva apply due consideration to ESG issues in the investment of assets underlying the contract.

In June 2024, as noted above, the Trustees agreed to invest the residual Scheme assets across pooled unlevered Gilt funds and a UK Cash fund. The relevant Mercer affiliate is responsible for the appointment and monitoring of a suitably diversified portfolio of specialist third party investment managers for the assets of each Mercer Fund.

Under these arrangements, the Trustees acknowledge that they do not possess direct authority over the engagement or voting policies and arrangements of the Mercer Funds' managers. Mercer's publicly available Sustainability Policy outlines Mercer's investment philosophy and how it addresses sustainability risks and opportunities, into the decision making process. The Stewardship Policy provides further details on Mercer's implementation of stewardship practices.

Section 2 of this Statement outlines the Trustees' engagement policy and evaluates the extent to which it has been followed during the Scheme Year.

Section 3 sets out the Trustees' policy regarding the exercising of rights (including voting rights) attached to the Scheme investments.

Considering the analysis presented in Sections 2 to 3, the Trustees believe that their policies with regard to engagement and the exercise of rights attaching to investments have been successfully followed during the Scheme Year.

2. TRUSTEES' POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

The Trustees' ESG policy is outlined in Section 8 of the Scheme's SIP.

The Trustees believe that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment risk and return outcomes. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that may increasingly require explicit consideration.

The Trustees have implicitly delegated consideration of ESG issues, engagement and stewardship obligations to Aviva in relation to the majority of Scheme's assets via a bulk annuity contract, and to Mercer in relation to 'residual' invested assets. The annuity contract makes contractual payment to the Scheme dependent only on the benefits payable under the contract. As a result, the Trustees have minimal direct exposure to risks arising from long-term sustainability issues, including climate change. They are however satisfied that Aviva apply due consideration to ESG issues in the investment of assets underlying the contract.

Given the nature of the Scheme's investment policy, member views and non-financially material considerations are not taken into account in the selection, retention and realisation of investments.

3. TRUSTEES' POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO SCHEME INVESTMENTS

Policy

As the Scheme now invests in the bulk annuity policy with Aviva, the Trustees recognise that Aviva has full discretion when evaluating ESG issues, exercising rights and stewardship obligations attached to the Scheme's investments, including engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure and management of actual or potential conflicts of interest and risks. In addition, Aviva has full discretion when deciding on the degree to which the above is integrated into their investment processes. The Trustees are satisfied this corresponds with their responsibilities to the beneficiaries.

The DWP released a set of Implementation Statement requirements on 17 June 2022, "Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance" to be adopted in all Implementation Statements for schemes with years on or after 1 October 2022. The most material change was that the Statutory Guidance provides an update on what constitutes a "most significant vote".

This is applicable to those funds with equity holdings, however, due to the assets of the Scheme being in a bulk purchase annuity policy with Aviva there are currently no voting rights assigned to the Scheme. During the Scheme year the control of corporate governance issues have been ceded by the Scheme to Aviva.