

Lafarge UK Pension Plan

Implementation Statement – 30 June 2024

Why have we produced this Statement?

The Trustee of the Lafarge UK Pension Plan have 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).

A copy of the SIP can be found on the following website: <https://www.isio.com/scheme-documents/the-lafarge-uk-pension-plan/>

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, the risks the Plan faces, and the mitigated responses.

The Trustee last reviewed the SIP in September 2022 and is due to review again in December 2024.

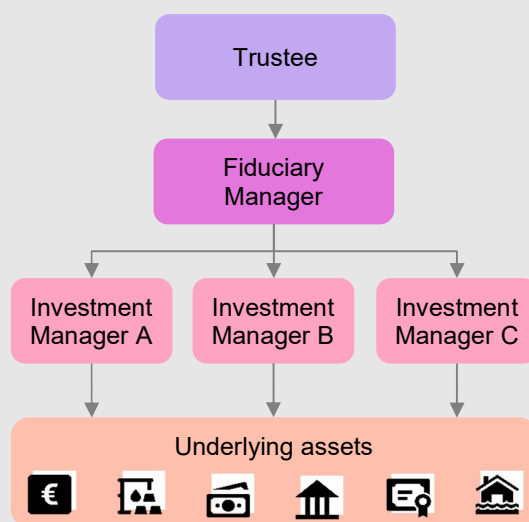
What is the purpose of this Statement?

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

What changes have we made to the SIP?

There were no changes to the SIP over the year.

How are the Plan's investments managed?



Trustee - The Trustee's key objective is to ensure 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 has embedded the consideration of 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 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 expects the Fiduciary Manager to engage with investment managers to improve their processes.

What training have the Trustee received over the year?

To ensure the Trustee is kept up to date with best practice in ESG considerations, voting and engagement the Trustee received the following training over the year:

- The Fiduciary Manager's assessment of the Plan's investment managers with respect to sustainable investment, including details of the process used for this assessment by the Fiduciary Manager and the approach of the Fiduciary Manager itself to sustainable investment.

What are the Fiduciary Manager's policies?

Climate change and net zero pledge

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

The Fiduciary Manager has a goal of net zero greenhouse gas emissions by 2050 at the latest, with a 50% reduction by 2030, in the portfolios that it manages including the Scheme's.

Public policy and corporate engagement

The Fiduciary Manager partners with EOS at Federated Hermes, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustees).

Some highlights from 2023 include:

- Engagements with 1,041 companies on a total of 4,272 issues and objectives.
- 31 responses to consultations or proactive equivalents and 90 discussions with relevant regulators and stakeholders.
- Voting recommendations on 128,101 resolutions, with 22,716 against management.
- Active participation in a range of global stewardship initiatives.

Industry collaboration initiatives

The Fiduciary Manager engages in several industry initiatives including:

- Signatory of the UK Stewardship Code
- Co-founder of the Net Zero Investment Consultants Initiative
- Member of Net Zero Asset Managers Initiative
- Signatory of the Principles for Responsible Investment (PRI)
- Member of the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC)
- Co-founder of the Investment Consultants Sustainability Working Group
- Founding member of The Diversity Project
- Supporter of the Transition Pathway Initiative

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 2023 the Fiduciary manager conducted engagements with over 150 managers on sustainability and stewardship. In 2022 it also introduced engagement priorities on climate, modern slavery and engagement reporting for all our asset managers.

Investment manager monitoring - The Fiduciary Manager produces detailed reports on the investment managers' ESG integration and

stewardship capabilities on an annual basis. These reports form part of the Trustee's portfolio monitoring. We have provided the Fiduciary Manager's ratings of the equity managers' ESG integration and stewardship capabilities in the later pages.

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

Infrastructure manager Environment - Climate issue

Issue: Awareness of emissions as a result of this Energy from Waste business and keen to reduce and abate this where possible in the coming years.

Outcome: Following ongoing questioning of management's plans in this area, manager has been vocally supportive at annual investor meetings with their management team regarding efforts to introduce a carbon capture and storage (CCS) operation into the manager's facility.

High yield manager Environment - Climate issue

Issue: This manager is an underlying exposure that sits within the Fiduciary Manager's broader high yield credit portfolio. As the Fiduciary Manager increased its minimum standards and expectations over time in relation to SI, this manager became a clear laggard relative to other exposures in the portfolio, lacking a framework for both ESG integration and engagement. The Fiduciary Manager communicated its concerns with the manager who committed to a plan to significantly improve their capabilities and resources spent here. During this process, the Fiduciary Manager stopped allocating new capital to this manager.

Outcome: The manager has now made significant process on their SI capabilities, as well as the commitments made as part of the engagement process. They have developed a new ESG integration framework, as well as a checklist for both new and existing investments to ensure all holdings are analysed using correct ESG data sources, and any concerns are documented. They have also started producing ESG reporting, such as emissions at a portfolio level.

The manager has now also shown a number of positive ESG engagement examples with underlying holdings. Whilst this remains a work in progress, this has become a much greater focus for analysts at the firm, which is viewed positively.

Equity manager General ESG issue

Issue: EOS at Federated Hermes (EOS) began engaging Netflix in February 2020 and raised their concerns over the company's sustainability reporting. EOS highlighted that Netflix's current reporting was not up to a high standard and needed to include more historic data, goals and better narrative around progress and difficulties.

Outcome: In an engagement meeting with EOS Netflix acknowledged that they should improve their sustainability reporting and by January 2024 the company had made significant improvements in the quality of their reports, adopting the Sustainability Accounting Standards Board sustainability requirements. Netflix continue to improve their sustainability reporting and are hoping to provide even more depth to their narrative around any progress and difficulties.

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, and human and labour rights)
- Financial outcome for members, including size of holding
- High profile votes

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.

The Trustee has also included the Fiduciary Managers assessment of the investment managers ESG integration and stewardship (including voting and engagement) capabilities.

In conclusion...

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

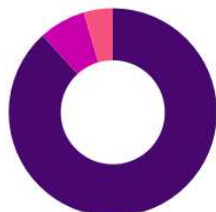
Blue Circle section and Redland section

Emerging Markets Equity Strategy

Voting activity over the year

Voting activity over the year

Number of votes eligible to cast: 941
Percentage of eligible to cast: 100%



■ For: (88.2%) ■ Against: (7.3%) ■ Abstain: (4.5%)

Significant vote

Company: Li Ning Co Ltd

% Fund: 2.4%

Vote topic: To re-elect Mr. Li Ning as an executive director of the company (the director)

Issue: A vote against the director is warranted as it is critical that the chair and CEO roles are held separately and it is best practice for the chairman to be independent.

Voting instruction: Against management

Prior communication of against vote: No

Outcome: Unable to source

Why a significant vote? Stewardship priority

Next steps: If desired results aren't achieved, alternative means are used, and if unsuccessful, appropriate investment actions are taken in portfolios

Sustainability

High

Fiduciary Manager's
assessment

Significant vote

Company: TotalEnergies SE

% Fund: 0.7%

Vote topic: 2024 Sustainability and climate progress report - on corporate goals for carbon neutrality by 2030

Issue: TotalEnergies aims to reduce sold product emissions—86% of scope 3 emissions—to under 400 Mt CO2e by 2030, with 30% cuts in petroleum emissions by 2025 and 40% by 2030, while increasing gas production as a transition fuel.

Voting instruction: For management

Outcome: Passed the resolution

Why a significant vote? Stewardship Priority

Next steps: If desired results aren't achieved, alternative means are used, and if unsuccessful, appropriate investment actions are taken in portfolios

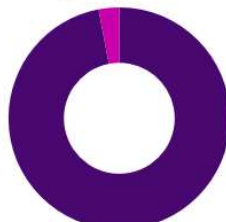
Voting policy: As an organisation, they have access to Institutional Shareholder Services, Inc. (ISS) Corporate Solutions platform. They are a global leader in proxy advisory and voting service. Please note, however, that they do not automatically follow the ISS proxy voting recommendations, rather the analyst covering the stock will apply his/her mind to the merits or de-merits of each individual resolution, thereby driving our voting (and engagement) actions accordingly. Their voting policy imposes the obligation to examine each resolution offered in the context in which it applies. Any instance where they decide to vote against management or abstain should be followed up by a letter or telephone call to company management explaining the reasons.

Global Property Securities

Voting activity over the year

Voting activity over the year

Number of votes eligible to cast: 604
Percentage of eligible to cast: 100%



■ For: (97%) ■ Against: (3%)

Significant vote

Company: Prologis

% Fund: 5.1%

Vote topic: Reduce supermajority vote requirement

Issue: This proposal merits support on reducing supermajority vote requirement provisions to amend the company's governing documents

Voting instruction: For shareholder proposal

Outcome: Failed the resolution with 49% votes for, but the accompanying management resolutions proposing the same outcome did pass

Why a significant vote? Size of holding

Next steps: There is no further actions to take on this issue

Sustainability

High

Fiduciary Manager's
assessment

Significant vote

Company: Ventas

% Fund: 3.7%

Vote topic: Advisory vote to ratify named executive officers' compensation

Issue: Concerns on CFO's performance, poor disclosure of performance metrics and unambitious targets in the long-term incentive

Voting instruction: Against management resolution

Prior communication of against vote: Yes

Outcome: Passed the resolution

Why a significant vote? Size of holding

Next steps: The manager communicated with the company on their views of why they voted against this compensation resolution and are in regular discussions with the company's management, so they are aware of their views

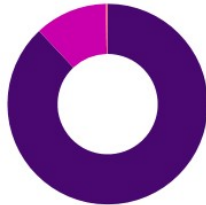
Voting policy: Manager will review each resolution on a case-by-case basis in arriving at a voting recommendation. In arriving at a recommendation, the following main principles are adhered to: Any resolution should treat shareholders equally; Any material conflicts of interest are addressed appropriately; and Resolutions should be clearly and individually stated. Composite resolutions are not regarded as optimal. The manager will not abstain from any resolution unless: It is in the client's best interest to abstain; We have received direct instruction from the client to abstain; We are prevented from lodging an against vote by regulations in the issuing company's country of domicile; or There is insufficient information on which to make an informed view. When voting against a resolution, they will endeavor to inform the company in advance. If this can't be done, we will advise the company as soon as practicable.

Global Equity Focus Fund

Voting activity over the year

Voting activity over the year

Number of votes eligible to cast: 3213
Percentage of eligible to cast: 99.3%



■ For: (88%) ■ Against: (11.7%)
■ Abstain: (0.3%)

Significant vote

Company: Microsoft Corporation

% Fund: 4.9%

Vote topic: Report on risks of operating in countries with significant human rights concerns

Issue: The manager viewed this vote as significant due to the size of their position, the company's status as a long-term holding in their portfolio, and their decision to vote against their proxy voting policy

Voting instruction: Against shareholder proposal, for management

Outcome: Failed the resolution

Why a significant vote? Human rights is one of the stewardship priority and it has a large holdings in the portfolio

Next steps: Limited information provided

Significant vote

Company: Eli Lilly and Company

% Fund: 1.4%

Vote topic: Report on effectiveness of diversity, equity, and inclusion efforts

Issue: 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: Limited information provided

Outcome: Failed the resolution

Why a significant vote? Diversity, equity and inclusion is one of the stewardship priorities

Next steps: The Manager will continue to consider proposals on effectiveness towards diversity, equity and inclusion efforts

Voting policy: As the managers manage funds of funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of their 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 their clients. In addition, EOS is expanding the remit of engagement activity they perform on the manager's behalf beyond public equity markets, which will enhance stewardship practices over time.

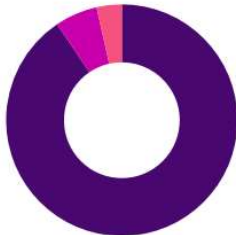
Redland section

Hedge Advantage Fund

Voting activity over the year

Voting activity over the year

Number of votes eligible to cast: 1,337
Percentage of eligible to cast: 99.0%



■ For: (90.5%) ■ Against: (6%) ■ Abstain: (3.5%)

Significant vote

Company: TPI Composites

% Fund: 0.8%

Vote topic: Eliminate supermajority vote requirements

Issue: The manager voted in line with Institutional Shareholder Services (ISS) for all items except to eliminate supermajority vote requirements. The manager believes a declassified board would be helpful to prevent the entrenchment of Oaktree directors

Voting instruction: Against ISS and management

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Against management

Next steps: Limited information provided

Significant vote

Company: Emerson

% Fund: 0.6%

Vote topic: Adopt simple majority vote

Issue: Proposal to adopt simple majority vote

Voting instruction: For ISS, against management

Prior communication of against vote: No

Outcome: Passed the resolution

Why a significant vote? Against management

Next steps: Limited information provided

Voting policy: As the manager manages a fund of funds, the voting rights for the holdings are delegated to the underlying managers and their ability to vote will depend on the underlying manager's strategy. Therefore, the voting data provided is on the long-short equity managers where equity holdings are a key part of their strategy. We expect all of our underlying managers who hold equities over a reasonable timeframe to vote all shares they hold.