

# De La Rue Pension Scheme – DB Implementation Statement for the year ending 31 March 2025

## Statement of Compliance with the De La Rue Pension Scheme’s Stewardship Policy for the year ending March 2025.

### 1. Introduction

This is the Trustee’s statement 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 Scheme’s Stewardship Policy during the period from 6 April 2024 to 31 March 2025.

The Scheme provides you with benefits on a defined benefit (‘DB’) basis. This means that the benefits paid to you depend on your salary and length of service.

The Statement of Investment Principles (‘SIP’) sets out the investment principles and practices the Trustee follows when governing the Scheme’s investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used and the Trustee’s approach to responsible investing (including climate change).

This Implementation Statement is in respect of the Scheme’s SIP policies that were in place during the year to 31 March 2025. The Scheme’s SIP was last reviewed by the Trustee in February 2024, and the coverage of this statement of compliance includes the existing policies and any updates to the policies following review. The next review of the SIP will take place no later than April 2028 as per the regulatory triennial schedule, or sooner if there are changes to the investment strategy.

The Trustee has prepared this Implementation Statement on the basis of the SIP in force throughout the period, with reporting within this document in line with the SIP applicable at 31 March 2025. The Scheme’s DB assets are invested in a combination of assets including equities, which have voting rights attached, and other assets which generally do not confer voting rights such as liability-hedging instruments, bonds and other debt-based investments. Where assets do not confer voting rights, the Trustee recognises the importance of engagements by the relevant investment managers and expects the managers to report on their engagements.

The Scheme also has a small subsection of legacy Additional Voluntary Contributions (‘AVC’), a portion of which is invested in equities. The Trustee has taken a proportionate and pragmatic approach and decided not to detail AVC voting and engagement information given the small proportion of this holding.

### 2. Stewardship policy

The Trustee’s Stewardship (voting and engagement) Policy sets out how the Trustee will behave as active owner of the Scheme’s assets which includes the Trustee’s approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with their investment managers and any other stakeholders.

The Scheme’s Stewardship Policy is reviewed periodically in line with the Scheme’s Statement of Investment Principles (‘SIP’) and is available at <https://www.delaruepensions.co.uk/resources/db-scheme-statement-of-investment-principles-2024/>

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme’s investment managers. The Trustee believes it is important that the investment managers take an active role in the

supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustee's own engagement activity is focused on dialogue with the investment managers, undertaken in conjunction with the Trustee's investment advisers. The Trustee meets periodically with the investment managers and considers the managers' exercise of stewardship during these meetings and through reporting provided by their investment adviser. The Trustee also monitors their own compliance with the Scheme's Stewardship Policy on a regular basis and are satisfied that they have complied over the year to 31 March 2025.

### 3. Voting activity

The Trustee seeks to ensure that the managers are exercising voting rights and, where appropriate, to monitor managers' voting patterns. The Trustee also monitors the investment managers' voting on particular companies or issues that affect more than one company.

#### 3.1 LGIM – voting summary

The Scheme's DB assets are invested in equities through two mandates: LGIM Global Equity Index, comprised of underlying regional equity funds (including GBP-hedged funds), and LGIM UK Equity Index. These holdings have voting rights attached. LGIM uses the Institutional Shareholder Services ("ISS") "Proxy Exchange" electronic voting platform to vote, with all voting decisions made by LGIM and not part of the strategic decisions outsourced.

**Table 1: LGIM voting data for the year to 31 March 2025**

	UK Equity Index	North America Equity Index	Europe (ex UK) Equity Index	Japan Equity Index	Asia Pacific (ex-Japan) Equity Index	World Emerging Markets Equity Index
Proportion of Scheme at 31 March	0.1%	0.2%	0.1%	0.1%	0.0%	0.1%
No. of meetings eligible to vote at	717	629	504	493	459	4,366
No. of resolutions eligible to vote on during the period	10,134	8,278	8,539	5,970	3,442	34,789
% of resolutions voted	100.0%	98.9%	100.0%	100.0%	100.0%	99.9%
% of resolutions voted with management	93.8%	63.5%	81.5%	89.9%	74.5%	80.4%
% of resolutions voted against management	6.2%	35.9%	18.1%	10.1%	25.3%	17.1%
% of resolutions abstained	0.0%	0.6%	0.4%	0.0%	0.2%	2.5%

Source: LGIM, 31 March 2025. Numbers have been rounded to 1 decimal place.

The resolutions which LGIM voted against management the most on over the Scheme year were:

- Board composition; and
- Climate.

### 3.2 LGIM – significant votes

The Trustee has asked LGIM to report on the most significant votes cast on behalf of the Trustee in relation to the portfolios they manage. Managers are expected to detail why the votes identified were significant, the size of the position in the portfolio, how the manager voted, any engagement the manager had undertaken with the company and the outcome of the vote.

From the LGIM reports, the Trustee has identified the votes recorded in Table 2 as being of greater relevance to the Scheme. Significant votes may be defined, among other criteria, as those that have a large relative size of holding, potential impact of vote on company, size of manager position in company, profile of resolution.

**Table 2: LGIM significant votes for the year to 31 March 2025**

Date	Company	Subject	Vote	Significance and rationale
21/05/2024	Shell Plc	Resolution: Approve the Shell Energy Transition Strategy	Against	<p>Thematic – Climate: A vote against is applied as LGIM acknowledges Shell’s progress on climate-related disclosures, including commitments to reduce emissions, address methane, and end frontier exploration beyond 2025.</p> <p>However, concerns remain regarding the revised Net Carbon Intensity targets and plans to expand gas and LNG operations. LGIM seeks greater clarity on how these align with a net-zero pathway by 2050.</p> <p>Specifically, LGIM calls for:</p> <ul style="list-style-type: none"> <li>• Transparency on asset lifespans and production flexibility;</li> <li>• Evidence of decarbonisation across the value chain;</li> <li>• Greater disclosure on lobbying, low-carbon capex beyond 2025, and responsible divestment practices.</li> </ul>
10/12/2024	Microsoft Corporation	Resolution: Report on AI Data Sourcing Accountability	For	<p>Thematic – Governance: LGIM supports a vote in favour of this resolution, recognising the growing legal and reputational risks the company faces related to copyright infringement in its data sourcing practices. While the company has demonstrated strong disclosure on its approach to responsible AI and associated risks, LGIM believes shareholders would benefit from enhanced transparency and oversight regarding the use of third-party information in training large language models.</p>
22/05/2024	Amazon.co, Inc.	Resolution: Report on	For	<p>Thematic - Human Rights: LGIM supports a vote in favour of this resolution, recognising that</p>

		Customer Due Diligence		enhanced transparency regarding material human rights risks is essential to understanding the company's operations and governance. While the company has disclosed that it conducts internal reviews for certain products and engages appropriate third parties to strengthen related policies, LGIM believes there remains a clear need for increased—particularly publicly available—transparency on this issue.
<b>18/04/2024</b>	Nestle SA	Resolution: Report on Non-Financial Matters Regarding Sales of Healthier and Less Healthy Foods	For	<p>Thematic - Social: LGIM is one of the co-filers of this resolution, advocating for more effective targets to increase the availability of healthier food options for consumers. LGIM recognises the strong link between poor diets and chronic health conditions such as obesity, heart disease, and diabetes—issues that can lead to rising healthcare costs and reduced economic productivity.</p> <p>As the world's largest food company, Nestlé has a unique opportunity to lead by example, driving positive change and raising standards across the industry. LGIM believes that enhanced action in this area is not only a public health imperative but also a material business consideration.</p>

Source: LGIM, 31 March 2025. LGIM's voting decisions incorporate specific market policies that allow for local nuances to align with best practices and have in place a "custom" voting policy which is flexible to different markets.

### 3.3 Additional Voluntary Contributions – voting summary

The Scheme also offers AVC policies through BlackRock and Aviva (currently included in pooled investment vehicles) and Prudential, Phoenix Life and Utmost.

The underlying managers of these funds vote on behalf of the Trustee where assets are invested in funds which confer voting rights. The Trustees monitor these arrangements annually by assessing:

- Whether members hold a material exposure to their AVC holdings;
- The expected pot sizes of members at retirement;
- The performance and fee structure of available funds; and
- Current market conditions and the viability of switching provider.

Given the proportion of AVC holdings against the total Scheme size, the Trustee has taken a proportionate and pragmatic approach and decided not to detail AVC voting and engagement by providers to year end 31 March 2025.

#### 4. Trustee engagement activity

The Trustee holds meetings with the investment managers on a periodic basis where stewardship matters are discussed in further detail. Over the year, the Trustee did not meet directly with any of their DB investment managers. However, they received regular performance monitoring and updates on managers via their investment advisor. As such, the Trustee are satisfied that managers are acting sufficiently on behalf of the Trustee.

#### 5. Manager engagement activity

Aside from the equities holding, the Scheme is invested in non-equity assets without voting rights attached. The managers are nonetheless expected to engage with investee companies on Environmental Social and Governance ("ESG") issues.

The following table summarises the key engagement activity for the 12-month period ending 31 March 2025.

**Table 7: Summary of investment managers' engagement activity over the year to 31 March 2025**

Manager: Fund	Approach	Topic(s) engaged on
<b>Insight: Corporate Bonds, Secured Finance Fund, ABS Funds, Liability Driven Investments and Cash</b>	<p>Portfolio of debt securities, with no voting rights.</p> <p>Insight engages via questionnaires, surveys and calls with senior management mainly at executive level, and produce annual reports on integration of Responsible Investment principles into their investment management process across the business.</p> <p>The funds invest in gilts, cash instruments, asset-backed securities, and other fixed income, with no voting rights.</p> <p>Cash instruments exclude controversial weapons, defence, tobacco, gambling facilities, fossil fuels and coal mining.</p>	<p>Insight undertook engagement with 607 separate entities, of which some entities were engaged upon multiple topics. There were 134 specific ESG engagements as per the ICSWG definition.</p> <p>The main engagement topic was climate change, capital allocation and financial performance.</p>
<b>Partners Group: Illiquid Private Debt</b>	<p>The MAC (III) 2016 fund and the MAC (V) 2019 fund invest in private debt and have no material exposure to assets which carry any voting rights.</p> <p>There may be some debt holdings which are converted to equity or have equity holdings attributed to them, in which case Partners follow their Proxy Voting directive.</p> <p>Partners Group engages via regular calls with investee company management.</p> <p>Partners Group implements a Climate Change Strategy to manage their portfolios towards the Paris Agreement climate goals and in alignment with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and has a key focus on</p>	<p>PG integrates ESG considerations into every engagement by aligning with company management and internal teams to identify material ESG topics, define improvement opportunities, and establish a clear ESG vision and strategy for each company or asset.</p> <p>PG provided five case studies as examples of engagement across the two funds. The primary focus was strategy and financial planning and there was also focus on climate change and human capital management.</p>

renewable energy and carbon avoidance strategies in their portfolios.
--

Source: Insight Investment, Partners Group, 31 March 2025.

## 6. Buy-in policy

A portion of the Scheme's liabilities are insured in a buy-in transaction with the insurance provider Scottish Widows, meaning that Scottish Widows are contracted to meet a portion of the members' benefits as they fall due. Although the provider has voting protocols, we understand that the nature of assets held in the Scheme's buy-in policy do not generally confer voting rights. The Trustee considered Scottish Widows' approach to ESG during the buy-in provider selection exercise; however, ongoing monitoring opportunities in relation to the buy-in are limited, and the Trustee is mindful and accepting of this.

## 7. Review of policies

The Trustee recognises that financially material considerations, including ESG factors and climate risk, are relevant to the development, selection and monitoring of the Scheme's investment options.

The Trustee is satisfied that they have complied with the principles detailed in the SIP during the year.