

John G Russell (Transport) 1989 Retirement Benefits Scheme

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' Statement of Investment Principles (SIP) dated January 2025 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 April 2024 to 31 March 2025.

Investment Objectives of the Scheme

Funding Objective

The primary funding objective of the Scheme is to ensure, as far as possible, that there are sufficient assets to provide benefits to the Scheme members as and when these fall due.

Investment Objectives

The Trustees' high level objectives with regard to investing the Scheme assets are to:

- Operate an Investment strategy that provides appropriate security for all beneficiaries.
- Target an ongoing funding level of 100% based on the Scheme's ongoing valuation basis at 1 April 2023 and subsequent triennial valuations.
- Acquire suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from employer, the cost of current and future benefits of the Scheme.
- Limit the risk of the assets failing to meet the liabilities over the long term, in particular in relation to statutory funding requirements.
- Minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the objectives shown above.

The Trustees' specific long-term Investment objective is to achieve an investment return of approximately 1.3% per annum above the return on liability matching government bonds over a rolling three-year period.

Stewardship Policy

The Trustees' stewardship policy, as set out in the SIP is as follows.

The Trustees believe that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, they must act as a responsible asset owner. The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial.

Review of the SIP

The Trustees reviewed the Statement of Investment Principles (SIP) in March 2025, which was updated to reflect the implementation of a new investment strategy and the transition of assets from Evelyn Partners to Legal and General and W1M.

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 in this Statement and are detailed in the Trustees' SIP.

The Trustees' policies on financially and non-financially material considerations, as well as engagement and voting activities, were not changed in the SIP in force during the year.

Investment Managers and Asset Classes in Use

The Scheme's Investment arrangements consist of assets held with Legal and General Investment Manager and W1M, who invest in a range of asset classes.

In normal circumstances the Trustees expect their assets to stay broadly in line with the following allocation:

Asset Class	Asset Ranges (%)
LDI & Cash	40%
Credit	30%
Equity	30%

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 Investment consultant objectives for Broadstone were last reviewed in March 2024. These are not due to be reviewed again until March 2027.

The Trustees do not actively obtain views of the membership of the Scheme to help form their policies set out in the SIP.

Trustee Policies

The table below sets out how, and the extent to which, the relevant policies in the Scheme's SIP have been followed:

Requirement	Policy	Implementation of Policy
Financially and Non-Financially Material Considerations	The Trustees believe that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk-adjusted investment returns. The Trustees expect the investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustees assess the ESG integration capability of the investment managers. The Trustees do not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of the Scheme's investments. This position is kept under review.	No deviation from this policy over the year to 31 March 2025.
Engagement and Voting Rights	The Trustees expect their investment managers to exercise their ownership rights, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an annual basis the Trustees (delegating to the investment adviser where appropriate) assess the stewardship and engagement activity of their investment managers.	No deviation from this policy over the year to 31 March 2025.
Capital Structure of Underlying Companies	Responsibility for monitoring the makeup and development of the capital structure of investee companies is delegated to the Investment Managers. The Trustees expect the extent to which the Investment Managers monitor capital structure to be appropriate to the nature of the mandate.	No deviation from this policy over the year to 31 March 2025.

Financially and Non-Financially Material Considerations

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 assets and funds currently invested in by the Scheme are managed in accordance with their views on financially material considerations, 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 Managers 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 Managers.

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

Asset Class	Actively or Passively Managed?	Comments
Liability Driven Investments (LDI)	Passive	LDI funds have no underlying investee companies. Therefore, 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.
Corporate Bonds	Active	Corporate bond funds have underlying investee companies, but the nature of these securities is so that they do not have any voting rights attached to their ownership. Therefore, 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.
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.
Equity	Active	The Trustees expect the investment managers to take financially material ESG factors into account, given the active management style of the funds and the ability of the managers to use their discretion to generate higher risk adjusted returns. The Trustees also expect their investment managers to engage with the underlying investee companies, where possible.

Voting Rights and Engagement Activities

The Trustees invested in two discretionary portfolios at Evelyn Partners that held both direct Investments and pooled funds from 1 April 2024 to 11 December 2024. From 12 December 2024 to 31 March 2025, the Trustees invested a portion of their assets in a discretionary equity portfolio at W1M. The Trustees acknowledge that this limits their ability to directly influence the pooled fund Investment Managers. All voting activities have been delegated to the Investment Managers, as the Trustees do not have any administrative mechanism to cast a vote in line with their views on the underlying holdings. The Trustees' stewardship policy is detailed at the start of this document although this has not been shared with the Investment Managers to influence what they believe to be the most significant votes.

The Scheme's mandates contained equity holdings from 1 April 2024 to 31 March 2025 and therefore have voting rights attached to these underlying equities. The Trustees have delegated engagement activities to the Investment Managers, who report to the Trustees on how the underlying Investment Managers voted on behalf of the Trustees for the underlying holdings.

A summary of the votes made by the Investment Managers from 1 April 2024 to 31 March 2025 on behalf of the Trustees (where the Investment includes equities) is provided in the table below.

Manager	Fund	Resolutions voted on	Total Resolutions Voted:		
			For	Against	Abstained
Evelyn Partners	Tilney Discretionary Portfolio	463	100%	0%	0%
	S&W Discretionary Portfolio	524	95%	5%	0%
W1M*	Discretionary Equity Portfolio	3,216	94%	6%	0%

*W1M produces voting data on a yearly basis. Voting data reflects 1 January 2024 to 31 December 2024 results.

Information regarding proxy voting is detailed below:

- **Evelyn Partners** uses Glass Lewis as their proxy voting service provider. They have worked closely with Glass Lewis to develop their own voting policy.
- **W1M** use the Glass Lewis as a proxy-voting service.

Significant Votes

The Trustees have requested details of the significant votes made on behalf of the Trustees by the relevant Investment Managers. In determining significant votes, the Investment Managers will take into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has 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 annual Stakeholder roundtable events, or where the Investment Managers note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;

The Trustees believe the following represent some of the significant votes undertaken on their behalf over the scheme year:

SIGNIFICANT VOTE 1- W1M	
Company	US Solar Fund
Date	21 May 2024

% of portfolio invested in firm	Information not made available by Waverton
Resolution	Re-elect director (1) Gillian Nott (Non-Exec Chair) and (2) Jamie Richards (independent Non-Exec director)
Why significant	Information not made available by Waverton
How voted	Voted Against Management.
Manager Comments	<i>Dissatisfied with quality of leadership and investor communication</i>
Vote outcome	Pass, 34.9% against (1), 18.9% against (2).

Evelyn Partners have not provided an example of a significant vote over this period.

Engagement Activity

The notable engagement activities of the Investment Managers are provided below:

- L&G** met with Qantas four times during 2024, aiming to discuss governance issues highlighted by the controversies regarding over-boarding, succession and remuneration. The discussions helped L&G to gain a closer understanding of stability of the board, the timeframes over which over-boarding of the chair can reasonably be corrected, and the steps taken by the remuneration committee to hold relevant directors and executives accountable for their actions. Regarding issues with the remuneration, L&G feel that the company's new remuneration committee chair has taken sufficient action against the directors responsible for previous misconduct at the company, including a notable and highly publicised clawback of over AU\$9 million from the former CEO. Despite some concerns, L&G considered in light of the steps taken and the explanations received during their engagements with the company, that support for these actions by the remuneration committee was warranted. Since the controversies regarding over-boarding, succession and remuneration, both the Board Chair and the Chair of the Remuneration Committee have been replaced and the board has undergone a degree of refreshment, bringing average tenure down to three years. L&G believe the significant changes to the board and the new steps being taken at Qantas are encouraging. While there are a number of areas that L&G will continue to monitor, they take a positive view of the changes the company has made.
- Evelyn Partners** engaged with Rio Tinto in 2024 by examining the company's ongoing efforts to reform its workplace culture and safety practices following a damaging report on employee treatment three years prior. The CEO's "Respect" programme has led to improvements in camp conditions, grievance processes, and transparent reporting of progress. Evelyn Partners also raised points around Rio's community relations—particularly following its destruction of Aboriginal heritage sites—and its approach to balancing environmental concerns with resource extraction, including the Resolution copper project and the Simandou iron ore mine. The firm noted Rio's 2030 target to reduce carbon emissions by 50%, especially in energy-intensive aluminium operations, and acknowledged efforts to transition

toward renewables and process innovations. Evelyn Partners recognised the strategic progress, while highlighting that market pressures could challenge consistency in achieving emissions goals, and intends to remain a critical yet constructive voice in encouraging further improvements in operational and cultural practices.

- **W1M** engaged with GEA, a global systems supplier for the food, beverage, and pharmaceutical sectors, following significant changes in its Scope 3 emissions reporting between 2022 and 2023—primarily driven by the use of sold products. In 2024, Waverton held multiple meetings with GEA’s management to understand the drivers behind the restated data and evaluate its trajectory toward net zero by 2040. GEA revised its emissions methodology in 2023, expanding revenue coverage from 80% to 100% as required by SBTi, which increased its 2019 Scope 3 baseline by 44%. Despite this, the company's reported emissions came in below target due to a shift in product mix, including fewer spray dryers for lithium processing in China. While GEA remains on track to meet its long-term climate goals, ongoing attention is required regarding future Scope 3 emissions assumptions informed by the IEA.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall ‘score’ which represents how well ESG metrics are incorporated into Managers’ Investment processes. Investment Managers will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report.

For the 2024 UNPRI Assessment Reports, scores are presented as a ‘star’ rating ranging from ★ to ★★★★★, with more stars representing a higher score.

The latest available UNPRI scores of the Investment Managers are outlined in the table below.

Manager	2024 UNPRI Rating
L&G	★★★★★
Evelyn Partners	★★★★
W1M	★★★
<i>Median</i>	★★★

The Trustees also consider the Investment Manager’s policies on stewardship and engagement when selecting and reviewing Investment Managers.

Monitoring of Investment Arrangements

In addition to any reviews of Investment Managers or approaches, and direct engagement with current Investment Managers (as detailed above), the Trustees receive performance reports to ensure the Investment objectives set out in the SIP are being met.