

Framlington Group Pension Plan

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 31 December 2024

Introduction

This statement sets out how, and the extent to which, the Plan's Engagement Policy in the Statement of Investment Principles (SIP) produced by the Trustees has been followed during the year to 31 December 2024 (the "Plan Year"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022. The statement is based on, and should be read in conjunction with the relevant version of the SIP that was in place for the Plan Year, which was the SIP dated November 2023 covering the period between November 2023 to the 31 December 2024.

A copy of the SIP containing the Engagement Policy is available at <https://www.axa-im.co.uk/important-information/unitholders>

Trustee's Investment Objectives

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set.

The Trustees' primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan.

The Trustees also ensure that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Plan Actuary.

Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Plan's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Plan's SIP includes the Trustees' policies on ESG factors, stewardship and climate change. The policies were implemented in September 2020, and was last reviewed during the investment strategy review in 2022, when the Trustees received investment training on this topic. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

The Trustees reviewed the investment manager's ESG integration process and Climate Risks Policy and note that these are applied to the pooled funds that the Plan is invested. The Trustees are therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

The Trustees note that the Plan's assets are invested in the AXA ACT Carbon Transition Sterling Buy & Maintain fund within Fund J, a segregated Liability Driven Investment fund. The Trustees can confirm that they have acted in accordance with the SIP in relation to voting and engagement activities over the year under review.

Investment Structure

The Plan invests in a segregated LDI mandate managed by AXA Investment Managers. As such, the Trustees have a direct relationship with the Plan's underlying investment manager. The Trustees have the responsibility of monitoring the funds, in conjunction with advice received from their investment advisor, Mercer.

The Plan had a facility for members to pay AVCs to enhance their benefits at retirement. This facility was closed on 31 December 2003 for the receipt of new contributions, but existing AVC funds remain invested in the AXA Framlington Global Sustainable Managed Fund (formerly known as the AXA Framlington Managed Balanced Fund). Members invest in the Managed Balanced Fund with AXA Investment Management (AXA IM). The AVC funds are held separately from the 'main' Plan assets.

Engagement

In the year to 31 December 2024, the Trustees have reviewed their investment manager's quarterly reports, which contains an ESG summary of the buy and maintain credit fund, a pooled fund held within the segregated Fund J, in which the Fund is able to invest a proportion of its assets and will monitor how these develop over time.

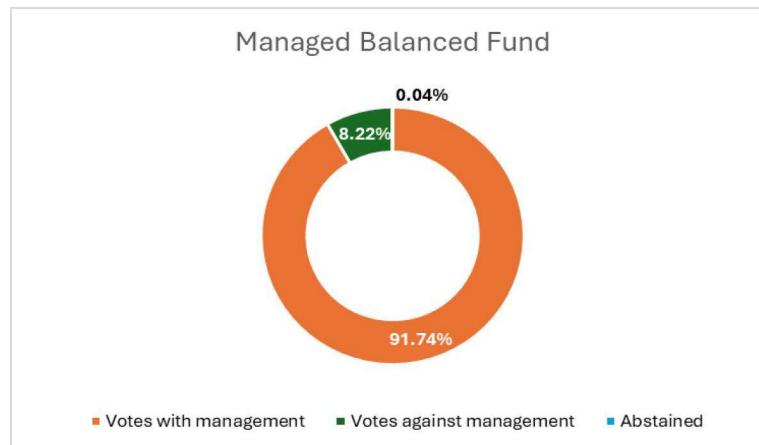
Engagements that have been made on behalf of the Trustee are detailed below:

BP Plc: CA100+ lead investors sent a letter to the chair of BP following changes in sustainability targets and the appointment of a new CEO. As a collaborative investor, AXA IM signed the letter. The letter listed a number of clear asks from the company. Asked for no further downward revisions of climate-related targets. Provide clarity on production outlook beyond 2030. Commit to no new long lead-time oil and gas projects. Commit to responsible divestment of assets and the role of offsets in meeting emissions targets. Demonstrate value from the transition growth engines. Demonstrate how the company is supporting customers and policy making to transition. We will attend future meetings with the lead investors as well as engaging directly with BP.

Dexcom Inc: The engagement with Dexcom commenced in 2022 following a request for information from our side. We engaged with the DexCom's IR team. We had annual checkpoints with the Co. that has continuously been delivering on our expectations and asks on environmental reporting and target setting. We recognised a positive response from DexCom and we decided to classify the progress achieved so far as an Engagement Success Milestone. They were open to a new engagement lead on impact reporting and relative target setting.

Voting Activity

The Trustees have delegated their voting rights to the Plan's investment manager. The Trustees have not been asked to vote on any specific matters over the Scheme year. As the pooled funds in which the Plan invests do not hold equities, there is no voting activity to report for the 'main' Plan. A summary of voting activity for the AVC Managed Balanced fund are shown below.



Significant Votes

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. As a result, under the Statutory Guidance, the Trustees are required to produce an Annual Implementation Statement which considers the Plan's stewardship priorities, which requires input from managers on the integration of environmental, social, and governance (ESG) issues, surrounding climate change, human rights and biodiversity into their investment processes.

The Defined Benefit section does not invest in mandates that have voting rights, however the AVC section does invest in growth assets which carry voting rights.

The Plan's implementation statement to be included in the Trustee Report & Accounts as at 31 December 2024 falls in scope of these regulations. In November 2023, The Trustee reviewed the Plan's stewardship priorities and identified the following as key themes:

- Climate Change: including low-carbon transition and physical damages resilience;
- Human Rights: including modern slavery, pay & safety in the workforce and supply chains; and,
- Biodiversity, Equity and Inclusion: including inclusive & diverse decision-making.

The Trustees consider a significant vote as any vote relating to Plan's key stewardship themes that is material (a company that represented at least 1% of the year-end market capitalisation of any fund in which the Plan was invested during the Scheme year). During the year, no votes that exceeded 1% were made within the AVC Managed Balanced Fund.