



# Schenker Limited Pension Fund ("The Fund")

5 April 2026

# Background and Implementation

## Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

## Implementation Report

This implementation report is to provide evidence that the Schenker Limited Pension Fund ("the Fund") continues to follow and act on the principles outlined in the Statement of Investment Principles ("SIP").

The Fund's applicable SIP for the purposes of this implementation statement is dated June 2025. Post year-end, the SIP was updated. The SIP currently in place can be found online at the web address [Schenker Limited Pension Fund - Isio](#) and any changes to the SIP over the Fund year are detailed on page 6.

The Implementation Report details:

- Actions the Trustee has taken to manage financially material risks and implement the key policies in its SIP.
- The current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- The extent to which the Fund has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate.
- Voting behaviour covering the reporting year up to 5 April 2026 for and on behalf of the Fund including the most significant votes cast by the Fund or on its behalf.

## Summary of key actions undertaken over the Fund reporting year

Over the reporting year, the value of the Fund's assets declined, reflecting net outflows to meet the Fund's expenses, despite positive performance overall for the Fund. The Fund's credit holdings performed well over the period, with both the Unconstrained Bond Fund ('UBF') and Buy & Maintain ("B&M") Credit delivering positive returns.

Gilt performance was mixed over the period, with rising nominal yields leading to negative returns on long-dated fixed-rate LDI funds, while index-linked gilts performed relatively better, reflecting increasing inflation expectations.

During the period, the Trustee successfully implemented the agreed strategy changes arising from the April 2025 meeting. The Fund fully exited the Apollo and Partners Group mandates, with proceeds reallocated to a lower-risk Asset-Backed Securities ('ABS') allocation to improve liquidity and reduce overall portfolio risk. In November 2025, the Trustee agreed to update the LDI solution to reflect the latest actuarial cashflows following the 2025 triennial valuation. The solution continued to target a 100% hedge on the Technical Provisions ("TP") basis, with implementation completed in Q1 2026.

By the end of the reporting year, the Fund's weighting showed an overweight exposure to bond funds and an underweight exposure to LDI funds, relative to target allocations. This was subsequently considered as part of subsequent strategy discussions.

In April 2026, the Trustee agreed to further strategy refinements, including targeting a 100% hedge on a Gilts +0.0% basis using leveraged gilt funds and fully disinvesting from the B&M Credit portfolio. Proceeds were reinvested into the existing Insight High Grade ABS Fund. These changes were implemented in May 2026 and will be reflected in the updated SIP.

### **Implementation Statement**

This report demonstrates that the Schenker Limited Pension Fund has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

**Signed**

**Position**

**Date**

# Managing risks and policy actions DB

| Risk / Policy                | Definition                                                                                                                                            | Policy                                                                                                                                                                                                     | Actions and details on changes to policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interest rates and inflation | The risk of mismatch between the value of the Fund assets and present value of liabilities from changes in interest rates and inflation expectations. | To hedge c.100% liabilities on a Technical Provision basis.                                                                                                                                                | <p>The Trustee updated the Fund's LDI solution to reflect the 2025 triennial valuation and latest actuarial cashflows. The revised approach maintained a 100% hedge on a Technical Provisions basis and was implemented in Q1 2026.</p> <p>Following the reporting year, the Trustee agreed a further update targeting a 100% hedge on a Gilts flat basis, supporting the Fund's progression towards an insurance transaction.</p>                                                                                                                                                                               |
| Liquidity                    | Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.                            | To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager. | <p>All Fund assets are held on the Mobius Life investment platform.</p> <p>The Fund fully exited the Apollo and Partners Group mandates, with proceeds reallocated to a lower-risk ABS allocation to improve liquidity.</p> <p>The strategy is considered sufficiently liquid with L&amp;G UBF, B&amp;M and LDI traded weekly and Insight ABS traded daily.</p> <p>The Fund's LDI portfolio has an automatic collateral rebalancing framework, with L&amp;G UBF as the source for collateral calls.</p> <p>L&amp;G UBF is also a liquid source of capital to support cashflow needs of the Fund as required.</p> |
| Market                       | Experiencing losses due to factors that affect the overall performance of the financial markets.                                                      | To remain appropriately diversified and hedge away any unrewarded risks, where practicable.                                                                                                                | Overall, the Trustee is satisfied that the Fund's exposure to market risk is reasonably reduced through asset diversification.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

|                                      |                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit                               | Default on payments due as part of a financial security contract.                                                                                                  | To diversify this risk by investing in a range of credit markets across different geographies and sectors.                                                                                                                                                                                                                                                                                                                                                                                                               | <p>The final Partners Group distribution landed in the Trustee Bank Account ('TBA') in January 2026. The position has now been fully closed with no residual holdings remaining at year-end.</p> <p>Post the Fund year end, the Trustee agreed to fully disinvest from the B&amp;M mandate and reinvest the redemption proceeds into the existing Insight High Grade ABS Fund.</p> <p>The Trustee is satisfied that the Fund remains suitably diversified from a credit perspective.</p> |
| Environmental, Social and Governance | Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Fund's investments. | <p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:</p> <ol style="list-style-type: none"> <li>1. Responsible Investment ('RI') Policy/Framework</li> <li>2. Implemented via Investment Process</li> <li>3. A track record of using engagement and any voting rights to manage ESG factors</li> <li>4. ESG specific reporting</li> <li>5. UN PRI Signatory</li> </ol> <p>The Trustee monitors the managers on an ongoing basis.</p> | Further detail provided later in this report.                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Currency                             | The potential for adverse currency movements to have an impact on the Fund's investments.                                                                          | Hedge currency risk on assets, where it is appropriate to do so, and does not materially impact the views of the manager.                                                                                                                                                                                                                                                                                                                                                                                                | No actions or changes to policy.                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Non-Financial                        | Any factor that is not expected to have a financial impact on the Fund's investments.                                                                              | Non-financial matters are not taken into account in the selection, retention or realisation of investments.                                                                                                                                                                                                                                                                                                                                                                                                              | No actions or changes to policy.                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

# Changes to the SIP

The SIP was updated during the 12-month period to 5 April 2026 to reflect the changes in the investment strategy.

The SIP was subsequently updated to reflect the revised investment strategy in May 2026.

## Update during the reporting period: June 2025

### Investment Objective

- Decreased target expected return from Gilts+1.0% p.a. to Gilts+0.8% p.a.

# Current ESG policy and approach

## ESG as a financially material risk

The SIP describes the Fund's policy on ESG as a financially material risk. The Trustee has agreed to adopt Isio's Criteria for ESG assessment of managers which describes how it monitors and engages with the investment managers regarding the ESG policies. The next pages detail the Trustee's ESG policy and view of the managers, the actions for engagement and an evaluation of the engagement activity.

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Risk Management</b>            | <ol style="list-style-type: none"><li>1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Fund.</li><li>2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee.</li></ol>                                                                                                                                                                     |
| <b>Approach / Framework</b>       | <ol style="list-style-type: none"><li>3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.</li><li>4. ESG factors are relevant to investment decisions in all asset classes.</li><li>5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.</li></ol>                                                                                          |
| <b>Reporting &amp; Monitoring</b> | <ol style="list-style-type: none"><li>6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.</li><li>7. ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training as required to develop their knowledge.</li><li>8. The role of the Fund's asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.</li></ol> |
| <b>Voting &amp; Engagement</b>    | <ol style="list-style-type: none"><li>9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.</li><li>10. Engaging is more effective in seeking to initiate change than disinvesting.</li></ol>                                                                                                                                                                                                                              |
| <b>Collaboration</b>              | <ol style="list-style-type: none"><li>11. Asset managers should sign up and comply with common codes and practices such as the UNPRI &amp; Stewardship code. If they do not sign up, they should have a valid reason why.</li><li>12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.</li></ol>                                         |

# ESG summary and actions with the investment managers

These actions form part of our ongoing engagement with managers. Given the cyclical nature of engagement, progress may not be evident in each reporting period, but these areas continue to be monitored and revisited on an ongoing basis.

| Manager, fund                                                    | ESG Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Actions identified                                                                                                                                                                                                                              |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>L&amp;G – CAAG Buy and Maintain (“B&amp;M”) Fund</b>          | L&G have strong firm-level ESG policies, including a net zero commitment supported by interim targets, and a well-developed stewardship framework. Their engagement activity is guided by a set of long-term stewardship ‘super themes’ (including climate, nature and human capital), supported by a centralised stewardship team and cross-asset collaboration. L&G also continue to play an active role in industry initiatives, working collaboratively with peers to drive better ESG outcomes. | The manager could increase coverage of Greenhouse Gas emissions data within the funds.                                                                                                                                                          |
| <b>L&amp;G – YAAF Unconstrained Bond Fund (“UBF”)</b>            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                 |
| <b>L&amp;G – Matching Core LDI Funds</b>                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | The manager could look to further develop their climate scenario modelling capabilities and improve reporting of engagement activity and broader ESG metrics. An allocation to green gilts could also be considered to enhance ESG integration. |
| <b>Insight – High Grade Asset-Backed Securities (‘ABS’) Fund</b> | Insight have a published firm-wide ESG policy, a net zero commitment supported by decarbonisation targets, and clearly defined stewardship priorities guiding engagement. Insight is also a signatory to both the UK Stewardship Code and the Net Zero Asset Managers Initiative, demonstrating alignment with recognised industry standards for responsible investment.                                                                                                                             | The manager could further enhance ESG due diligence and monitoring across the fund range and continue to develop its ability to evidence engagement with underlying counterparties and servicers.                                               |

# Engagement

The Fund's managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 March 2026. Detailed engagement data at fund-level is not available for L&G Matching Core LDI funds.

| Fund name                                           | Engagement summary                                              | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L&G – CAAG<br>Buy and<br>Maintain<br>("B&M") Fund   | Total engagements: 354                                          | L&G have strong firm-level policies, (e.g. net zero commitment by 2050) and a strong approach to stewardship and collaboration. L&G are also a member of over 50 ESG initiatives and networks.                                                                                                                                                                                                                                                                                      |
|                                                     | Number of entities engaged: 151                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| L&G – YAAF<br>Unconstrained<br>Bond Fund<br>("UBF") | Environmental: 214<br>Governance: 82<br>Social: 14<br>Other: 44 | Examples of significant engagements include:                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                                     | Total Engagements: 401                                          | <b>Land Securities Group PLC ("Land Securities")</b> – L&G engaged with both the Chairman and CEO of Land Securities to encourage improved emissions reporting across the company's retail portfolio, particularly where disclosure has historically been limited due to tenant responsibility. L&G also continue to push for more granular, building-level disclosure across the office portfolio.                                                                                 |
|                                                     | Number of entities engaged: 192                                 | <b>Deutsche Bank AG ("Deutsche Bank")</b> – L&G engaged extensively with Deutsche Bank's senior leadership on climate and governance, focusing on improved disclosure of client transition plans and financed emissions, alongside broader governance issues such as shareholder rights and remuneration. L&G also challenged the proposal for virtual-only annual meetings while maintaining ongoing dialogue as the Deutsche Bank continues to show responsiveness to engagement. |
|                                                     | Environmental: 265<br>Governance: 80<br>Social: 11<br>Other: 45 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>L&amp;G - Matching Core LDI Funds</b></p>                         | <p>The manager does not produce a detailed breakdown of the engagement activity for LDI funds.</p> | <p><b>BP PLC ("BP")</b>– L&amp;G undertook extensive engagement with BP's senior leadership on climate strategy, governance, and transition alignment, focusing on net zero resilience, target clarity, and capital allocation. While progress has been made in areas such as remuneration alignment, L&amp;G raised concerns over strategic changes and governance and voted against the re-election of the BP's Chair. L&amp;G will continue to engage with the company.</p> <p>Engagement with companies for LDI and cash funds is done at a firm wide level rather than on a fund basis and is guided by the central stewardship team. L&amp;G leverages its scale and influence to engage with companies and policymakers globally, with the aim of improving market ESG standards and best practices.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><b>Insight - High Grade Asset-Backed Securities ("ABS") Fund</b></p> | <p>The manager does not produce a detailed breakdown of the engagement activity for this fund.</p> | <p>Insight have a published firm-wide ESG policy, a net zero commitment supported by decarbonisation targets, and clearly defined stewardship priorities guiding engagement. Insight is also a signatory to both the UK Stewardship Code and the Net Zero Asset Managers Initiative, demonstrating alignment with recognised industry standards for responsible investment.</p> <p>Examples of significant engagements include:</p> <p><b>Pepper Money ("Pepper")</b> - Insight engaged with Pepper, a non-bank lender, to address a lack of ESG integration and disclosure in its loan origination processes, pushing for improved transparency and data (including EPC metrics). While Pepper has committed to enhancing disclosures and shown progress on ESG-related product initiatives, loan-level practices and broader ESG integration remain Insight's areas for ongoing engagement.</p> <p><b>Premium Credit Limited Funding ("PCL")</b> - Insight engaged with PCL to review enhancements to their ESG framework and policies, noting continued progress in governance, social initiatives, and environmental performance. PCL demonstrated strong momentum in embedding ESG practices, with engagement focused on monitoring ongoing development at the company level.</p> |

