

P&B Metal Components Limited Section of the Pensions Master Plan

Implementation Statement

For the year ended 31 March 2025

Introduction

This Implementation Statement (the "Statement") has been prepared by the Section Trustee (the "Trustee") of P&B Metal Components Limited Section of the Pensions Master Plan (the "Section") to demonstrate how the Trustee has acted on certain policies within its Statement of Investment Principles ("SIP").

Each year, the Trustee must produce an Implementation Statement that demonstrates how it has followed certain policies within the Section's SIP over the year. This Statement covers the year from 1 April 2024 to 31 March 2025.

This Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments.

Trustees of pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including (where applicable) a description of their voting behaviour, the most significant votes cast and any use of proxy voting on their behalf over the year.

SIP Policies

This Statement should be read in conjunction with the Section's SIP covering the year under review, which provides details of the Section's investment policies along with details of its governance structure and objectives.

Over the past year the Section has continued to follow the strategy as per the Section's SIP, which was reviewed and updated in August 2024. A summary of changes to the SIP are listed below.

Changes to the SIP over the year include:

- The Partners Group Generations Fund was removed from the Legal & General Investment Management ("LGIM") platform over the year, so the Section now holds an allocation with Partners Group directly. Wording in the SIP was updated to reflect this change.
- The performance benchmarks section was updated, including the removal of the legacy Managed Property Fund holding and its respective benchmark and to add more detail on the target return for the Partners Group Generations Fund.
- The leverage and collateral adequacy section was updated to reference the LGIM Buy & Maintain Credit Fund as the second source of collateral to the LDI portfolio, behind the LGIM All World Equity Index Fund.

The Section's SIP includes policies on:

- How "financially material considerations" including environmental, social and governance ("ESG") considerations are taken into account when making investment decisions for the Section.
- The extent to which non-financial matters are taken into account in the investment decision-making process.
- Stewardship and voting, including details on monitoring and engaging with the investee companies in which they invest (and other relevant stakeholders) on relevant matters (including performance, strategy, capital structure, the management of actual or potential conflicts of interest, risks, corporate governance and social and environmental issues concerning the Trustee's investments).
- Monitoring the Section's asset managers, particularly concerning financial arrangements and ESG factors.
- The duration of arrangements with the Section's investment managers.

Post Section year-end in May 2025, the Section's SIP was updated to reflect changes made to the investment strategy.

This Statement reviews the voting and engagement activities covering the 12-month period to 31 March 2025 and the extent to which the Trustee believes the policies within the SIP have been followed.

The Section was invested in pooled funds managed by LGIM and Partners Group (the "Investment Managers") over the year under review to 31 March 2025.

It is therefore the Investment Managers that are responsible for the policies on taking ESG considerations into account in the selection, retention and realisation of investments within the pooled investment vehicles and for the exercise of rights (including voting rights) attaching to these investments.

The Trustee's policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Section's interests in the investments.

The Trustee expects the Investment Managers to engage with investee companies (and other relevant persons including, but not limited to, investment managers, and issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustee's investments. The Trustee believes that such engagement will protect and enhance the long-term value of its investments.

Description of Equity Voting Behaviour

The Section invests in pooled funds, which means that the responsibility for exercising the voting rights of the shares held by the Section sit primarily with the Investment Managers. The Section's voting behaviour over the Section year is summarised below.

The pooled fund investments held by the Section which carried voting rights during the year were:

- The LGIM All World Equity Index Fund – GBP Currency Hedged – data reported for 1 April 2024 – 31 March 2024
- Partners Group – Generations Fund – data reported for 1 January 2024 – 31 December 2024.

LGIM manage £1.2 trillion in assets, and use their resulting influence as investors, focussing their votes and engagement with organisations on climate change, income equality, diversity and ESG integration.

The table below shows LGIM's voting summary covering the Section's investment in the LGIM All World Equity Index Fund – GBP Currency Hedged, which the Section was invested in throughout the Section year.

LGIM All World Equity Index Fund – GBP Currency Hedged	1 April 2024– 31 March 2025
Number of meetings LGIM was eligible to vote at over the year	6,611
Number of resolutions LGIM was eligible to vote on over the year	63,689
Of the eligible resolutions, percentage that LGIM voted on.	99.8%
Of the resolutions voted, percentage that LGIM voted with management.	79.5%
Of the resolutions voted, percentage that LGIM voted against management.	19.0%
Of the resolutions voted, percentage where LGIM abstained .	1.5%
Percentage of eligible meetings where LGIM voted at least once against management.	59.9%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	10.4%

The table below shows Partners Group's voting summary covering the Section's investment in the Partners Group Generation's Fund, which the Section was invested in from 1 April 2024 to 31 March 2025. Partners Group is developing its reporting but is currently only able to provide voting statistics for 12-month periods to standard half-years, rather than

the actual periods invested. Therefore, we have included voting information covering the most relevant 12-month period from 1 January 2024 to 31 December 2024.

Partners Group - Generation Fund	1 January 2024 – 31 December 2024
Number of meetings Partners Group was eligible to vote at over the year to 31/12/2024	68
Number of resolutions Partners Group was eligible to vote on over the year to 31/12/2024	905
Of the eligible resolutions, percentage that Partners Group voted on.	100.0%
Of the resolutions voted, percentage that Partners Group voted with management.	91.0%
Of the resolutions voted, percentage that Partners Group voted against management.	5.0%
Of the resolutions voted, percentage where Partners Group abstained .	4.0%
Percentage of voted resolutions where Partners Group voted contrary to the recommendation of their proxy adviser.	3.0%

Regarding the Section's LDI investments managed by LGIM, these funds did not invest in any holdings that carried voting rights.

Proxy Voting

The Trustee did not employ a proxy-voting service during the Section year to 31 March 2025, nor did the Trustee set stewardship priorities.

LGIM votes by proxy as given the scale of its holdings, the manager cannot be present at all shareholder meetings to cast votes. LGIM votes by proxy through the Institutional Shareholder Services ('ISS') electronic voting platform. It should be noted that all voting decisions are made by LGIM using its individual market specific voting policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service ('IVIS').

Partners Group also votes by proxy through Glass Lewis, a proxy advising firm who undertake research on each ballot item and recommends votes in line with best practice, including local market standards. Glass Lewis have been instructed to vote in-line with Partners Group's bespoke Proxy Voting Directive, which contains specific ESG and Sustainability corporate governance considerations that arise frequently. In circumstances where Glass Lewis' recommendation is different to that from the Proxy Voting Directive and the company's management, Partners Group will vote manually on the proposal.

How Voting and Engagement Policies Have Been Followed

The Trustee intends to review a summary of the voting and engagement activity taken on its behalf on a regular basis. The information published by LGIM and Partners Group on their voting policies has provided the Trustee with comfort that the Section's voting and engagement policies have been followed during the year to 31 March 2025.

As set out in the SIP, the Trustee expects the Investment Managers to engage with investee companies on aspects such as performance, strategy, risks, corporate governance, management of actual or potential conflicts of interest, capital structure, and social and environmental issues concerning the Trustee's investments.

Details of specific voting and engagement topics are shown in the following table.

Voting and Engagement topic	Policy followed in the opinion of Trustee?	Comments
Performance of debt or equity issuer	✓	Partners Group and LGIM's voting and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy	✓	<p>Partners Group and LGIM believe that board independence, diversity and remuneration can have a financially material impact on the assets it invests within, with the Board ultimately responsible for the strategy for any company that is invested in or held as a counterparty. Partners Group and LGIM have clear voting policies covering each of these topics and have acted on them throughout the Section year on behalf of the Trustee.</p> <p>In 2023, LGIM further enhanced its global policy expectations that at least one-third of the directors on non-controlled company boards are women. Additionally in 2023, LGIM expanded its expectations to cover smaller companies, voting against boards where female directors do not make up at least 25% of the total. LGIM have also extended these diversity policies in the US and UK to include ethnic representation on the board. LGIM ask that the largest companies in these two markets have at least one member from an ethnic minority background, and LGIM will apply voting sanctions to those that do not meet this requirement.</p> <p>This year, LGIM voted against the election of male chairmen due to a lack of gender diversity at a number of companies, including Alphabet Inc., Meta Platforms, Inc. and UnitedHealth Group Incorporated. LGIM expects companies to have at least 1/3 of their board to be women.</p>
Risks	✓	<p>LGIM and Partners Group have clear voting policies on ensuring that companies manage risk effectively and have robust internal controls.</p> <p>LGIM voted in favour of a resolution from Microsoft Corporation to report on AI Data Sourcing Accountability. A vote in favour was applied as LGIM recognises the company is facing increased legal and reputational risks related to copyright information associated with its data sourcing practices. Whilst LGIM acknowledges the strength of existing disclosures on related AI risks, LGIM believes shareholders would benefit from greater attention on the use of third-party information to train its large language models.</p> <p>Partners Group acquired EdgeCore, a US developer and operator of data centres in November 2022 and then invested a further \$1.9bn in September 2024 in order to respond to growing demand for data centres in the AI era. Through engagement, Partners Group discovered that EdgeCore recognises that its employees are the key component in responding to cyber security risks, and the company</p>

		<p>invested around 5.25 hours of information security training per employee in 2024. Partners Group note that the company intends to increase this time investment by 25% in 2025.</p>
<p>Social and Environmental impact</p>	<p>✓</p>	<p>LGIM voted against Broadcom Inc. on the appointment of Henry Samueli as Director based on the company falling behind minimum climate risk management standards. This vote was applied under LGIM's climate impact pledge, its engagement programme for companies in climate-critical sectors. Additionally, LGIM voted against a resolution for Chevron Corporation to report on analysing the risks arising from voluntary carbon-reduction commitments. A vote against was applied as LGIM expects companies to be taking sufficient action on climate change issues. LGIM will continue to engage with portfolio companies, emphasising their position on the issue and monitoring company and market-level progress.</p> <p>As a direct lead investor, Partners Group can exert their control at a board level to integrate a range of ESG policies and initiatives. For example, Partners Group control the board of Gren, a market leading energy company, and this year the company highlighted many ESG achievements in their sustainability report. These achievements included the acquisition of a 50% share in the South Clyde Energy Centre, a major energy from waste facility under construction in Glasgow. This project is expected to provide over 600,000 people with clean energy.</p>
<p>Conflicts of Interest</p>	<p>✓</p>	<p>Remuneration of personnel can lead to conflicts of interest between the principal (shareholder) and agent (management).</p> <p>LGIM voted against ratifying named executive officers' compensation for Tesla. LGIM voted against the resolution as they believe the approved and existing policy is sufficient to retain and motivate executives. LGIM also noted that while most non-executive officers received modest or no compensation for FY2023, one executive received an outsized, time-based stock option upon his promotion. The value of this award was noted to be excessive, and a clear explanation for this award was not adequately explained.</p> <p>Partners Group also has policies relating to conflicts of interest, namely within its whistleblowing and prevention of market abuse policies that apply to all employees, which extend to the underlying investments of the Generations Fund.</p>
<p>Corporate Governance</p>	<p>✓</p>	<p>The Trustee believes that the board's duty is to decide the appropriate company strategy, with the CEO in turn responsible for executing the strategy. For this structure to work effectively, the Trustee also believes that the appropriate governance structures need to be in place. These include the separation of duties between the board and the CEO.</p> <p>LGIM's policy from 2021 is to vote against all elections which combine the roles of CEO and Chair. LGIM continued to vote against electing directors of JPMorgan Chase & Co, Johnson and Johnson, and Berkshire Hathaway Inc. alongside several others, in line with this policy.</p> <p>To ensure that each board is operating at an appropriate level, a 'board maturity' assessment is used to assess effectiveness, covering areas such as performance and company strategy. Additionally, Partners Group aims to appoint a board member or executive at the leadership level to become responsible for developing a meaningful</p>

		ESG journey plan within 100 days of investment. A significant example of this is Partners Group's engagement with AMMEGA, a global corporation in industrial power transmission, lightweight process, and conveyor belting. Since investing, Partners Group have worked on improving the company's governance framework, working closely with them to enhance board oversight. Through engagement, the company has improved its governance through supplier due diligence enhancements, cybersecurity reinforcements and expanded ESG compliance audits. These have helped to strengthen AMMEGA's risk management framework and positioned it as an industry leader, which was reflected in its EcoVadis Gold sustainability rating for 2024. Partners Group will continue to engage with the company to deepen ESG integration to drive long-term value creation.
Capital Structure	✓	<p>LGIM and Partners Group have policies on voting in respect of resolutions regarding changes to company capital structure such as share repurchase proposals and new share issuance.</p> <p>For example, LGIM and Partners Group have policies that newly issued shares should not expose minority shareholders to excessive dilution.</p> <p>LGIM also has policies that protect minority shareholder rights including "one share, one vote" to avoid the weakening of corporate governance as investors ability to influence and hold directors accountable would be reduced. As such LGIM voted against a number of director appointments at companies that do not honour the 'one share, one vote' structure. These companies include Alphabet Inc., Comcast Corporation, and CME Group Inc.</p>

Significant Votes

The Trustee has adopted the manager's definition of significant votes and has not set stewardship priorities.

Fund name	Examples of most significant votes	Commentary
LGIM All World Equity Index Fund – GBP Currency Hedged	In December 2024, LGIM voted in favour of Microsoft Corporation on its proposal to report on AI Data Sourcing Accountability. This company represents 3.8% of the LGIM fund.	LGIM voted in favour of reporting on AI Data Sourcing Accountability in recognition of increasing legal and reputational risks related to copyright infringement associated with the company's data sourcing practices. LGIM believes that shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.
LGIM All World Equity Index Fund – GBP Currency Hedged	In May 2024, LGIM voted in favour of Amazon. Inc on its proposal to report on Customer Due Diligence. This company makes up 2.1% of the LGIM Fund.	<p>LGIM voted in favour of this proposal as enhanced transparency over material risks to human rights is key to understanding the company functions and organisation.</p> <p>This vote is deemed to be significant as LGIM recognises Amazon to be one of the largest companies and employers in the world. LGIM acknowledges that Amazon's approach to human capital management issues has the potential to drive improvements across its industry and supply chain.</p>

As at 31 March 2025, Partners Group noted multiple significant votes due to the size of their holding, however, they also confirmed voting was not applicable due to the nature of the private markets space.

Partners Group were able to provide multiple examples of significant engagements over the period of 1 January to 31 December 2024. Partners Group also noted that due to their control of the Board it was able to implement a range of ESG policies and initiatives.

Engagement with Investee Companies

Exercising voting rights is not the only method of influencing behaviours of investee companies and is not directly applicable for the Section's fixed income investments within the LGIM Buy and Maintain Credit Fund or Partners Group Generations Fund as these investments do not always carry voting rights.

LGIM actively engages with the investee companies via direct messages and meetings with management and engagements via email to influence positive ESG practice. It is also noted that there is substantial overlap between the companies in which LGIM holds debt and equity and so, while the corporate bonds mandate does not hold voting rights, LGIM's position as the equity holder elsewhere will likely result in them having voting rights to compound the impact and influence that LGIM have on each company's practices.

LGIM'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 clients. LGIM's voting policies are reviewed annually and take into account client feedback.

Over the 12 months to 31 March 2025, LGIM undertook 4,459 engagements with 4,210 companies. Some engagements cover multiple topics and LGIM have provided the following summary:

- 3,971 on environmental topics.
- 647 on social topics.
- 330 on governance issues; and
- 155 on other topics including finance and strategy.

The top five engagement topics included climate change, remuneration, human rights, deforestation, and climate mitigation.

Over the year, LGIM began to release fund specific engagement statistics, with the following table summarising the engagements undertaken on a fund-by-fund basis. The All-World Global Equity Fund – GBP statistics and the Sterling Liquidity Fund statistics below relate to the year to 31 March 2025.

	Total Engagements	No. Unique Companies Engaged	Environmental Topics	Social Topics	Governance Topics	Other Topics
Sterling Liquidity Fund	18	12	15	3	8	1
All World Global Equity Fund – GBP Hedged	2,243	1,475	1,854	499	335	194

Note that some engagements will have covered multiple topics.

The Trustee will monitor LGIM's reporting to see if more detail at a fund level can be provided in the future for monitoring purposes.

Partners Group were unable to provide engagement activity statistics at the Partners Group Generations Fund level. As an example of an engagement carried out by the Investment Manager, Partners Group and HOST, the operator of purpose-built student accommodation across the UK, ran a customer experience project to improve residents overall satisfaction and level of service received.

Partners Group has also recognised the rise of cyber risks over the last few years. The Manager supports its portfolio companies to ensure that their cyber security teams are adequately skilled and strategies are in place to identify and react to threats. Partners Group has partnered with an external organisation to execute and extend the portfolio review in 2024. Following these engagements, the robustness of the companies' cyber security procedures were considered internally as part of Partners Group's Sustainability Governance Review.

The remainder of the Section's assets are invested in leveraged nominal and index-linked government bonds with the purpose of reducing risk by hedging the exposure to interest rate and inflation inherent in the Section's liabilities, and a cash fund for liquidity purposes. LGIM have governance practices in place to capture key regulatory developments which might influence the future management and performance of these hedging assets.

Extent to which Trustee Policies Have Been Followed

Having reviewed the actions taken by the Investment Managers over the year, the Trustee believes that its policies on stewardship and engagement have been implemented appropriately over the year and in line with its views as stated in the Section's SIP. The Trustee will continue to monitor the actions taken on its behalf each year and press for improved engagement information and ESG reporting metrics from the Investment Managers at a fund specific level.

If the Investment Managers deviate substantially from the Trustee's stated policies, the Trustee will initially engage and discuss this with Investment Manager, and if the Trustee still believes the difference between its policies and Investment Manager's actions are material, the Trustee will consider terminating and replacing the mandate if necessary.

July 2025

For and on behalf of the Trustee of the P&B Metal Components Limited Section of the Pensions Master Plan.

