



Thornton & Ross Limited 1978 Pension & Life Assurance Scheme Implementation Statement for the year ended 30 June 2025

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the Thornton & Ross Limited 1978 Pension & Life Assurance Scheme ("the Scheme") has followed its policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 30 June 2025 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

The Trustee continues to follow the updated policies in relation to environmental, social, and governance ('ESG') and voting issues which have been documented in the Statement of Investment Principles ('SIP') updated on October 2024. The update reflects changes to the Scheme's strategic asset allocation following an investment strategy review conducted in August 2024.

The Trustee's policy on ESG and stewardship

The Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change by L&G Asset Management Limited ("the Investment Manager"). The Trustee requires the Scheme's Investment Manager to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Manager and encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters, including those deemed to include a material ESG and/or climate change risk in relation to those investments.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustee may periodically meet with their Investment Manager to discuss engagement which has taken place. The Trustee will also expect their Investment Consultant XPS Investment Limited ("XPS IL") to engage with the managers from time to time as needed and report back to the Trustee on the stewardship credentials of their managers. The Trustee will then discuss the findings with the Investment Consultant, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Trustee recognise the Code as an indication of the Investment Manager's compliance with best practice stewardship standards.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises. The Trustee will seek advice from XPS IL on the extent to which its views on ESG and climate change risks may be taken into account in any future Investment Manager selection exercises.

During the reporting year, there have been no such manager selection exercises however the Scheme did introduce the L&G Cash Fund into the portfolio during Q3 2024 to reduce leverage and provide collateral support to the LDI mandate.



Ongoing governance

The Trustee monitors the processes and operational behaviour of the Investment Manager from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in this statement.

Beyond the governance work currently undertaken, the Trustee believes that its approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that it followed the Scheme's policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the Investment Manager will have voting rights is equities. The Scheme currently has exposure to equities through the L&G Retirement Income Multi-Asset Fund. A summary of the voting behaviour and most significant votes cast by each of the relevant Investment Manager is shown below.

Whilst the Trustee has not, to date, introduced specific stewardship priorities, it will monitor the results of those votes deemed by the Investment Manager to be most significant in order to determine whether specific priorities should be introduced and communicated to the Investment Manager.

As the Scheme invests in pooled funds, the Trustee acknowledges that it cannot directly influence the policies and practices of the companies in which the pooled funds invest. The Trustee has therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Manager.

This voting information has been provided by the Investment Manager. The Trustee considers votes to be significant on the basis they are linked to key ESG issues including, but not limited to: climate change; other climate issues such as natural capital; executive remuneration; governance; independence; modern slavery or other factors such as the size of the holding.

Where the Investment Manager has provided a selection of significant votes, the Trustee has reviewed the rationale for significant votes provided by the Investment Manager and is comfortable with the rationale provided, and that it is consistent with their policy. The Trustee, with the help of XPS IL, have considered the information the Investment Manager have been able to provide on significant voting, and have deemed the below information as most relevant.

Disclaimer: Neither XPS IL nor the Trustee have vetted these votes. These summaries have been provided by the Investment Manager.

Manager Voting

Please note that the voting information for all funds below covers the 12-month period from 30 June 2024 - 30 June 2025.

Voting Information
L&G Retirement Income Multi-Asset Fund
The manager voted on 99.9% of resolutions of which they were eligible out of 104,387 eligible votes. Of the resolutions on which the manager voted: 77.2% voted with management, 21.9% voted against management and 0.9% abstained.
Investment Manager Client Consultation Policy on Voting
L&G's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and take into account feedback from their clients. Every year, L&G holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the



members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote

All decisions are made by L&G's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, L&G wants to ensure they continue to help their clients in fulfilling their reporting obligations. They also believe public transparency of their vote activity is critical for their clients and interested parties to hold them to account. For many years, L&G has regularly produced case studies and/ or summaries of L&G's vote positions to clients for what they deemed were 'material votes'. They are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.

In determining significant votes, L&G'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 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 L&G's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
 - Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an L&G engagement campaign, in line with L&G Investment Stewardship's 5-year ESG priority engagement themes.

They provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. They also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. If you have any additional questions on specific votes, please note that L&G publicly discloses its vote instructions on their website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

Does the manager utilise a Proxy Voting System? If so, please detail

L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and they do not outsource any part of the strategic decisions. Their use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what they consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice. They retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to their voting judgement. They have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting



policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting Subject	How did the Investment Manager vote	Result
Microsoft Corporation	10/12/2024	0.26%	Resolution 9: Report on AI Data Sourcing Accountability	For	Fail

Why the vote was deemed significant and stewardship theme:

This shareholder resolution is considered significant due to the relatively high level of support received.

Where voted against management, was this communicated:

L&G publicly communicates vote instructions on their website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.

Rationale:

L&G believed a vote in favour of this resolution was warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.

Implication:

L&G will continue to engage with investee companies, publicly advocate their position on this issue and monitor progress.

National Grid Plc	10/07/2024	0.21%	Resolution 17: Approve Climate Transition Plan	For	Pass
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Why the vote was deemed significant and stewardship theme:

Thematic - Climate: L&G is publicly supportive of so called "Say on Climate" votes. They 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, L&G deem such votes to be significant, particularly when L&G votes against the transition plan.

Where voted against management, was this communicated:

L&G publicly communicates vote instructions on their website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.

Rationale:

Climate Change: L&G is voting in favour of the National Grid Climate Transition plan. They commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science-based targets.

They also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.

Implication:

L&G will continue to engage with investee companies, publicly advocate their position on this issue and monitor progress.

Realty Income Corporation	13/05/2025	0.12%	Resolution 1c: Elect Director Reginald H. Gilyard	Against	Pass
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Why the vote was deemed significant and stewardship theme:



Thematic - Diversity: L&G views gender diversity as a financially material issue for their clients, with implications for the assets they manage on behalf of their clients.

Where voted against management, was this communicated:

L&G publicly communicate vote instructions on their website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.

Rationale:

A vote against is applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

Implication:

L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

SSE Plc	18/07/2024	0.13%	Resolution 18: Approve Net Zero Transition Report	For	Pass
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Why the vote was deemed significant and stewardship theme:

Thematic - Climate: L&G is publicly supportive of so called "Say on Climate" votes. They 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, L&G deem such votes to be significant, particularly when L&G votes against the transition plan.

Where voted against management, was this communicated:

L&G publicly communicates vote instructions on their website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.

Rationale:

Climate Change: L&G is voting in favour of the SSE Net Zero Transition Report. They commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting short and medium-term targets, in particular absolute scope 3 targets over the mid-term.

Implication:

L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Consolidated Edison, Inc.	19/05/2025	0.13%	Resolution 1a: Elect Director Timothy P. Cawley	Against	Pass
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Why the vote was deemed significant and stewardship theme:

Thematic - Board Leadership: L&G's Asset Management business considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.

Where voted against management, was this communicated:

L&G publicly communicates vote instructions on their website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.

Rationale:

Joint Chair/CEO: A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.

Implication:

L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Voting data is provided by L&G quarterly, the L&G Retirement Income Multi-Asset Fund voting summary reflects the year to 30 June 2025. The above 5 votes are indicative examples of the total votes L&G deemed to be significant over the 12 months.



Engagement information

Engagement is an effective method of driving long-term positive change in company policies and practices and is applicable across all asset classes. A high-level summary of the number of engagement activities, as well as examples of engagement, by the Investment Manager is shown further below.

The Scheme holds LDI with L&G. Given the nature of these funds, engagement information has not been provided.

Engagement data provided by L&G as at 31 December 2024

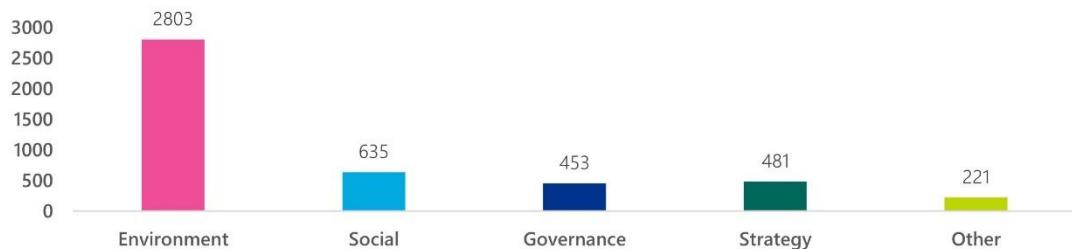
Please note, L&G provide engagement data on an annual basis. As such the below reflects the 12-month period to 31 December 2024.

L&G Retirement Income Multi-Asset Fund

Fund level engagement Information	
Engagement focus	L&G believe effective stewardship involves working with companies, regulators, policymakers, peers and other stakeholders around the world to tackle systemic issues, material risks and opportunities – as well as collaborating with their investment experts to identify future challenges. As a universal owner on behalf of their clients, they take responsibility to seek to address key macro and systemic risks, with the aim of tackling market issues and accelerating progress against complex, global sustainability challenges. Their investment philosophy and processes are focused on creating value over the long term. They believe that incorporating financially material sustainability criteria, when relevant to their clients, can create value and drive positive change.
Number of entities engaged over the past 12 months	2,639
Number of engagements over the last 12 months	3,533*

*A single engagement may be included under multiple categories and therefore the below chart will total to more than 3,533.

Number of engagements in each topic over the last 12 months to 31 December 2024.



The section below provides an example of where the Investment Manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period.

Name of entity you engaged	Shell Plc
Topic of Engagement	Environment: Climate Change

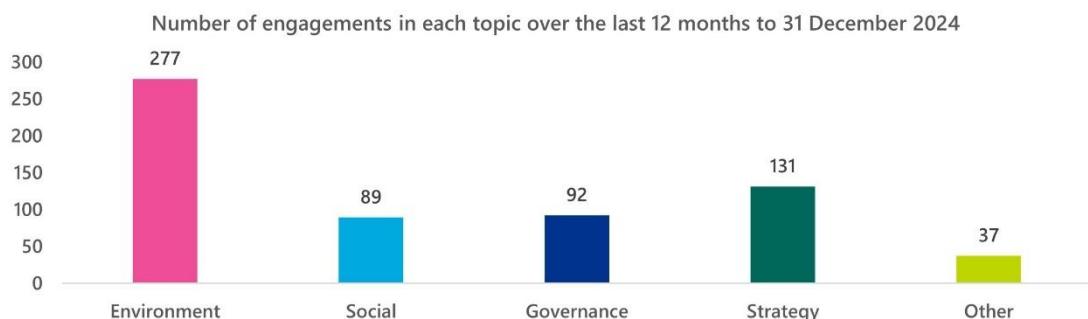


Rationale for engagement	<p>L&G's current objectives for their engagement with Shell are:</p> <ul style="list-style-type: none"> - Demonstration of alignment to Shell's 1.5C objectives through enhanced disclosure of scenarios and assumptions - Enhanced disclosure across the company's value chain (scope 3) - Enhanced lobbying disclosure - KPIs linked to progress made towards a balanced multi-energy transition - Disclosure and application of responsible divestment standards in asset sale process <p>This engagement aligns with UN Sustainable Development Goal 13: Climate action</p>
Engagement activity carried out	<p>L&G met Shell 11 times to discuss its climate transition strategy, referencing concerns about areas where they felt Shell were falling short. Engagement typically involves senior figures such as the Chair and Head of Investor Relations. They acknowledge Shell's significant progress in climate-related disclosures and welcome its commitments to cut emissions from operated assets and oil products, tackle methane, and halt frontier exploration after 2025. In light of the revisions made to the Net Carbon Intensity (NCI) targets, they expect Shell to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. L&G therefore voted against the company's Energy Transition Strategy in their 2024 AGM.</p>
Outcomes and next steps	<p>L&G's engagements with the company have continued since their AGM and they will continue, through voting and ongoing engagement both as L&G and as part of the CA100+ group, to drive Shell to strengthen key elements of disclosure and targets, to meet the strategic engagement objectives as set out above. They consider the objectives above to be in progress.</p>

L&G Global Unconstrained Bond Fund

Fund level engagement Information	
Engagement focus	Please refer to the engagement focus shown in the preceding pages.
Number of entities engaged over the past 12 months	191
Number of engagements over the last 12 months	392*

*A single engagement may be included under multiple categories and therefore the below chart will total to more than 392.





The section below provides an example of where the Investment Manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period.

Name of entity you engaged	Toyota Motor Corp
Topic of Engagement	<p>Governance: capital allocation; board independence, diversity and effectiveness (Corporate transparency)</p> <p>Climate Change: Climate lobbying disclosure and alignment of lobbying practices with net zero commitments</p>
Rationale for engagement	<p>As a member of the Asian Corporate Governance Association (ACGA) Japan Working Group, L&G actively engages with Japanese companies including Toyota Motor Corporation. L&G has identified three key areas of concern at Toyota: Capital allocation decisions, Board independence, diversity, and effectiveness.</p> <p>Toyota's climate strategy remains misaligned with industry expectations, particularly due to its political lobbying activities. Recent controversies around product safety at subsidiaries have also raised governance concerns. L&G has urged Toyota to support climate-aligned public policies and improve transparency.</p> <p>This engagement aligns with UN Sustainable Development Goal 13: Climate action</p>
Engagement activity carried out	<p>L&G's key concerns include certification irregularities, accountability, and transparency. Given the company's influence in Japan's business federation and industry groups, L&G continue to challenge its climate lobbying stance and alignment with a 1.5°C transition, a red line under their Climate Impact Pledge.</p> <p>In 2024, L&G held three meetings with senior representatives, including the Head of Investor Relations and Finance Director, alongside several email exchanges. Their voting at the recent AGM reflected concerns over Board independence and diversity. They opposed the Chair's re-election due to lack of transparency around the former CEO's advisory role, responsibility for certification issues, and misalignment between climate ambitions and strategy. They also supported a shareholder proposal for greater transparency in climate lobbying.</p>
Outcomes and next steps	<p>L&G will continue to engage with the company on corporate governance issues and push for better practices both in terms of governance and climate strategy, as mismanagement of these incidents may lead to erosion of customer trust and exposes the company to reputational and legal risks.</p> <p>They are pleased with the progress Toyota is making on lobbying disclosures and are encouraged that Toyota have proactively responded to investor feedback. They consider the objectives outlined above to be in progress.</p>

LGIM Maturing Buy & Maintain Credit 2040-2054 Fund

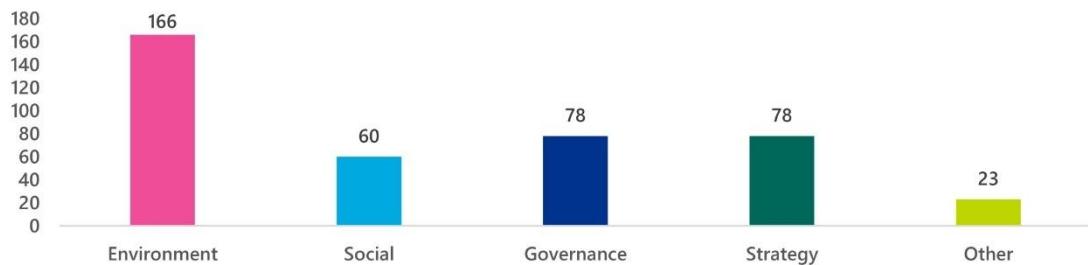
Fund level engagement Information	
Engagement focus	Please refer to the engagement focus shown in the preceding pages.
Number of entities engaged over the past 12 months	113



Number of engagements over the last 12 months	231*
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*A single engagement may be included under multiple categories and therefore the below chart will total to more than 231.

Number of engagements in each topic over the last 12 months to 31 December 2024



The section below provides an example of where the Investment Manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period.

Name of entity you engaged	United Utilities
Topic of Engagement	Environment - Natural resource use/impact
Rationale for engagement	The objective of L&G's engagement with UK water organisations in 2024 included contributing to creating and maintaining a regulatory framework for UK water that supports investment to improve outcomes, in respect of pollution incidents and water resources, among other things. They also want to maintain pressure on the privatised water companies to prioritise addressing these issues.
Engagement activity carried out	Through 2024, L&G engaged with UK officials Defra and Ofwat to share their views on bond market perceptions of the regulatory framework. This included proactive bilateral calls with Defra civil servants and investor relations at Ofwat, and a group meeting with Defra ministers. Their engagement escalated following the announcement of a very tough draft regulatory settlement from Ofwat in July. Additionally, they engaged directly with management at companies where they identified potential issues. For example, they requested calls with Welsh Water's CEO and UU's treasurer to discuss specific issues relating to leakage calculations and pollution incidents.
Outcomes and next steps	Ofwat announced in December 2024 an updated regulatory settlement that L&G think will be much more conducive to enabling investment in the UK water sector to improve outcomes for UK consumers. They expect to continue their engagement in the UK water sector, including via the Cunliffe review of the regulatory framework beyond 2030, which is expected to report later this year.

Signed: [REDACTED] on behalf of the Trustee

Date: 19 January 2026