

Implementation Statement

Phoenix Medical Supplies Pension Scheme

Purpose of this Statement

This Implementation Statement (the “Statement”) has been approved by the Trustees of the Phoenix Medical Supplies Pension Scheme (“the Scheme”) to set out the following information over the year to 31 March 2025:



How the Trustees’ policies on exercising rights (including voting rights) and engagement activities have been followed over the year.



The voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

This Statement does not include any information on additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Scheme’s assets that are held as AVCs.



Conclusions

In reviewing the activities of the past year, the Trustees believe that the policies set out in the Statement of Investment Principles (“SIP”) have been effectively implemented. The Scheme’s investment managers have demonstrated transparency in their voting and engagement activities, and the Trustees believe that these activities reasonably align with the Scheme’s stewardship policy.

The Trustees will continue to engage with the investment managers as appropriate to encourage them to improve the availability and quality of data.

Stewardship policy

The SIP in force at 31 March 2025 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2025 and has been made available online here:

<https://www.phoenixmedical.co.uk/en/our-group/compliance-and-responsibility>

No changes were made to the stewardship policy over the year.

The Trustees have decided not to set stewardship priorities for the Scheme because the Scheme invests solely through pooled investment vehicles whereby the Scheme's assets only represent a small proportion of the capital invested in the funds. The Trustees understand that they are constrained by the policies of the investment managers in this regard. Additionally, the Scheme has carried out a significant amount of de-risking following the year end, which has materially reduced its allocation to assets with associated voting rights, which the Trustees feel further supports the decision not to set stewardship priorities at this time.

However, in selecting and reviewing the Scheme's investment managers, the Trustees will consider the managers' policies on engagement and environmental, social and governance ("ESG") matters (where appropriate and applicable), alongside how those policies have been implemented. The Trustees also review the stewardship and engagement activities of the investment managers annually through the Implementation Statement.

How voting and engagement policies has been followed over the year

Based on the information provided by the Scheme's investment managers, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- At the Scheme year-end, the investment managers appointed to manage assets on behalf of the Scheme were Legal & General Investment Management ("LGIM") and Newton Investment Management ("Newton"). The Trustees consider the performance of the Scheme's funds and any significant developments at least twice a year.
- The Scheme invests entirely in pooled funds and, as such, the Trustees delegate responsibility for carrying out voting and engagement activities to the investment managers. Investment rights (including voting rights) have been exercised by the investment managers in line with their general policies on corporate governance. The Trustees also expect the investment managers to have engaged with the companies in which they invest in relation to ESG matters.
- The Trustees appointed the Scheme's multi-asset growth fund manager (Newton) back in 2020 and ESG considerations were considered as part of the manager selection exercise, alongside all other material factors. The Fund managed by Newton, the BNY Mellon Real Return Fund (Responsible), has a specific focus on avoiding companies with material ESG risks which are likely to negatively affect future performance. Following the year end, the Scheme fully disinvested from this Fund as a part of the strategic de-risking referred to above.
- The Scheme was also invested in two index-tracking global equity funds managed by LGIM as at 31 March 2025. Whilst these funds do not have a specific ESG focus, the Trustees considered the ESG practices of these funds to be above an acceptable level during the selection process. Following the year end, the Scheme fully disinvested from these holdings as a part of the strategic de-risking referred to above.

- LGIM manage the Scheme's liability-driven investment ("LDI") portfolio, however the Trustees are of the view that there is less scope for the consideration of ESG issues to improve risk-adjusted returns within LDI due to of the nature of the instruments used within the funds. The fund used as the collateral pool to the LDI portfolio as at 31 March 2025 (the LGIM Absolute Return Bond Fund) is considered to have acceptable ESG practices by the Trustees.
- The Trustees also appointed LGIM to run a buy & maintain ("B&M") credit mandate (implemented via the LGIM Buy and Maintain Credit Fund) on behalf of the Scheme in December 2024. The Trustees' Investment Consultant provided a view on the ESG credentials of the Fund as part of the selection exercise and considered these to be above an acceptable level.
- Annually, the Trustees receive and review information on the voting behaviour and engagement activities of the investment managers from both the managers themselves and the Scheme's Investment Consultant. The Trustees review this information to ensure alignment with the Scheme's policies (as set out in the SIP). This exercise was undertaken as part of preparation of this Statement in respect to the managers' activities over the year to March 2025.

Based on the information contained in this Statement, the Trustees are comfortable the actions of the investment managers are in alignment with the Scheme's stewardship policy. The Trustees are supportive of the key voting action taken by the applicable investment managers over the period to encourage positive governance changes in the companies in which they hold shares.

Approved by the Trustees of the Phoenix Medical Supplies Pension Scheme

12 August 2025

Voting data

This section provides a summary of the voting activity undertaken within the relevant funds on behalf of the Trustees over the year to 31 March 2025. The LGIM LDI funds, Absolute Return Bond Fund and Buy and Maintain Credit Fund with LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

The voting data shown for LGIM has been taken from the unhedged version of the All World Equity Index Fund. However, as the hedged and unhedged versions invest in the same underlying holdings, the voting data will be the same for both funds.

Investment manager	LGIM	Newton
Fund name	All World Equity Index Fund	BNY Mellon Real Return Fund (Responsible)
Structure	Pooled	Pooled
No. of eligible meetings	6,611	75
No. of eligible votes	63,689	1,025
% of resolutions voted	99.8%	99.2%
% of resolutions abstained*	1.5%	0.0%
% of resolutions voted with management*	79.5%	95.0%
% of resolutions voted against management*	19.0%	5.0%
Proxy voting advisor employed	Independent Shareholder Services ("ISS")	Independent voting service provider
% of resolutions voted against proxy voter recommendation	10.4%	4.9%

*As a percentage of the total number of resolutions voted on. Totals may not add up to 100%. Numbers are subject to rounding.

Note: segregated mandates allow the Trustees to engage with managers and influence their voting behaviour. Pooled fund structures result in limited scope for the Trustees to influence managers' voting behaviour.

Source: information provided by the investment managers.



Proxy voting

The below summarises how the investment managers utilise their proxy voting services.

Source: information provided by the investment managers.

LGIM

LGIM's Investment Stewardship team uses ISS's electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. LGIM review their custom voting policy with ISS annually and take into account feedback from their investors.

Newton

Newton utilises an independent voting service provider for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform, alongside providing research. The provider's voting recommendations are not routinely followed; it is only in the event that Newton recognise a potential material conflict of interest that the recommendation of their external voting service provider will be applied.



Significant votes

At this time, the Trustees have not set stewardship priorities or themes for the Scheme, in line with the rationale set out previously. So, for this Statement, the Trustees have asked the investment managers to determine what they believe to be a "significant vote". The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees have not developed a specific voting policy.

LGIM and Newton have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities or themes, the Trustees have shown three votes from the selection provided by each investment manager which cover a range of themes (that is, environmental, social and governance themes) where possible. To represent the most significant votes, the votes of the largest holdings relating to each theme are shown below.

A summary of the significant votes provided is set out below.

LGIM All World Equity Index Fund			
	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Amazon.com, Inc.	Shell Plc
Date of vote	10 December 2024	22 May 2024	21 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.9%	2.2%	0.3%
Summary of the resolution	Report on artificial intelligence data sourcing accountability	Report on customer due diligence	Approve the Shell Energy Transition Strategy
How the manager voted	For	For	Against
Rationale for the voting decision	LGIM believe a vote for this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices and shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	A vote in favour is applied as LGIM believe enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. LGIM believe there remains a need for increased, especially publicly available, transparency on this topic.	LGIM voted against this resolution in light of the revisions made to the net carbon intensity targets. Coupled with the ambition to grow its gas and liquefied natural gas business this decade, LGIM expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050.

LGIM All World Equity Index Fund (continued)			
	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	LGIM believe this shareholder resolution is considered significant due to the relatively high level of support received.	LGIM consider this shareholder resolution to be significant as, given this is one of the largest companies and employers in the world, LGIM believe that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain.	LGIM 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 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its 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 annual general meeting, as their engagement is not limited to shareholder meeting topics.		
Relevant stewardship priority	Governance – data sourcing	Social – human rights	Environmental – climate change

BNY Mellon Real Return Fund (Responsible)			
	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	AstraZeneca PLC	The Goldman Sachs Group, Inc.
Date of vote	22 May 2024	11 April 2024	24 April 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.5%	1.1%	0.9%
Summary of the resolution	Commission a third party audit on working conditions	Approve remuneration report	Report on clean energy supply financing ratio
How the manager voted	For	For	For

BNY Mellon Real Return Fund (Responsible) (continued)

	Vote 1	Vote 2	Vote 3
Rationale for the voting decision	Newton voted for the shareholder proposal requesting a third-party audit on working conditions as they consider it to add value for shareholders at this stage.	Newton decided to support the Chief Executive Officer ("CEO") pay package based on the CEO's proven track record of creating significant value for shareholders and turning around a company once considered beyond recovery. Newton want to avoid any potential disruptions that a change in leadership might bring if the CEO were to leave.	Newton supported a shareholder proposal asking for a report on clean energy supply financing ratio as they believe the ratio will help shareholders assess how the bank is capitalizing on clean energy opportunities and aligning itself with the net zero by 2050 pathway.
Criteria on which the vote is considered "significant"	Newton feel the issue of working conditions is a material risk to understand and reign in for the company. It is also one of their engagement topics.	Newton deem this vote as significant due to its strategic importance, impact on shareholder value, risk of leadership disruption, industry benchmarking and strong shareholder support.	Newton determined this vote as significant owing to the rarity of a shareholder proposal receiving significant support.
Outcome of the vote	31.0% of votes were for the resolution	95.3% of votes were for the resolution	28.5% of votes were for the resolution
Implications of the outcome	Newton considers the issue of working conditions material to the company and the conclusion of an audit would help the board understand potential shortcomings and respond adequately to shareholder concerns.	Newton feels level of support behind this vote signifies shareholder confidence in executive leadership and brings the company closer to global peers regarding executive pay. Newton will continue to monitor performance to ensure it aligns with their interests as shareholders.	Newton will continue to engage with the bank to try and make their climate transition plan more robust.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	<i>Not applicable as vote was with management</i>	<i>Not applicable as vote was with management</i>	No
Relevant stewardship priority	Social – working conditions	Governance – remuneration	Environmental – climate reporting

Source: information provided by the investment managers.

Engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by the investment manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

	LGIM			Newton
Fund name	Buy and Maintain Credit Fund	Absolute Return Bond Fund	All World Equity Index Fund*	BNY Mellon Real Return Fund (Responsible)
Number of engagements undertaken on behalf of the holdings in this fund in the year	331	355	2,242	12
Number of entities engaged on behalf of the holdings in this fund in the year	182	180	1,475	9
Number of engagements undertaken at a firm level in the year	4,459**			43

* The data shown applies to both the hedged and unhedged share classes.

** LGIM provide the total number of companies engaged with at a firm level on a quarterly basis. As such, it is not possible to discern whether a single company has been counted more than once within the above figures (e.g. this would be the case if the manager engaged with the same company in more than one quarter).

Source: information provided by the investment managers.



Examples of engagement activity undertaken over the year 2025

LGIM

Nippon Steel

LGIM engaged with Nippon Steel, the largest steel maker in Japan, regarding their disclosures of climate-related and decarbonisation-related policy positions.

Given the highly carbon intensive nature of the steelmaking industry, Nippon Steel's role as one of the largest global steelmakers, alongside the significant role the company has in influencing Japanese policy, LGIM engaged repeatedly with Nippon Steel to encourage further climate policy disclosures. Despite previous engagements, LGIM remained unsatisfied with the disclosures provided and, as such, filed a shareholder resolution that would require Nippon Steel to "Disclose annually, climate-related and decarbonisation-related policy positions and lobbying activities globally".

Although the shareholder resolution did not pass, it achieved nearly 28% support, one of the highest levels of support recorded for a climate-related shareholder resolution in Japan, demonstrating to the company that investors expect greater transparency on climate-related engagement activity.

Newton

The Renewables Infrastructure Group Ltd ("TRIG")

TRIG is a listed investment company that offers a diversified portfolio of renewables infrastructure. Newton engaged with TRIG over the year regarding their fee structure.

TRIG had updated its Investment Management Agreement and introduced a transaction fee payable in respect of certain future transactions, including sales of investments and the raising of new debt financing. Fees on such transactions would be 0.5% of the relevant transaction value. They also imposed further asset takeover-related fees.

Newton believed that rewarding managers for selling assets and conducting takeovers is not advantageous to shareholders, as these duties are expected to be included in their regular responsibilities. Therefore, providing additional compensation for such tasks did not seem appropriate. Consequently, Newton had engaged with the board and highlighted that the proposed fee arrangements would lead to additional compensation for the manager for its regular responsibilities.

Following this engagement, TRIG filed an amendment to its Investment Management Agreement which stated that it had removed the transaction and takeover related fees.

Source: information provided by the investment managers.