

Implementation Statement

Laporte Group Pension Trust

Introduction

This is the Trustee's Annual Implementation Statement ('the Statement') for the Laporte Group Pension Trust ("the Trust") and is prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This Statement sets out how the Trustee has complied with the Trust's Statement of Investment Principles (SIP) during the period from 1 April 2024 to 31 March 2025. This Statement covers both DB and DC Sections of the Trust.

Review of the SIP and resulting changes

The Trustee formally last reviewed and updated the DC SIP in September 2022 and the DB SIP in January 2021 (no further review of the DB SIP was deemed necessary following buy-in of all DB assets with Legal & General, see below). The Trustee's investment policies have remained consistent and there were no changes made to either SIP during the reporting period.

Adherence to the SIP

The Trustee has implemented its investment policy as set out in the SIP. An overview of how this has been achieved is set out in the remainder of this section.

The latest version of the SIP is available for members to view via the Trust website here:

<https://schemes.vidett.com/laporte-group-pension>

Meeting objectives and policies outlined in the SIP

DB Section

Objectives and strategy

The Trustee aims to invest the DB assets of the Trust prudently to ensure that the benefits promised to members are provided. In December 2020, the Trustee purchased an Annuity Policy to ensure the benefits for the DB membership of the Trust and minimise the risk that the Trust is unable to meet its objective.

Risk

The Annuity Policy is intended to match the liabilities for the membership of the Trust, and to eliminate the interest rate, inflation and longevity risk associated with the Trust's liabilities. The key risk to the DB section of the Trust is the risk that the annuity provider, Legal and General Assurance Society ("LGAS"), fails to make the pension payments covered by the Annuity Policy as they fall due. The Trustee considered the credit strength of LGAS as part of its due diligence process, in addition to other factors such as the regulatory environment and other protections available.

Governance

The Trustee is responsible for the investment of the Trust's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take and which to delegate, the Trustee has taken into account whether it has the appropriate training and knowledge, having taken advice where appropriate in order to take an informed decision.

Over the course of the year, the division of responsibilities between the Trustee, its investment advisers and the asset managers remained unchanged.

Environmental, social and governance (“ESG”) considerations

In setting the Trust's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Trust and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors including climate change could negatively impact the value of investments held if not understood and evaluated properly.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to purchase the Annuity Policy, and recognises that it cannot directly influence the ESG integration nor stewardship policies and practices of LGAS. However, given the nature of the Annuity Policy purchased by the Trust, the Trustee believes that LGAS is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors that may influence performance.

Stewardship – voting and engagement

Following the purchase of an Annuity Policy, responsibility for voting and engagement with managers has been delegated to LGAS. The Trustee believes that LGAS should use its influence and purchasing power where possible to ensure that ESG factors (including climate change) are appropriately considered by the underlying investment manager and financial counterparties.

The Trustee recognises that it cannot directly influence the ESG integration nor stewardship policies and practices of LGAS. Additionally, the Trustee acknowledges the limited materiality of stewardship for the residual assets invested in the Sterling Liquidity Fund managed by Legal and General Investment Management (“LGIM”).

Cost monitoring

Following the purchase of the Annuity Policy, responsibility for monitoring costs in relation to the Trust's DB assets has been delegated to LGAS. The Trustee therefore does not monitor costs relating to the Annuity Policy; however, it expects LGAS to confirm if costs are likely to have an impact on the Annuity Policy. The Trustee paid a premium to LGAS when the Annuity Policy was initiated, and as a result there are no ongoing fees.

Arrangements with asset managers

Before entering into the Annuity Policy, the Trustee reviewed the governing documentation associated with the Policy and considered the extent to which it aligned with the Trust's requirements. Following the purchase of the Annuity Policy, the responsibility for managing arrangements with asset managers lies with LGAS. This responsibility may include ensuring that arrangements with the appointed asset manager is aligned to achieving the long-term objectives of LGAS and the Trust.

DC Section

Objectives and strategy

The Trustee's key DC investment objective is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. The Trustee meets this objective by reviewing the Trust's investment strategy in detail on at least a three-yearly basis. The last review was completed in March 2024 and concentrated on the Laporte Retirement Plan (LRP) population, following the bulk transfer of Laporte Money Purchase Plan (LMP) members to Legal & General's Master Trust arrangement in November 2023.

The March 2024 review took account of the Regulator's best practice guidance and focussed on the on the performance and continued suitability of the Trust's investment options for LRP members against the investment strategy as defined in the DC SIP. This included consideration of how members had been drawing their benefits from the Trust since 2017.

Following the review, the Trustee was satisfied that the current investment options remained broadly appropriate, noting that:

- Members actual retirement behaviour (i.e. how they elected to draw their benefits from the Trust) broadly matched the assumptions made in setting the strategy. In short, this

essentially confirmed that most members with modest fund value were electing to draw cash and those with larger fund values tended towards transferring at retirement age – suggesting a preference to access flexible drawdown (an option not available directly through the Trust).

- The investment options made available through the Trust offered a suitable range of self-select options, supplemented by lifestyle/target date fund options to meet members' various risk/reward profiles and retirement objectives.
- The fund manager, LGIM, remained highly rated by the Trustee's advisers and performance had been in line with objectives and expectations.

The next investment strategy review is scheduled to take place from 2027 (albeit the Trust is expected to have completed wind-up by then).

Governance

The Trustee's Investment Committee met in person in Q1, Q2 and Q3 over the reporting period to conduct the Trust's DC business, which includes monitoring the Trust's investment strategy and performance of the Trust's fund range. An overview of Capital Markets is also provided at each meeting by the sponsoring employer's Investment Committee representative who is also an investment professional. In Q4, the Trustee received the usual investment reports for monitoring purposes.

The Trust's DC investment adviser updates the Trustee in between meetings if a particular issue arises with LGIM or one of the funds made available within the Trust.

Consideration of DC risks

The Trustee has considered and identified the key DC risks members are exposed to. These are shown on page 3 in the SIP which can be accessed here: <https://schemes.vidett.com/laporte-group-pension>

The Trustee does not consider risk in isolation, but in conjunction with expected investment returns and outcomes for members. The Trustee has developed and maintained a risk register as part of a framework of assessing investment risks. The risk register was reviewed at each Investment Committee meeting, with specific focus given to a bank of risks on an annual rolling cycle.

The Trust does not (and has never) operated a default investment arrangement, however, the Trustee has nevertheless sought to adopt the Regulator's best practice principles in formulating its wider investment strategy. As part of its monitoring, the Trustee, in conjunction with its DC investment advisers, considers the performance of the fund range at each Trustee meeting, concentrating on the mid to long-term periods.

The Trustee has selected a range of funds which attempt to address the key DC risks the Trustee has identified. The Trustee measures the effectiveness of the investment choices to address these risks on an ongoing basis.

Professional advice

The Trustee is aware of the requirement to take professional advice when setting and reviewing the investment strategy.

The Trustee has appointed WTW to provide such DC advice. In accordance with this engagement, WTW provides a triennial strategy review which includes recommendations in relation to the lifestyle investment strategies and wider fund range (this was last conducted in March 2024). WTW also attended each Investment Committee meeting to provide ongoing investment support and advice. WTW is set annual objectives to support the Trustee, with performance monitored by the Trustee annually. Feedback against these objectives was provided to WTW for 2024 at the March 2025 meeting.

Investment performance monitoring

The Trustee regularly monitors the performance of the DC investment options and the Trust's investment manager.

Over the reporting period, the Trustee considered the performance of the fund range at each of the three Investment Committee meetings and in Q4 by reference to reporting information. In doing this, the Trustee Directors discussed the market context alongside assessing how closely each of the passively managed funds had tracked their respective indices. The Trustee also considered the funds against its broader objective to offer accumulation options which exceed price inflation over the mid to long-term.

The Trustee was satisfied that the investment options were performing in line with the agreed objectives.

Costs and monitoring

Members only meet the costs associated with the management and delivery of the Trust's investment options. All other Trust expenses (such as administration, communication, and general scheme governance) are met by the sponsoring employer.

During the reporting period (as part of the Value for Members review), the Trustee's advisors compared the investment charges applying to the Trust's fund range against those of their client base and the wider market. The charges (TERs) under the Scheme range from 0.1% p.a. to 0.3% p.a. The majority of members are invested in the Blended L&G Future World Global Equity Index Fund which has a Total Expense Ratio (TER) of 0.24% p.a. Members also have access to the LGIM Diversified Fund at 0.21% which represents a low cost when considering it offers access to alternative investment classes. The Trust's DC annual management charges, on average, were benchmarked to be broadly consistent with other investment only charges that DC members pay.

The Trustee's advisors also compared the Trust's aggregated transaction costs against the market average cost of funds in equivalent sectors. This comparison showed that the transaction costs are all reasonable, with the majority benchmarking favourably against market averages.

Environmental, social and governance (ESG) considerations

The SIP takes into account requirements that came into force from 1 October 2020 around ESG factors and sustainability. To support these requirements, in June 2024, LGIM's Investment Stewardship activity and key voting information was reviewed and considered as part of the Implementation Statement disclosures.

The Trustee has also set key stewardship priorities that the investment manager will be monitored against. The Trustee has reviewed the relevant managers' track record of voting in relation to these priorities as part of its investment governance framework. The Trustee has agreed the following stewardship priorities:

- Environmental and social issues, including climate change
- Diversity, remuneration and workforce interests
- Capital structure, risk, strategy, and performance

The rationale for choosing these priorities being that they align with the Trustee's agreed focus areas as well as the capabilities of the relevant investment managers.

Stewardship - voting policy and engagement

The Trustee's equity holdings are invested in LGIM pooled funds. The Trustee does not own the legal entitlement to the underlying portfolio of securities. The Trustee's rights pertain only to owning units in the funds.

Accordingly, the Trustee's policy is that day-to-day decisions relating to the investment of Trust assets is left to the discretion of their investment managers. This includes consideration of all financially material factors, including ESG-related issues where relevant.

When reviewing the existing manager, the Trustee, together with its professional adviser, look to take account of the approach taken by the manager with respect to sustainable investing including voting policies and engagement where relevant.

LGIM's Investment Stewardship team comprises of professionals with experience in areas including responsible investment, corporate governance, and public policy.

During 2024 LGIM voted on over 142,000 resolutions and engaged directly with 3,447 companies worldwide. LGIM's policy remains to keep abstentions to a minimum and it utilises proxy advisory firm, Institutional Shareholder Services' (ISS) Proxy Exchange voting platform to vote electronically and to ensure, in markets where it has unimpeded voting rights, that no votes remain unexercised.

LGIM implements a custom voting policy, which requires companies, among other things, to have a higher level of independence and diversity on the board, or to provide more in-depth disclosure regarding executive compensation.

LGIM stated belief is that engagement with consequences is the best way to deliver long-term, systemic change on a global scale. In 2023, LGIM its six 'super themes' for engagement:

1. Climate
2. Nature
3. People
4. Health
5. Governance
6. Digitisation

The Investment Stewardship team engaged 4,399 times with companies during 2024. The top five engagement topics over 2024, were Climate change (3,174), Human Rights (440), Capital management (245) Strategy (201) and Remuneration (167).

The environment was once again the team's top theme for engagement in 2024. North America was the biggest engagement market (1,716) after Asia Pacific (1,036) and the Europe (669).

The table overleaf sets out the relevant voting activities, including any votes cast on the Trustee's behalf and examples of votes cast that they deem to be significant based on its own priorities for ESG oversight (as set out under the 'Environmental, social and governance (ESG) considerations'). The voting covers funds available under the Scheme as at 31 March 2025.

Fund name	Voting activity	Example of one of the most significant votes cast during the period
UK Equity Index Fund	<p>Number of eligible resolutions: 10,134</p> <p>Percentage of eligible votes cast: 100%</p> <p>Percentage of votes with management: 93.79%</p> <p>Percentage of votes against management: 6.21%</p> <p>Percentage of votes abstained from: 0.00%</p>	<p>Example Vote</p> <p>Date 08/05/2024</p> <p>Company: Rentokil Initial Plc</p> <p>Resolution 11: Re-elect Richard Solomons as Director</p> <p>How LGIM voted: Voted against the proposal</p> <p>Outcome: For</p> <p>LGIM Rationale:</p> <p>Diversity: A vote against is applied because of a lack of progress on gender diversity on the board. LGIM expects companies to have at least 40% female representation on the board.</p>
World (ex UK) Equity Index Fund	<p>Number of eligible resolutions: 33,423</p> <p>Percentage of eligible votes cast: 99.72%</p> <p>Percentage of votes with management: 77.91%</p> <p>Percentage of votes against management: 21.79%</p> <p>Percentage of votes abstained from: 0.30%</p>	<p>Example Vote</p> <p>Date: 10/12/2024</p> <p>Company: Microsoft Corporation</p> <p>Resolution Resolution 9: Report on AI Data Sourcing Accountability</p> <p>How LGIM voted: Voted for the proposal</p> <p>Outcome: Fail</p> <p>LGIM Rationale:</p> <p>Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models</p>

Fund name	Voting activity	Example of one of the most significant votes cast during the period
Diversified Fund	<p>Number of eligible resolutions: 106,990</p> <p>Percentage of eligible votes cast: 99.77%</p> <p>Percentage of votes with management: 76.53%</p> <p>Percentage of votes against management: 22.36%</p> <p>Percentage of votes abstained from: 1.10%</p>	<p>Example Vote</p> <p>Date: 21/05/2024</p> <p>Company: Royal Dutch Shell Plc</p> <p>Resolution 22: Approve the Shell Energy Transition Strategy</p> <p>How LGIM voted: Voted against the proposal</p> <p>Outcome: For</p> <p>LGIM Rationale:</p> <p>Climate change: A vote against is applied. We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050.</p>
Future World Global Equity Index Fund	<p>Number of eligible resolutions: 55,096</p> <p>Percentage of eligible votes cast: 99.80%</p> <p>Percentage of votes with management: 81.00%</p> <p>Percentage of votes against management: 17.89%</p> <p>Percentage of votes abstained from: 1.11%</p>	<p>Example Vote</p> <p>Date: 22/05/2024</p> <p>Company: Amazon.com, Inc.</p> <p>Resolution 6: Report on Customer Due Diligence</p> <p>How LGIM voted: Voted for the proposal</p> <p>Outcome: Fail</p> <p>LGIM Rationale:</p> <p>Shareholder Resolution: Human Rights: A vote in favour is applied as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.</p> <p>We believe that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain. LGIM voted in favour of this proposal last year and continue to support this request, as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for their products (RING doorbells and Rekognition) and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.</p>

	<p>Despite this, Amazon’s coverage and reporting of risks falls short of our baseline expectations surrounding AI. In particular, we would welcome additional information on the internal education of AI and AI-related risks.</p>
<p>Ethical Global Equity Index Fund</p> <p>Number of eligible resolutions: 16,792</p> <p>Percentage of eligible votes cast: 99.57%</p> <p>Percentage of votes with management: 82.14%</p> <p>Percentage of votes against management: 17.52%</p> <p>Percentage of votes abstained from: 0.34%</p>	<p>Example Vote</p> <p>Date: 18/04/2024</p> <p>Company: Nestle SA.</p> <p>Resolution: Report on Non-Financial Matters Regarding Sales of Healthier and Less Healthy Foods</p> <p>How LGIM voted: LGIM voted for the resolution</p> <p>Outcome: Fail</p> <p>LGIM Rationale:</p> <p>Shareholder Resolution – Health & Nutrition: A vote FOR is applied. LGIM is one of the co-filers of this resolution. We call for more effective targets to increase the availability of healthier food choices for consumers. There is a clear link between poor diets and chronic health conditions such as obesity, heart disease and diabetes. These in turn may lead to increased healthcare costs and decreased productivity, both of which we believe will have negative impacts on the economy. As the largest food company in the world we believe Nestle sets an example for the rest of the industry in terms of driving positive change and raising market standards.</p>

Source: LGIM.