

Advance Tapes Group Limited Retirement Benefits Scheme

Appendix: 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. It confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated April 2024 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, and subsequent changes made with 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 November 2023 to 31 October 2024.

Investment objectives of the Scheme

The Trustees are required to invest the Scheme's assets in the best interest of members and their main investment objective is:

- Ensure that sufficiently liquid assets are available to meet benefit payments as they fall due.

The Trustees have set an additional quantitative objective, which was reviewed in December 2024. This is a measurable objective that the Trustees can use to monitor the ongoing performance of the Scheme's investments to help ensure the overall objective is met. The long-term quantitative objective is:

- The Scheme's assets are to generate a return of 2% p.a. (net of fees) in excess of the liabilities measured on the Statutory Funding Basis.

Stewardship policy

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

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

Review of the Investment Strategy and SIP

The Trustees most recently reviewed the SIP in April 2024, accounting for the decision to appoint Broadstone as their investment consultant and transferring responsibility of the Scheme's investments from Mattioli Woods in February 2024.

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Appendix: Implementation Statement (continued)

Review of the Investment Strategy and SIP (continued)

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 SIP.

Investment Managers and funds in use

Following a review of the investment strategy, in conjunction with their Investment Consultant, the investment funds and allocations used by the Scheme as of 31 October 2024 are set out in the table below:

Asset Class	Investment Manager	Fund	Target Asset Allocation
Global Equities	LGIM	World Equity Index Fund	43.0%
Diversified Growth Funds	LGIM	Dynamic Diversified Fund	16.0%
Property	Mattioli Woods	Residual Real Assets Mandate	-
Corporate Bonds	Insight	Buy & Maintain Bond Fund	14.0%
Nominal Gilts	Insight	2031-2040 Plus Funded Gilt Fund 2041-2050 Plus Funded Gilt Fund	8.2%
Index-Linked Gilts	Insight	2031-2040 Plus Funded Index-Linked Gilt Fund 2041-2050 Plus Funded Index-Linked Gilt Fund	2.2%
Liability Driven Investments (LDI)	Insight	LDI Longer Nominal Fund LDI Longer Real Fund LDI Shorter Nominal Fund LDI Shorter Real Fund	14.6%
Cash	Insight	LDI GBP Liquidity Holding Fund LDI GBP Liquidity Plus Holding Fund	2.0%

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Appendix: Implementation Statement (continued)

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 Scheme to help form their policies set out in the SIP.

There were no changes to the objectives put in place for Broadstone Corporate Benefits Limited which were last reviewed in September 2024. The Trustees are due to formally review these objectives no later than February 2027.

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 Material Considerations	The Trustees recognise that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can have a material monetary impact on the returns provided by those assets. The Trustees delegate day-to-day decisions on the selection of investments to the Investment Managers. The Trustees have an expectation that the Investment Managers will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Scheme'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 Managers regarding ESG issues but will review this position from time to time. The Trustees receive information on request from the Investment Managers on their approach to selecting investments and engaging with issuers with reference to ESG issues. Regarding the specific risk to the performance of the Scheme'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 Scheme'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 Scheme's funding position than other risks. The Trustees will continue to monitor market developments in this area with their Investment Adviser.	No deviation from this policy over the year to 31 October 2024

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Appendix: Implementation Statement (continued)

Trustee Policies (continued)

Non-Financially Material Considerations	Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expect the Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment. The Trustees note that members' views on non-financial matters including their ethical views in relation to social and environmental impact and present and future quality of life will not be sought; however, they will be considered if raised by the membership.	No deviation from this policy over the year to 31 October 2024
Voting Rights and Engagement	The Trustees recognise that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate day-to-day decisions on the selection of investments to the Investment Managers. The Trustees have an expectation that the Investment Managers will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.	No deviation from this policy over the year to 31 October 2024

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 funds currently invested in by the Scheme 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 Managers, and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing an investment manager.

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Appendix: Implementation Statement (continued)

Financially and non-financially material considerations (continued)

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

The Trustees invest across a range of asset classes and styles. A summary of the Trustees' views for each asset class in which the Scheme was invested in over the Scheme year is outlined below:

Asset Class	Actively or Passively Managed?	Comments
Global 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 do expect the Investment Manager to take into account ESG considerations by engaging with companies that form the index, and by exercising voting rights on these companies.
Diversified Growth Funds	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the Investment Manager to use its 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.
Property	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. However, the Trustees expect the Investment Manager to have regard to ESG issues when properties are being sold and purchased within the portfolio, together with any opportunities to re-develop existing properties with ESG issues in mind.
Buy & Maintain Credit	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the manager to use its discretion to generate higher risk adjusted returns. The Trustees also expect the Investment Manager to engage with investee companies, where possible, although they appreciate that fixed income assets do not typically attract voting rights.

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Appendix: Implementation Statement (continued)

Financially and non-financially material considerations (continued)

Nominal Gilts	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.
Index-Linked Gilts	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.
Liability Driven Investments (LDI)	Active	The underlying assets of the LDI solution consist of government bond funds and derivative contracts, with no underlying investee companies as such. 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.
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.

Voting rights and engagement activities

The Trustees currently invest in pooled investment funds with the Investment Managers, and they acknowledge that this limits their ability to directly influence the Investment Managers. In particular, 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, given the pooled nature of the Scheme's investments. 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 Trustees have employed Broadstone to assist them in monitoring the voting and engagement activity of their Investment Managers. The Trustees, with the assistance of Broadstone, concluded that the voting and engagement activity of their Investment Managers is in line with their policy on voting and engagement.

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Appendix: Implementation Statement (continued)

Voting rights and engagement activities (continued)

Within the current investment arrangements, the Scheme invests in funds that contain publicly listed equity holdings. These funds have voting rights attached to the underlying equities, and the Trustees have delegated these voting rights to the Investment Manager, where they will set their own voting policy. A summary of the votes made by the Investment Manager from 1 November 2023 to 31 October 2024 on behalf of the Trustees for the funds currently used by the Scheme bearing equities is provided in the table below:

Manager	Fund	Resolutions voted on	Total Resolutions Voted:		
			For	Against	Abstained
LGIM	World Equity Index Fund	35,847	78%	22%	0%
LGIM	Dynamic Diversified Fund	102,547	75%	24%	1%

Information regarding proxy voting is detailed below:

- **LGIM** uses ISS's 'ProxyExchange' electronic voting platform for proxy voting services.

Significant votes

The Trustees have requested details of the significant votes made on behalf of the Trustees by the 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 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.

Vote linked to an engagement campaign, in line with Investment Stewardship's 5-year ESG priority engagement themes.

The Trustees believe the following represents the significant vote undertaken on their behalf over the scheme year:

SIGNIFICANT VOTE – LGIM	
Company	Shell Plc
Date	21 May 2024
% of portfolio invested in firm	0.30% of the LGIM Dynamic Diversified Fund

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Appendix: Implementation Statement (continued)

Significant votes (continued)

Resolution	Resolution 22: "Approve the Shell Energy Transition Strategy"
Why significant	LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.
How voted	VOTED AGAINST (against management recommendation)
Rationale	<i>"We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress"</i>
Vote outcome	Pass

Engagement activities

The notable engagement activities of the Investment Managers over the last 12 months are provided below:

- **LGIM** engaged with the engineering firm Rolls Royce to understand how it will manage its relations with key labour groups while undertaking strategic decisions and highlight the importance of positioning the firm for long-term climate trends, while addressing short-term challenges. LGIM engaged with the CEO twice to communicate the importance of positioning for the climate transition and also returning the company to an investment-grade credit rating. LGIM were pleased that the strategic review announced in November 2023 appeared well balanced in making suitable structural and cultural changes while still enabling the company to remain an active participant in the carbon transition. LGIM aims to regularly engage with the company regarding implementation of the strategy review's findings and its role in the carbon transition over the coming decades.

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Appendix: Implementation Statement (continued)

Engagement activities (continued)

- **Insight** engaged with a multinational drink and brewing company in Q4 2023. Insight have engaged with the company in previous years on its low Prime governance rating of 4 which was attributed to ethics and tax issues. Insight’s engagement in Q4 2023 focused on addressing a third-party data provider's low score on the company's labour management and ethics. The company clarified inaccuracies in collective agreement statistics and outlined its responsible sourcing policy and their plan to enhance supplier engagement and increase ethics training. The company also improved tax disclosures and settled tax-related controversies. As a result, the governance rating improved from 4 to 3 over 18 months. Remaining issues include a disclosure gap on collective agreements, which the company plans to address. Insight will monitor the company moving forward, but as the company has received an overall Prime rating of 2 and improved its governance score, a follow-up engagement is unlikely unless there is a deviation from goals or score deterioration.
- **Mattioli Woods** engaged with a pharmaceutical company to improve access to medicine and enhance disclosure practices. This engagement was part of their broader ESG strategy and was highlighted in their Q3 2024 Responsible Investing Report. As part of this initiative, Mattioli Woods took on the role of lead investor on behalf of the Access to Medicine Foundation. The engagement aimed to promote better corporate transparency and responsibility, focusing on enhancing the company's disclosure practices and ensuring greater access to essential medicines. This case study demonstrated initial positive progress, showcasing Mattioli Woods' commitment to addressing critical social issues through active engagement and collaboration with the companies in their portfolio.

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. The 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	UNPRI Score
LGIM	★★★★★
Insight	★★★★★
Median	★★★

**Mattioli Woods is not a signatory of the UNPRI*

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Appendix: Implementation Statement (continued)

Engagement activities (continued)

The Trustees also consider the Investment Managers’ policies on stewardship and engagement when selecting and reviewing an investment manager.

Monitoring of Investment Arrangements

In addition to any reviews of the Investment Managers or approaches, and direct engagement with Investment Managers (as detailed above), the Trustees receive valuation reports monthly from LGIM, Mattioli Woods and Insight, together with combined reporting from Broadstone commenting on performance and asset allocation, to ensure the investment objectives set out in their SIP are being met.

Signed:

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Date: 22 May 2025

On behalf of the Trustees of the Advance Tapes Group Limited Retirement Benefits Scheme