

LANSING LINDE (BLACKWOOD) LIMITED RETIREMENT BENEFITS PLAN

YEAR ENDED 31 DECEMBER 2024

IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE'S REPORT)

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 31 December 2024.

This statement has been produced in accordance with the Pension Protection Fund (Pensionable Service) and 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 guidance published by the Pensions Regulator.

Investment Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The Trustee's primary objective, as set out in the SIP is to invest the Plan's assets in such a manner that members' benefit entitlements can be paid as and when they fall due.

During the year, the Trustee completed its objective to secure the accrued member benefits with an insurer (i.e. through a 'buy-in' contract), by investing the majority of the Plan's assets in a bulk annuity contract with an insurance company (Canada Life). This contract is a buy-in policy and covers accrued DB benefits for all members. Under this policy, Canada Life are responsible for meeting the pensions payable to the Plan's deferred and current pensioner members, including tax-free cash on retirement and transfers out where relevant.

Following the buy-in, the Trustee's primary investment objective is to ensure that the assets of the Plan are sufficient to meet their obligations to beneficiaries.

In addition to the buy-in policy with Canada Life, the Plan retains holdings in an Insight Liquidity fund and cash in the Trustee Bank Account. The cash holdings in the Insight Liquidity Fund and the Trustee Bank Account are used to help meet ongoing expenses, future costs in relation to the potential wind-up of the Plan and any imminent member payments/adjustments.

Policy on ESG, Stewardship and Climate Change

The Plan's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. 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. There were no updates to the SIP during the Plan year, however the SIP was updated in March 2025 following completion of the buy-in.

With respect to the buy-in policy in place, the responsibility for management of all financial factors including ESG factors has been delegated to the insurer. The Trustee reviewed the insurers' ESG capabilities as part of the insurer selection exercise, having considered commentary from their risk transfer advisor on Canada Life's capabilities compared to other insurers in the market.

As at 31 December 2024, the policies on ESG, Stewardship and Climate Change included in the SIP were considered to be in line with the Trustee's view and Pension Scheme Regulations.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers, monitoring existing investment managers and retaining or withdrawing from investment managers. The relative importance of these factors compared to other factors will depend on the asset class being considered.

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The following work was undertaken during the year to 31 December 2024 relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

Details regarding the key voting and engagement activity conducted on behalf of the Trustee is set out below.

Engagement

UK Stewardship Code

- The Trustee requested that the investment managers confirm compliance with the principles of the UK Stewardship Code. Both of the Plan's investment managers (Insight and Mercer) confirmed that they are signatories of the current UK Stewardship Code.

Review of Investment Managers

- The Plan's investment performance report was reviewed by the Trustee on a quarterly basis – this report includes ratings (both general and specific to ESG) from the investment consultant. Where managers may not be highly rated from an ESG perspective, the Trustee continues to monitor and engage with those managers. The investment performance report included how each investment manager delivered against their specific mandates.
- Investment managers are appointed based on their perceived capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics for the asset class or specific investment strategy they are selected to manage over a suitably long-time horizon. This includes, in relation to active management, appropriate levels of outperformance, and in relation to passive management suitable levels of "tracking error" against a relevant benchmark.
- The Trustee seeks expert advice in relation to these appointments. This advice may consider factors such as the manager's idea generation, portfolio construction, implementation, business management, timeliness and quality of reporting, as well as the investment manager's approach to ESG and engagement activity, as they apply to the specific investment strategy being considered.

ESG Review

- The Trustee believes that ESG factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. This applies to both equity and debt instruments.
- The Trustee has delegated the day-to-day management of a proportion of the Plan's assets to Mercer who in turn delegates responsibility for the investment of the assets to a range of underlying investment managers. Mercer is expected to consider ESG factors in appointing managers to these portfolios. The underlying investment managers are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

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- The Trustee has appointed Insight to manage the remainder of the assets. Insight are given discretion to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations in line with the requirements detailed above for the underlying investment managers.

Mercer and Insight have been asked to provide information on their approach to Engagement, which is summarised below.

Mercer

The Trustee appointed Mercer to act as discretionary investment manager in respect of a proportion of the Plan's assets and during the Plan year such assets were invested in the Mercer ARFI fund managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Plan disinvested from the Mercer ARFI Fund as part of the buy-in, in September 2024.

The following work was undertaken during the year relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

Policy Updates

- The Trustee regularly reviews how sustainability considerations including the climate transition and effective stewardship are integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers within the Mercer Funds, in their monitoring process. Mercer, and MGIE, provide reporting to the Trustees on a regular basis.
- The Mercer Sustainability Policy is reviewed regularly, with updates in November 2024 including an update to Mercer's Investment Philosophy. Mercer also regularly reviews its approach to integrating climate considerations into its investment decision-making process as documented in its Task Force on Climate Related Financial Disclosures (TCFD) report, updated in August 2024.
- The Mercer Stewardship Policy is similarly reviewed regularly. In January 2024 the policy was updated to include nature engagement priorities, and climate and diversity, equity and inclusion (DEI) voting expectations.
- The Stewardship and Sustainability Policies have also been updated with the integration of nature and biodiversity as a key investment and engagement theme. Mercer is a member of the Task Force for Nature Related Financial Disclosures (TNFD) working group and a founding signatory of Nature Action 100.
- The most recent UN Principles of Responsible Investment results (based on 2022 activity) awarded Mercer with 4 out of 5 stars for Policy Governance and Strategy. The United Nations Principles for Responsible Investment (UN PRI) is a global initiative that provides a framework for incorporating sustainability considerations into investment practices.
- The Financial Reporting Council confirmed in February 2025 that MGIE will remain a signatory to the UK Stewardship Code, based on its application of the 12 principles, which is seen to represent best practice in stewardship.

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Mercer Ratings

- Stewardship forms an important part of Mercer's ratings framework applied during the manager research process.
- Mercer's manager research ratings include an assessment of the extent to which sustainability considerations are incorporated in a strategy's investment process as well as the manager's approach to stewardship.
- Across most asset classes, Mercer ratings are reviewed during quarterly monitoring by the portfolio management teams with a more comprehensive review performed annually. In these reviews, Mercer seek evidence of positive momentum on managers' sustainability integration.
- These ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustee.

Approach to Exclusions

- Mercer and MGIE's preference are to emphasise integration and stewardship approaches, however, in a limited number of instances, exclusions of certain investments may be necessary based on Mercer's Investment Exclusions or Sensitive Topics Frameworks. Controversial weapons and civilian firearms are excluded from all multi-client equity and fixed income funds. In addition, tobacco companies and nuclear weapons are excluded from active equity and fixed income funds. Some funds have additional exclusions as outlined in their relevant product disclosures available on Mercer's [dedicated website](#).
- In addition, Mercer and MGIE monitors funds for high-severity incidences relating to the UN Global Compact (UNGC) Principles that relate to human rights, labour, environmental and corruption issues.

Diversity

- Mercer and the Trustee believes that diverse teams lead to better decision-making and have therefore taken several measures to work towards reflecting this view within Mercer's portfolio management team, the teams of the appointed managers and across portfolio holdings.
- Participation in collaborative initiatives can also support raising awareness and contributing to initiatives across the broader industry.
- Mercer Limited is a member of The Diversity Project, which seeks to accelerate progress towards a more inclusive culture in the investment and savings profession.
- Mercer is also a member of the 30% Club – UK Investor Chapter and Irish Investor Chapter. The 30% Club is a business-led initiative that aims to increase gender diversity on corporate boards and in senior leadership positions.
- Mercer considers broader forms of diversity in decision-making, but currently reports on gender diversity.

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Insight

Liquidity Fund

In September 2024, as part of the buy-in, the surplus assets were transferred into the Plan's existing Insight Liquidity Fund, as this was an account already embedded within the LDI Investment Management Agreement. The existing Insight Liquidity Fund Account was disinvested fully in November 2024 and the proceeds were invested into the new Insight Liquidity Fund account which was set-up to be used for any further cashflow requirements. Over the year up to the date of the existing Insight Liquidity Funds termination, Insight engaged actively on industry initiatives and regulation. Due to the nature of the Insight Liquidity fund, there were no voting events, as this is a cash fund.

LDI

In September 2024, the Trustee fully disinvested from the LDI funds as part of buy-in considerations. Over the year up to date of termination, Insight engaged actively on industry initiatives and regulation within the LDI sphere to represent the views of clients to key public bodies and effectively deliver better outcomes (as well as being committed to support clients with regulatory requirements).

Due to the nature of the LDI portfolio, there were no voting events, as shares are not held.

Buy & Maintain Credit

In September 2024, the Trustee fully disinvested from the Buy & Maintain Credit funds as part of buy-in considerations. Insight stated that it engaged with the issuers of the portfolio positions held during the period to the date of termination, and that topics for engagement included environmental, social and governance matters. The manager has disclosed details on engagement activities over the period for all of the underlying maturing strategies, however, due to the nature of the Buy & Maintain credit portfolio, there were no voting events, as shares are not held.

Voting Activity

The Trustee's investment consultant has requested, on behalf of the Trustee, details of relevant engagement activity for the period from each of the investment managers that were in place during the period (until their termination).

The investment managers engaged with companies over the period on a wide range of different issues including ESG matters. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (e.g. those linked to the Paris agreement). These engagement initiatives are driven mainly through regular engagement meetings with the companies that the investment managers invest in or by voting on key climate-related resolutions at companies' Annual General Meetings.

Prior to buy-in, the Trustee considers a significant vote as any vote relating to material holdings (a company that represented at least 5% of the year-end market capitalisation of any fund in which the Plan was invested during the majority of the year), in each of the following thematic areas:

- Climate Change: including (but not necessarily limited to) low-carbon transition and physical damages resilience;

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- Human Rights: including (but not necessarily limited to) modern slavery, pay & safety in the workforce and supply chains and abuses in conflict zones; and/or
- Diversity, Equity and Inclusion: including (but not necessarily limited to) equal pay, board equality, and inclusive & diverse decision-making.

Given the Plan no longer holds equity investments, there were no votes cast over the year.