

Towers Perrin (UK) Retirement Plan Implementation Statement – 31 December 2024

Why have we produced this Statement?

The Trustee of the Towers Perrin (UK) Retirement Plan has prepared this statement to comply 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 voting and engagement policies detailed in the Plan's Statement of Investment Principles (SIP).

What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustee's investment objectives and investment strategy.

It also explains how and why the Trustee delegates certain responsibilities to third parties and the risks the Plan faces and the mitigated responses.

The Trustee last reviewed the SIP in March 2023.

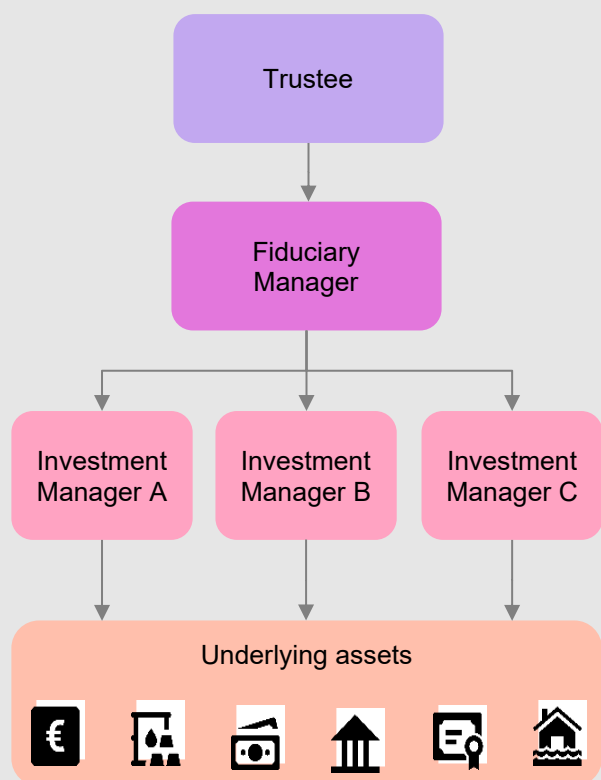
What changes have we made to the SIP?

No changes were made to the SIP over 2024.

What is the purpose of this Statement?

1. To explain how the Trustee's engagement policy has been applied over the year.
2. To describe how the voting rights attached to the Plan's assets have been exercised over the year.

How are the Plan's investments managed?



Trustee - The Trustee's key objective is to ensure that there are sufficient assets to pay members' benefits as they fall due. The Trustee retains overall responsibility for the Plan's investment strategy, but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

Fiduciary Manager (WTW) – The Trustee employs a Fiduciary Manager to implement the Trustee's investment strategy. The Fiduciary Manager allocates the Plan's assets between asset class and investment managers.

Investment managers – The Fiduciary Manager appoints underlying investment managers either using a pooled vehicle or a segregated mandate where these assets are held directly in the Plan's name. The Fiduciary Manager will look for best in class specialist managers for each asset class.

Underlying assets – The investment managers pick the underlying investments for their specialist mandate e.g. shares in a company or government bonds.

Why does the Trustee believe voting and engagement is important?

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustee further believes that voting and engagement are important tools to influence these issues.

The Trustee has appointed a Fiduciary Manager who shares this view and considers and integrates ESG factors, voting and engagement in its processes.

The Trustee incorporates an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

What is the Trustee's voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations, but has identified climate change and human and labour rights as key areas of focus for the Trustee.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors are considered to be particularly influential to outcomes, the Trustee expect the Fiduciary Manager to engage with investment managers to improve their processes.

What training has the Trustee received over the year?

The Trustee did not receive training on ESG but has agreed to engagement priorities.

What are the Fiduciary Manager's policies?

Climate change and net zero goal

The Trustee believes Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has a goal to achieve net zero greenhouse gas emissions across 'In Scope Solutions' by 2050. They believe the trajectory is important, so are also aiming to approximately halve emissions per amount invested by 2030.

Public policy and corporate engagement

The Fiduciary Manager employs an external stewardship service provider, whose services include public policy engagement, and corporate voting and engagement on behalf of the Fiduciary Manager's clients (including the Trustee).

Some highlights from 2024 include:

- 994 companies engaged across regions on 4,267 issues and objectives
- 62 companies in their core programme featured engagements with the CEO or chair
- Making voting recommendations on 143,075 resolutions at 14,701 meetings, including recommended votes against 25,070 resolutions
- Participation in a range of global stewardship initiatives

Industry initiatives

The Fiduciary Manager participated in a range of industry initiatives over the year to seek to exercise good stewardship practices. Please refer to their latest UK Stewardship Code for more information:

<https://www.wtwco.com/en-gb/solutions/services/sustainable-investment>.

How does the Fiduciary Manager assess the investment managers?

Investment manager appointment - The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2024 the Fiduciary Manager conducted engagements with over 70 managers across asset classes. They also engaged over 100 products on sustainability and stewardship. In

addition, over 150 sustainability-themed strategies were researched.

Investment manager monitoring - The Fiduciary Manager produces detailed reports on the investment managers' ESG integration and stewardship capabilities on an annual basis.

Investment manager termination - The Fiduciary Manager engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Fiduciary Manager may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no investment managers were terminated on these grounds during the year.

Example of engagement carried out over the year

Credit manager Environment - Climate issue

Issue: The manager is yet to produce asset level climate reports for the fund, which is a minimum sustainable investment requirement. The Fiduciary Manager has engaged with the manager to get the team to begin to produce these reports.

Outcome: The Fiduciary Manager has engaged with the investment team for the fund and the investor relations team in person, over the phone, and via email. They have pushed the investment team, where necessary, to look at proxied carbon emissions for underlying assets where actual carbon emission data is not readily available. They will continue to engage with the manager as the team looks to produce initial climate reports for the fund. The next step is to take the data the team has collected and produce written reports.

Reinsurance manager Environment - Climate issue

Issue: The Fiduciary Manager engaged with the manager on ESG issues, specifically climate change research, and discussed potential solutions to protect the portfolio from evolving climate dynamics.

Outcome: The Fiduciary Manager has engaged with the Chief Investment Officer and Investment team for the fund both in person and via Teams. While the fund was set up as a long-only fund, this engagement resulted in a hedge being put on in the portfolio to protect against the forecast highly active hurricane season. The Fiduciary Manager is pleased that the manager listened and acted on the mentioned concerns and will continue to monitor the success of the hedge and wider portfolio in light of the changing climate.

Infrastructure manager Environment - Climate issue

Issue: The manager discussed the current Situational Analysis, Forecasting, and Engagement (SAFE) Transition Methodology given some questions on alignment of certain stocks.

Outcome: This manager has produced an emissions abatement analysis to determine the baseline emissions of companies and understand their progress in meeting their net zero targets. Positively, the majority of the 20 high-emitting companies have made strong progress on their targets. Whilst one company reported higher emissions than the baseline due to higher utilization rates, it has implemented initiatives to reduce emissions overall.

The manager is continuously monitoring its constituents through the emissions abatement analysis and its "SAFE" transition methodology framework to ensure companies are making progress on their targets. The SAFE framework classifies each stock as 'Secure', 'Aligned', 'Transforming', and 'Vulnerable'. 'Transforming' and 'Vulnerable' companies are analysed further for stranding risk and are engaged with through a staged escalation process, where ultimately divestment would occur if companies do not deliver results within a reasonable timeframe.

The Fiduciary Manager has asked the manager to include changes in company ratings from the SAFE framework in the annual reporting. The

Fiduciary Manager continuously monitors the evolution of the SAFE framework.

What are the voting statistics we provide?

The Plan is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Plan's equity investment managers.

Responses received are provided in the following pages. The Trustee used the following criteria to determine the most significant votes:

- Trustee stewardship priorities (climate change, human and labour rights)
- Financial outcome for members, including size of holding
- High profile vote, including votes not supporting company management

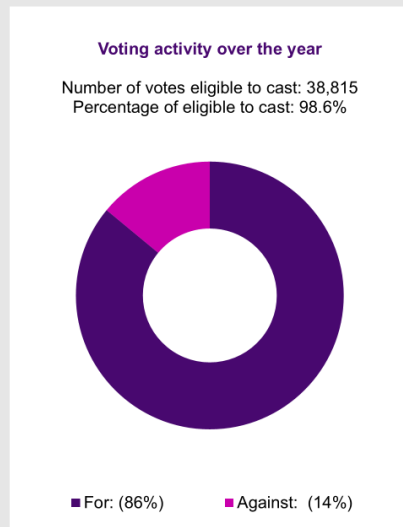
The Plan is invested in both active (trying to outperform the market) and passive (aiming to perform in line with the market) equity funds. The Trustee has decided not to publicly disclose active investment manager names as the Trustee believes this could impact the investment manager's ability to generate the best investment outcome.

In conclusion...

The Trustee is satisfied that over the year, all SIP policies and principles were adhered to, in particular, those relating to voting and engagement.

Core Diversified Fund

Voting activity over the year



Significant vote

Company: Amazon.com, Inc.

% Fund: 0.8%

Vote topic: Disclose all material scope 3 greenhouse gas emissions

Issue: The shareholder proposal promotes better management of Social, Environmental and Ethical opportunities and risks

Voting instruction: For shareholder proposal, against management

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Climate change is one of the stewardship priorities and it has a large holding in the portfolio

Next steps: None to report

Significant vote

Company: Eli Lilly and Company

% Fund: 0.4%

Vote topic: Adopt a comprehensive human rights policy

Issue: The shareholder proposal promotes better management of Social, Environmental and Ethical opportunities and risks

Voting instruction: For shareholder proposal, against management

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Human and labour rights is one of the stewardship priorities and it has a large holding in the portfolio

Next steps: None to report

Significant vote

Company: Berkshire Hathaway Inc.

% Fund: 0.3%

Vote topic: Report on efforts to measure, disclose and reduce greenhouse gas emissions associated with underwriting, insuring, and investing

Issue: The manager supported climate risk disclosure, voting against management but in line with ISS recommendations, believing leadership on the issue outweighed the minor costs and inconvenience of compliance.

Voting instruction: For shareholder proposal, against management

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Climate change is one of the stewardship priorities

Next steps: The manager wrote to the CEO to express the importance of climate risk transparency and encouraged the company to lead on this issue rather than wait for policy guidance.

Significant vote

Company: HCA Healthcare, Inc.

% Fund: 0.2%

Vote topic: Report on maternal health outcomes

Issue: The manager has voted in favor of regular reporting to shareholders regarding the company's progress in reducing maternal morbidities and eliminating racially and ethnically disparate pregnancy-related outcomes

Voting instruction: For shareholder proposal, against management

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Human and labour rights is one of the stewardship priorities

Next steps: The manager will share the best practices with other portfolio companies

Significant vote

Company: Walmart Inc.

% Fund: 0.1%

Vote topic: Commission a third-party audit on workplace safety and violence

Issue: The shareholder proposal promotes better management of Social, Environmental and Ethical opportunities and risks

Voting instruction: For shareholder proposal, against management

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Human and labour rights is one of the stewardship priorities and it has a large holding in the portfolio

Next steps: None to report

Voting policy: As the manager manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of the Fund's underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. The manager has appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all the investors. In addition, EOS is expanding the remit of engagement activity they perform on the Fund's behalf beyond public equity markets, which will enhance stewardship practices over time.