

Statement of Investment Principles - Implementation Report

QVF Pension Plan – Defined Contribution Section

The Trustees of the QVF Pension Plan (the Plan) present their annual Statement of Investment Principles implementation report setting out:

- How the Trustees' policies on exercising voting rights and engagement have been followed over the Plan Year; and
- The voting by or on behalf of the Trustees during the Plan Year, including the most significant votes cast and any use of a proxy voter during the Plan Year.

The latest guidance ("the Guidance") from the Department for Work and Pensions ("DWP") has been issued with a series of statutory & non-statutory guidance. They aim to encourage the Trustees of the Plan to properly exercise their stewardship policy including both voting and engagement which is documented in the Plan's SIP. This Implementation Statement has been prepared to provide the details on how the Trustees of the Plan have complied with the DWP's statutory guidance.

This report meets the requirements set out in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations and covers the annual period up to 5 April 2025. A copy of this Implementation Statement is available on the following website: <http://theqvfpensionplan.co.uk>

The Statement of Investment Principles

During the Plan Year ending 5 April 2025, the Trustees replaced the Absolute Return Fund with the Discretionary Fund in the default strategy following the Fund Manager's withdrawal of the Absolute Return Fund. In addition, any units invested in the Absolute Return Fund were invested in the Discretionary Fund. There were no other changes to the investment strategy, objectives or fund range. The SIP was reviewed in August 2024 and updates made. The 2022 formal review of the investment strategy did not result in any changes to the strategy. A copy of the current SIP can be found at <http://theqvfpensionplan.co.uk>

Monitoring investments against the SIP

As part of the Trustees' governance of the Plan the Trustees have established a process to review the investments within the Plan to ensure that they continue to perform in line with the SIP. In this section, we set out the actions taken during the Plan year:

- **Trustees governance process:** The SIP sets out that the Trustees monitor the investment funds at least quarterly. The Trustees meet each quarter during the year to monitor and review the performance of the Plan's investments against their objective. The level of monitoring is in accordance with the policy established in the SIP.

Noting the continued volatility during the Plan year, the Trustees maintained the governance processes set out in the SIP, to include quarterly monitoring of the funds available through the Plan, considering both the objective of the fund and absolute performance. In addition, the Trustees included some additional wording on market volatility on the SMPI statements issued to members during this period.

The Trustees were able to raise queries and concerns that may arise with the relevant Fund Manager, M&G Investment Management Limited (M&G), as well as receive updates on their activity.

- **Trustees governance knowledge and understanding:** There has been no change to the Trustee Board during the last Plan year. A log of training per individual Trustee is reviewed and regularly maintained by the Trustees. All Trustees are familiar with the Plan's Trust Deed and Rules, Statement of Investment Principles and all documents setting out the Trustees' current policies. The Trustees review these documents and discuss any recommended changes to them with their advisers as appropriate.

In addition to regular quarterly meetings, the Trustees hold an annual meeting without advisers specifically to discuss training needs and to assess the advisers in place for the Plan.

- **Trustee governance investment advice:** During the Plan Year, the Trustees are satisfied that they had sufficient and appropriate support to undertake the monitoring of the investments included in the Plan. Indeed, the Trustees set a number of measurable objectives for Punter Southall Aspire, as the Plan's DC investment adviser. The Trustees undertook a review of PS Aspire against these objectives in October 2024 and concluded that any advice has met or exceeded the objectives set.
- **Plan investment objective:** The Plan's default fund is the QVF Pension Plan (default) Lifestyle Profile. The objectives of the default investment strategy are:

The QVF Pension Plan (default) Lifestyle Profile targets the generation of long-term real investment growth by taking a moderate to moderately-high level of risk. As a member approaches retirement, the strategy begins to de-risk 10 years prior to the member's target retirement date. The objective during this de-risking phase is to reduce investment risk while retaining an element of long-term growth for members that wish to take 25% of their fund as a tax-free lump sum while the remaining fund stays invested in retirement through a drawdown arrangement.

Through the governance and monitoring process the Trustees conclude that the default strategy continues to meet these objectives in line with the SIP.

- **Manager monitoring – default investment strategy:** The monitoring that took place during the Plan year concluded that overall, the default investment strategy was performing in line with its overarching objective. There have been a number of historic changes to the available funds from M&G. Shortly after the year end, investments in the Absolute Return fund were moved to the Discretionary fund as M&G Investment Management Ltd took the decision to close the Absolute Return fund.
- **Manager monitoring – wider fund range:** The Trustees reviewed the funds members can invest in on a self-select basis. The Trustees do not assess the appropriateness of the funds selected by members on a self-select basis. However, during the year the Trustees considered whether the funds have performed in line with their stated objective. The Trustees concluded that the funds available on a self-select basis continue to meet stated objectives.
- **Non-financial matters:** The Trustees' policy as detailed in the SIP is to delegate consideration for non-financial matters to the underlying investment managers. During the Plan year, the default investment strategy's stewardship activity was undertaken by M&G. Therefore, the default investment strategy has performed in line with the policies set out in the SIP.

The Trustees have received updates from M&G on their respective approaches to Stewardship and ESG considerations. The Trustees have monitored the voting behaviour of M&G, the underlying Investment Manager, during the Plan year.

Later in this report we consider further some of the activity undertaken within the Default investment strategy. The Trustees note that M&G have a strong ESG team with clear policies on major matters. Key features of this include being a signatory to the UN Principles of Responsible Investing (since 11 January 2013) and having in place a climate change policy committed to tackling climate change.

The Trustees have received training on the latest DWP Guidance and other topics such as Climate Risk and ESG updates. To support the Trustees in meeting the requirements, the Trustees completed a survey selecting three engagement themes it will use for engagement and monitoring activities. As a result of the survey, the Trustees of the Plan have determined their stewardship priorities to be:

1. Climate Change
2. Natural Capital & Biodiversity
3. Human Rights

The Trustees believe these themes are issues material to the long-term value of the investments. These issues also reflect expectations and trends across a range of stakeholders, and by strengthening

relationships with these stakeholders, business models become more sustainable, which ultimately should enhance the value added to the Plan's investment and hence benefit the Plan's members and beneficiaries. Therefore the Trustees believe that companies that address those issues, when they are material and relevant, will drive improved financial performance for the Plan.

- **Engagement with underlying Companies invested in:** The Trustees are aware that M&G undertakes a high level of engagement with companies and organisations that are invested in through the policyholder assets.
- **Divergences from the SIP:** The Trustees have identified that there was no divergence from the SIP during the year.

Trustees Conclusion

The Trustees acknowledge that it is their responsibility, with guidance from their Investment Adviser, to ensure the assets of the DC section under the Plan are invested in accordance with the policies and objectives set out in the Statement of Principles.

The Trustees confirm that a review of the SIP has been necessary during this Plan year.

The Trustees confirm that they have considered this implementation statement and agree that, in their opinion, the policies and objectives set out in the Plan's Statement of Principles have been followed without material deviation during this Plan year.

Assessing voting rights of the Plan

During the Plan year the Trustees' DC investments were managed by M&G.

The Plan's investment holdings are structured as unit holdings within pooled investment funds. Therefore, the Trustees do not have direct influence on the voting rights but delegates this to the Investment Manager. The following funds are available to members:

- M&G PP Long Term Gilt Fund
- M&G PP Long Term Bond Fund
- M&G PP Long Term Growth Index Fund
- M&G PP Discretionary Fund
- M&G PP Total Return Credit Fund
- M&G PP Index Linked Passive Fund
- M&G PP Overseas Equity Index Fund
- M&G PP Cash Fund

The below list confirms those funds that are currently used by Plan members and that hold equity:

- M&G PP Long Term Growth Index Fund

- M&G PP Prudential Discretionary Fund

The scheme invests in Prudential Pensions Limited. Prudential Assurance Company appoint skilled investment managers, including M&G Investments in order to manage diversified investment portfolios to meet investor needs. Prudential Assurance Company's Annual Stewardship Report explains how they adhere to the UK Stewardship Code 2020. This Report includes details of initiatives they have been involved in and gives examples of how Prudential continue to deliver on their Environmental, Social and Governance (ESG) and stewardship responsibilities.

Trustees have received the Stewardship report and it is available here <https://www.mandg.com/~media/Files/M/MandG-Plc/documents/responsible-investing/pac-asset-owner/2024-pac-stewardship-report.pdf>

In the below table we summarise activity to 31 March 2025:

Fund	Used in the Default strategy?	Number of meetings eligible to vote at:	Number of resolutions voted:	Voted against proposal:
M&G PP Long Term Growth Index Fund	Yes	2,526	28,880	2,253
M&G PP Discretionary Fund	Yes	3,496	42,666	2,731

The Trustees delegate voting to the fund manager. Therefore, no one vote is more significant in the context of the Trustees policies or the policies set out within the SIP.

Prudential Assurance believe the investment managers appointed to manage assets for PPL funds should assess the impact on the value of the investment and the long term interests of investors. There should also be a focus on the effectiveness of shareholder voting in supporting real world outcomes. Achieving such outcomes is important as are systemic risks, such as those posed by climate change and inequitable social structures threaten the long-term performance of the investment portfolios as well as the world we live in.

For more information refer to the voting policy <https://www.mandg.com/~media/Files/M/MandG-Plc/documents/responsible-investing/pac-asset-owner/2025/2025-pac-voting-standard.pdf>

Below, we set out example voting and engagement activity that may be of significant interest to our membership, particularly given the Trustees' stewardship priorities.

Company	Details
<p>Taiwan Semiconductor Manufacturing Co., Ltd.</p> <p>04/06/2024</p>	<p>A vote against this nominee is warranted as the nominee did not meet the attendance requirements of our proxy voting policy.</p> <p>We seek to vote in the best interests of shareholders. We review our proxy voting policies annually and may seek to enhance our expectations of companies over time. We may also may reflect observations or lessons learned from our proxy voting activities into our engagement program. For Sustainable Finance Disclosure Regulation ("SFDR") purposes, the criteria of votes we believe are most significant is based on: (i) the market value of the shareholding and (ii) where we have voted against management company recommendations on the election of directors.</p>
<p>Beijing-Shanghai High-Speed Railway Co., Ltd.</p> <p>25/12/2024</p>	<p>We voted against 'Elect Liu Hongrun & Su Tianpeng as Director with the concern over low level of gender diversity, independence and committee composition.</p>
<p>Tesla, Inc.</p> <p>13/06/2024</p>	<ol style="list-style-type: none"> 1) Adopt Simple Majority Vote 2) Adopt a Non-Interference Policy Respecting Freedom of Association 3) Change State of Incorporation from Delaware to Texas 4) Declassify the Board of Directors 5) Elect Director James Murdoch 6) Ratify Performance Based Stock Options to Elon Musk 7) Report on Harassment and Discrimination Prevention Efforts <p>1) A vote FOR this proposal is warranted given that elimination of the supermajority vote requirement would enhance shareholder rights.</p> <p>2) A vote FOR this proposal is warranted. In light of the numerous controversies around the topic, and the high profile and increasingly contentious nature of the issue, additional clarity regarding the company's freedom of association policies would better position shareholders to evaluate the company's position.</p> <p>3) A vote FOR this proposal is warranted, with caution. The process undertaken by the board to reach a decision to reincorporate does leave something to be desired, and there is some acknowledged risk given that Texas business courts are new and have no robust body of legal case law precedents or track record. However, while the board could have provided for a more definitive improvement to the rights of shareholders in conjunction with the proposed reincorporation, it is overall not readily apparent that the rights of shareholders would be materially harmed as a result of the proposed reincorporation.</p> <p>4) A vote FOR this proposal is warranted given that the declassification would enhance board accountability.</p> <p>5) A vote AGAINST audit committee member James Murdoch is warranted given concerns about the risk oversight function of the board, in light of the pledging of a significant amount of the company's stock by certain directors and executives. A vote AGAINST non-independent nominee Kimbal Musk is warranted given the significant concerns the board may suffer from conflicts of interest in scrutinizing individual and corporate performance with executive compensation. Significant risks to shareholders stemming from moderate to severe ESG controversies have been identified at the company, which reflects a failure by the board to proficiently guard against, manage and mitigate material environmental, social and governance risks. In addition, the company does not have any public reports or information on its website about its sustainability</p>

strategy or communications regarding its environmental and social performance. Votes AGAINST James Murdoch and Kimbal Musk are warranted for the following reasons: * Given that board chair, Robyn Denholm, who shoulders the greatest responsibility amongst the board members for failing to effectively supervise the management of risks to the company and its shareholders is not up for election at this year's annual meeting, all board members should be held accountable for poor board and management oversight of ESG risk exposures at the firm.

6) A vote AGAINST this proposal is considered warranted. In re-ratifying the 2018 performance option grant, shareholders have been given a unique opportunity to opine on a granted pay package for a second time, with the full benefit of hindsight in determining if the award was closely aligned with shareholders' interests and if it accomplished the goals the board set out to achieve. Some investors may find the board's argument compelling, that it would be unfair for CEO Musk not to receive the full award, which was previously approved by shareholders, and after achieving the high performance hurdles. However, the concerns raised, both back in 2018 and in the interim, have not been sufficiently mitigated, particularly given that the board has effectively only offered shareholders an "all or nothing" option in this vote. Although the structure of the grant's performance hurdles arguably contributed to, as well as reflect, the company's significant financial growth during the performance period, the total award value remains excessive, even given the company's success. In addition, the grant, in many ways, failed to achieve the board's other original objectives of focusing CEO Musk on the interests of Tesla shareholders, as opposed to other business endeavors, and aligning his financial interests more closely with those of Tesla stockholders. Lastly, there are go-forward concerns that remain unaddressed, including a lack of clarity on the board's plan for Musk's future compensation program and the potential for significant economic dilution.

7) A vote FOR this resolution is warranted, as the company has faced recent attention for allegations of harassment and discrimination in the workplace, and increased transparency would help shareholders assess how the company is managing associated risks.

The Trustees have reviewed the voting templates for the M&G Long Term Growth Index Fund and the M&G Prudential Discretionary Fund provided by M&G. These contain further details of the votes that M&G consider are the most significant for the Plan during the Plan year.

M&G's voting records can be found here:

<https://www.mandg.com/who-we-are/mandg-investments/responsible-investing-at-mandg-investments/voting-history>

More information on the approaches taken to sustainability by both Prudential Assurance Company and M&G Investments can be found here:

<https://www.mandg.com/sustainability#pac-and-mgi>

Declaration

I confirm that the above report has been produced by the Trustees to the best of our knowledge.

Approved by the Trustees on 17 September 2025

Signed: Ann Mitchell, Atkin Trustees Ltd

On behalf of the Trustees of the QVF Pension Plan

Date: 8/10/2025