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 March 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 2025 to 31 March 2026.

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

There have been no reviews of the Statement of Investment Principles over the Scheme year. The SIP dated March 2025 is still in force.

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	Target Asset Allocation (%)
LDI & Cash	40.0%
Bonds	30.0%
Equities	30.0%

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 2026.
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 2026.
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 2026.

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)	Active	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 such 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 manager to take financially material ESG factors into account, given the active management style of the portfolio 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.

Voting Rights and Engagement Activities

The Trustees remained invested in a discretionary equity portfolio with W1M from 1 April 2025 to 31 March 2026. All voting activities have been delegated to the Investment Manager, 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 Manager to influence what they believe to be the most significant votes.

The Scheme's W1M discretionary equity portfolio contained equity holdings from 1 April 2025 to 31 March 2026 and therefore has voting rights attached to these underlying equities. The Trustees have delegated engagement activities to the Investment Manager, who report to the Trustees on how the underlying Investment Manager voted on behalf of the Trustees for the underlying holdings.

A summary of the votes made by W1M from 1 April 2025 to 31 March 2026 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
W1M	Discretionary Equity Portfolio	3,423	95%	5%	0%

Information regarding proxy voting is detailed below:

- **W1M** use 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 Manager. In determining significant votes, the Investment Manager 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 represents one of the significant votes undertaken on their behalf over the scheme year:

SIGNIFICANT VOTE 1- W1M	
Company	**Thermo Fisher Scientific**
Date	20 May 2026
% of portfolio invested in firm	Information not made available by W1M.
Resolution	Advisory vote on executive compensation.
Why significant	Information not made available by W1M.
How voted	**Voted Against Management.**
Manager Comments	*Disconnect between pay and performance and concerns with pay practices.*
Vote outcome	Fail (63.7% against).

Engagement Activity

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

- **L&G** met with Microsoft over 2025 concerning their transparency, governance and risk management regarding the use of AI and human rights. L&G first engaged with Microsoft on AI governance in 2023 following the publication of L&G's 'safe AI' expectations report. Amongst other big tech companies, L&G regards Microsoft as a leader in transparency regarding AI usage over recent years. L&G views the firm's amendments to internal risk classifications for projects and increased human rights due diligence as positive, but believes that Microsoft can further improve its data governance disclosures. In the 2025 AGM, L&G voted in favour of a shareholder proposal requesting a report on AI data usage oversight due to the rapidly changing legal environment around this issue. L&G will continue to engage with Microsoft on this topic into the future.

- **W1M** engaged with Shell after identifying a rise in process safety incidents and a downgrade in the company's MSCI ESG rating, particularly in the areas of Biodiversity & Land Use and Toxic Emissions & Waste. Through discussions with Shell's CFO, Chair of the Remuneration Committee and Investor Relations team, W1M sought reassurance that the company's drive to improve profitability and operational efficiency was not compromising safety standards. Shell explained that maintenance spending had not been reduced and that many of the safety incidents occurred in assets that were being divested, including its Nigeria onshore oil operations and Singapore refinery. The company also clarified that the ESG rating downgrade did not reflect a deterioration in underlying environmental performance. Instead, lower scores were partly attributable to certification renewals at several facilities and inconsistencies in third-party ESG assessments. As a result, W1M concluded that direct engagement remains essential for understanding a company's true ESG performance and committed to continuing its monitoring of Shell's safety metrics and environmental disclosures.

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 2025 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	2025 UNPRI Rating
L&G	★★★★★
W1M	★★★★
Median	★★★★

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.