PGI Group Pension Plan

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statements of Investment Principles (SIPs) dated October 2022 and February 2024, which reflects the Plan's investment strategy in place during the Plan year, have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 January 2024 to 31 December 2024.

Investment objectives of the Plan

The Trustees' objectives for setting the investment strategy of the Plan have been set broadly with regard to the Plan's Statutory Funding Objective set out in the Statement of Funding Principles.

The Trustees' primary objectives as at the Plan year end are set out on page 2 of the February 2024 SIP and are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Plan's benefits as they fall due.
- To aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Plan.
- To invest the Plan's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Plan's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustees' funding plan have a reasonable chance of being achieved in practice.
- Where future opportunities arise to increase protection against liability-related risks in such a way that it does not invalidate the Trustees' funding plan, the Trustees will consider steps to further reduce the volatility of the Plan's funding position relative to its funding objective.

The Trustees appreciate that these objectives are not necessarily mutually exclusive.

The Trustees also recognise that it is currently necessary to accept some risk in the investment strategy to achieve the long-term funding objective.

Review of the SIPs

The SIP was last reviewed in February 2024. The Trustees updated the SIP to reflect changes in the Plan's de-risked investment strategy that were made during the previous Plan year.

Prior to this, the SIP had last been updated in October 2022 to take account of previous changes made to the Plan's investment strategy.

The Trustees have a policy on financially material considerations relating to Environmental, Social, and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustees' latest SIP.

The Trustees' policy on financially and non-financially material considerations, as well as engagement and voting activities, were not updated in the revised SIP that came into force during the year and are shown later in this Statement.

There were no departures from the policies set out in the February 2024 SIP, including the Trustees' policies on financially and non-financially material considerations, during the year.

Investment managers and funds in use

The Trustees' investment strategy during the year was as shown in the below table, which is reflected in the Trustees' February 2024 SIP:

Asset Class	Fund	Target Asset Allocation
Global Equity	BlackRock Aquila Life MSCI World Index Fund	15.0%
Corporate Bonds	BlackRock Buy & Maintain ESG Vintage Fund 2020-2024	9.0%
	BlackRock Buy & Maintain ESG Vintage Fund 2025-2029	25.0%
	BlackRock Buy & Maintain ESG Vintage Fund 2030-2034	9.0%
Government Bonds	BlackRock Aquila Life Over 25 Years UK Gilt Index Fund	26.0%
	BlackRock Aquila Life Over 5 Years Index-Linked Gilt Fund	16.0%
Cash	BlackRock Sterling Liquidity Fund	-
Total		**100.0%**

There have been no changes to either the Investment Manager used or the Target Asset Allocation for the Plan's invested assets over the year.

Investment governance

The Trustees are responsible for making investment decisions, and seek advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment consultant.

The Trustees do not actively obtain views of the membership of the Plan to help form their policies set out in the SIP as the Plan is comprised of a diverse membership, which the Trustees expect to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustees in August 2022. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance, and service standards.

Monitoring of investment arrangements

In addition to any reviews of Investment Managers or approaches, and direct engagement with the Investment Manager (as detailed below), the Trustees receive performance reports on a quarterly basis from BlackRock, together with performance reports from Broadstone on a quarterly basis to ensure the investment objectives set out in their SIP are being met.

Trustees' policies

The table below sets out how, and the extent to which, the relevant policies in the Plan's February 2024 SIP, reflecting the Plan's investment strategy during the year, has been followed:

Requirement	Policy	Implementation of Policy
Selection of Investments	The Trustees may select investments from a wide range of asset classes from time to time, including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property, and alternative asset classes, such as hedge funds, private equity, and infrastructure. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level. The Trustees may: • invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Plan's investments. • Hold insurance policies such as deferred or immediate annuities which provide income to the Plan, matching part, or all, of the future liabilities due from it. • Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Plan.	No deviation from this policy over the year to 31 December 2024.
Balance of Investments	The Trustees will set a Target Asset Allocation from time to time, determined with the intention of meeting their investment objectives. The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the Sponsoring Employer's covenant, the nature of the Plan's liabilities, or relevant regulations governing pension scheme investment.	No deviation from this policy over the year to 31 December 2024. The Trustees' target investment strategy allocations as at the year end are reflected in the SIP.
Delegation to Investment Managers	The Trustees will delegate the day-to-day management of the Plan's assets to professional investment managers and will not be involved in the buying or selling of investments.	No deviation from this policy over the year to 31 December 2024.
Maintaining the Target Asset Allocation	The Trustees have responsibility for maintaining the overall balance of the asset allocation. The Trustees monitor the asset allocation on a regular basis with the assistance of their adviser, Broadstone, and will consider switching assets between funds should the allocation move significantly away from target.	No deviation from this policy over the year to 31 December 2024. The asset allocation at the year end was broadly in line with the targets reflected in the February 2024 SIP.
Realising Investments	The Trustees make disinvestments from the Investment Manager taking advice from Broadstone, where appropriate, to meet the Plan's cashflow requirements.	No deviation from this policy over the year to 31 December 2024.

Requirement	Policy	Implementation of Policy
Performance Benchmarks and Objectives	All equity and gilt funds used are index-tracking, meaning that their objective is to track the total return on a specified market index. The buy and maintain corporate bond funds aim to deliver the credit risk premium (additional return) over and above comparable gilts, whilst minimising the risk of default losses. The buy and maintain funds do not have specific performance benchmarks. The cash fund aims to deliver a stable rate of return consistent with short-term high quality money market instruments and is benchmarked against the Sterling Overnight Index Average Rate (SONIA).	The funds' performance benchmarks and objectives were reviewed on a quarterly basis over the year to 31 December 2024. There were no changes to the funds' performance benchmarks and objectives over the year.
Investment Management Charges	The annual investment management charges of the funds used during the Plan year are set out on page 4 of the February 2024 SIP and are as follows: • BlackRock Aquila Life MSCI World Equity Index: 0.130% • BlackRock Buy & Maintain ESG Vintage Funds: 0.090% • BlackRock Aquila Life Over 25 Years UK Gilt Index Fund: 0.080% • BlackRock Aquila Life Over 5 Years Index-Linked Gilt Fund: 0.080% • BlackRock Sterling Liquidity Fund: 0.130% These charges are subject to a minimum fee across all investments with BlackRock of £15,000 per annum. During the year, the annual management charge for the BlackRock Sterling Liquidity Fund was amended to 0.125%.	With the exception of the cash fund, there were no changes to the funds' investment management charges over the year to 31 December 2024.
Financially and Non-Financially Material Considerations	The Trustees' policy on financially and non-financially material considerations is set out on page 8 of the February 2024 SIP, and in full below.	No deviation from this policy over the year to 31 December 2024 (see below).

Requirement	Policy	Implementation of Policy
Engagement and Voting Rights	Responsibility for engagement with the issuers of the Plan's underlying investment holdings and the use of any voting rights, where applicable, is delegated to the Investment Manager. The Trustees can therefore only influence engagement and voting policy indirectly. The Trustees' voting and engagement policy is to use their investments to improve the ESG behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustees will aim to monitor the actions taken by the Investment Manager on their behalf and if there are significant differences from the policy detailed above, the Trustees will escalate their concerns which could ultimately lead to disinvesting their assets from the manager. The Investment Manager provides, on request, information to the Trustees on their actions in relation to engagement and use of any voting rights. The Trustees are therefore aware of the policies adopted by the Investment Manager.	No deviation from this policy over the year to 31 December 2024 (see below).
Additional Voluntary Contributions ('AVCs')	The Plan holds AVCs separately from the assets backing defined benefits via investments held with Utmost Life and Pensions and Santander.	No deviation from this policy over the year to 31 December 2024.

Financially and non-financially material considerations

The Trustees recognise that Environmental, Social and Governance (ESG) issues, including climate risk, can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Plan invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Plan's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receives information from the Investment Manager on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Plan's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Plan's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Plan's funding position than other risks. The Trustees will continue to monitor market developments in this area with their investment advisers.

The Trustees have determined that the financial interests of the Plan members are their priority when choosing investments. The Trustees have decided not to consider non-financial considerations, such as ethical views when setting the investment strategy for the Plan.

There have been no changes to the Trustees' policy, nor any departures from their policy, during the year.

The Trustees note that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustees are satisfied that the funds currently invested in by the Plan are managed in accordance with their views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustees have access to updates on governance and engagement activities by the Investment Manager, and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their Investment Manager, given they are investing in pooled funds.

The Trustees invest across a range of asset classes and styles. The Trustees expect the Investment Manager to take into account ESG considerations by engaging with the underlying companies and where relevant, by exercising voting rights on these companies.

A summary of the Trustees' views for each asset class in which the Plan invests is outlined below.

Asset Class	Active/Passive	Trustees' Views
Equities	Passive	The Trustees acknowledge that the Investment Manager must invest in line with specified indices and, therefore, may not be able to disinvest from a particular security if they have concerns relating to ESG. The Trustees expect the Investment Manager to take ESG considerations into account by engaging with companies that form the index, and by exercising voting rights on these companies.
Corporate bonds	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the funds and the ability of the manager to use their discretion to generate higher risk-adjusted returns. The Trustees also expect their Investment Manager to engage with the underlying investee companies, where possible, although they appreciate that fixed income assets within the portfolio do not typically attract voting rights. In particular, the Trustees note that the BlackRock Buy & Maintain ESG Vintage Funds are ESG-focused funds, where the investment manager incorporates ESG within the investment process in a manner which ensures that ESG considerations are taken into account at each stage of the investment process (portfolio construction and review), and ensures a pathway to net zero carbon across the portfolios by 2050.
Government bonds	Passive	The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.
Cash	Active	The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

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Voting rights

There have been no changes to the Trustees' policy, nor any departures from their policy, during the year.

The Trustees currently invest in pooled investment funds with the Investment Manager, and they acknowledge that this limits their ability to directly influence the Investment Manager. In particular, all voting activities have been delegated to the Investment Manager, as the Trustees are unable to vote on the underlying holdings, given the pooled nature of the Plan's investments.

However, the Trustees and/or Broadstone periodically meet with their Investment Manager, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustees. As part of this, the Trustees and/or Broadstone will seek to challenge their Investment Manager on these matters where they think this is in the best interests of members.

The Trustees have delegated engagement activities to their Investment Manager who reports quarterly to the Trustees on how they have voted on behalf of the Trustees for the underlying holdings.

Out of the funds held by the Trustees over the year, only the BlackRock Aquila Life MSCI World Index Fund contain publicly listed equity holdings. This fund has voting rights attached to the underlying equities held within the funds, and the Trustees have delegated these voting rights to BlackRock, where BlackRock sets its own voting policy.

A summary of the votes made by the manager from 1 January 2024 to 31 December 2024 on behalf of the Trustees for each fund used by the Plan during the year that includes voting rights was requested from BlackRock. It was requested that BlackRock provide voting data broken down into Environmental, Social, and Governance categories. However, BlackRock advised that the data is not yet available in this format. The breakdown of this data will continue to be requested in future periods. The data in the table below is therefore provided at total fund level.

Manager	Fund	Resolutions Voted On	Resolutions Voted:		
			For	Against	Abstained
BlackRock	Aquila Life MSCI World Index Fund	21,337	96%	4%	-

At the year end, all of the Plan's assets were invested in pooled funds. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA"). The analysts within each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute voting instructions.

Significant vote

The Trustees have requested details of the significant votes made on behalf of the Trustees where voting rights are attached. In determining significant votes, BlackRock's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile votes which have such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at the manager's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;

- Sanction votes as a result of a direct or collaborative engagement;
- Votes linked to a BlackRock engagement campaign.

The Trustees believe the following is the most significant vote undertaken on their behalf over the Plan year:

SIGNIFICANT VOTE 1	
Investment Manager	BlackRock
Company	Shell Plc
Date of vote	21 May 2024
Percentage of portfolio invested in Company at date of vote	BlackRock do not provide this information and instruct clients to look this information up themselves.
Resolution	Approve the Shell Energy Transition Strategy
Why significant	The BIS team voted for the management proposal seeking shareholders' approval of the Shell Energy Transition Progress. The company has provided and continues to provide a clear assessment of its plans to manage material climate-related risks and opportunities and continues to demonstrate progress against its Energy Transition Strategy. Accordingly, BIS determined that it is in the best interests of their clients as long-term shareholders to support the proposal to approve the Energy Transition Progress.
Voting decision	Voted For
Manager comments	*"In our view, Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risks and opportunities, while also demonstrating progress against its stated Energy Transition Strategy.* *As presented during its Capital Markets Day in 2023, Shell aims to deliver "more value with less emissions." In line with the shift to prioritizing value over volume, it is concentrating on select markets and segments where it has competitive advantage, such as the decarbonization of transportation. In our assessment, Shell has demonstrated that it remains on track to meet its goal of reducing by 50% the scope 1 and 2 emissions under its operational control by 2030 compared to 2016. By the end of 2023, the company had achieved more than 60% of this target. Shell is also making progress towards its plan to eliminate routine flaring from upstream operations and achieve near-zero methane emissions by 2030.* *We note that Shell has made several adjustments to its climate-related targets due to developments in energy markets and the strategic shift in its power business. For example, Shell retired its 2035 net carbon intensity (NCI) target of 45% because of uncertainty regarding the pace of the global low-carbon transition. Shell also adjusted its 2030 NCI reduction target from 20% to 15-20%, based on lower expected growth in total power sales for the period as it prioritizes value over volume in its power business, focusing on commercial customers more than retail customers. BIS views these adjustments as reasonable and in the interest of shareholders given that they reflect, and provide transparency into, Shell's efforts to manage climate-related risks and opportunities in its business model."*
Vote outcome	Resolution Passed

Engagement activities

The Trustees have also delegated engagement activities to the Investment Manager. A notable engagement activity BlackRock is provided below:

- **BlackRock** engaged with The Walt Disney Company (Disney) to discuss how its governance and long-term strategy align with long-term financial performance. The company's performance in recent years attracted shareholder activist campaigns, including two dissident investors who sought strategic changes by proposing alternative candidates to the company's nominees at the April 2024 AGM.

  In advance of the AGM, BIS engaged with Disney's board and leadership, as well as with both dissident investors, to better understand how the proposed strategies of each might add long-term financial value at Disney.

  Ultimately, BIS voted in support of management's slate of directors, recognising that many of the issues discussed with the company will take time to address and translate into financial results. In BlackRock's view, the Disney board and management have taken steps to restore confidence, have been responsive to shareholders, and have demonstrated progress in implementing the company's revised strategy.

  As a result, BIS determined that the directors proposed by management were best placed to oversee the implementation of the revised strategy and make any necessary governance changes. Disney's recommended slate of directors received majority shareholder support at the April 2024 AGM.

The Trustees also consider an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Original signed on behalf of the Trustees of the PGI Group Pension Plan on 22 May 2025