Qualter, Hall & Co. Limited Retirement Benefits Plan

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated January 2024 have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 January 2024 to 31 December 2024.

Investment objectives of the Plan

DB Section

The Trustees' objectives for setting the investment strategy of the DB Section of the Plan have been set broadly with regard to the Plan's Statutory Funding Objective set out in the Statement of Funding Principles.

The Trustees' primary objectives are set out on page 3 of the SIP and are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the DB Section's benefit outgo requirements as they fall due.
- To invest in a way that is consistent with the DB Section's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustees' funding plan have a reasonable chance of being achieved in practice.
- To use the investment strategy to constrain volatility in the DB Section's funding position, subject to meeting the above return objective.

The Trustees appreciate that these objectives are not necessarily mutually exclusive.

The Trustees also recognise that it is currently necessary to accept some risk in the investment strategy to achieve the long-term funding objective.

DC Section

Investment options provided to members

The Trustees' objective is to provide members with access to a suitable range of funds that provide an appropriate range of expected risk and returns. Each fund offered would be expected to achieve at least one of the following aims:

- To generate investment growth in excess of price inflation over the long-term.
- To preserve capital.
- To provide a relatively secure stream of income through interest payments and return of capital.

The range of funds should also offer value for money to members, have clear objectives that can be easily communicated and be sufficiently limited to avoid the risk of confusion from excessive choice.

Members who do not make their own choice

Where members do not make any investment choices, the Trustees will provide a default investment approach with the following objectives:

- To generate investment growth in excess of price inflation over the long-term.
- To reduce the potential variability of returns as members approach retirement.
- As members approach retirement, to reduce the uncertainty in the level of retirement benefits that will be paid to members.

The Trustees appreciate that these objectives are not necessarily mutually exclusive.

Review of the SIP

The SIP was last reviewed in January 2024. The Trustees updated the SIP to reflect changes in the investment strategy of the DB Section of the Plan made over the previous Plan year, and changes to the default lifestyling strategy and available fund options for members in the DC Section of the Plan, implemented at the start of the Plan year covered by this Statement.

Prior to this, the SIP had last been updated in January 2021 to take account of previous changes made to the DB Section of the Plan's investment strategy.

The Trustees have a policy on financially material considerations relating to Environmental, Social, and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustees' SIP.

The Trustees' policies on financially and non-financially material considerations, as well as engagement and voting activities, were not updated over the year following the January 2024 SIP coming in to force.

Investment managers and funds in use

DB Section

The Trustees' investment strategy during the year was as shown in the below table, which is reflected in the Trustees' SIP:

Asset Class	Fund	Target Asset Allocation
Absolute return bonds	LGIM Absolute Return Bond Fund	12.0%
Fixed interest government bonds	LGIM Over 15 Year Gilts Index Fund	60.0%
Index-linked government bonds	LGIM All Stocks Index-Linked Gilts Index Fund	28.0%
Total		**100.0%**

There have been no changes to either the Investment Manager used or the Target Asset Allocation for the DB Section's invested assets over the year.

DC Section

The funds offered by the Trustees for members of the DC Section to invest in during the year are shown in the below table, which is reflected in the Trustees' SIP:

Asset Class	Fund
Global equities	LGIM Future World Global Equity Index Fund
	LGIM Global Equity Index Weights (60:40) Index Fund
UK equities	LGIM UK Equity Index Fund
Multi-asset	LGIM Multi-Asset (formerly Consensus) Fund
	LGIM Future World Multi-Asset Fund
Government bonds	LGIM Over 15 Year Gilts Index Fund
Cash	LGIM Cash Fund

At the start of the Plan year the Trustees removed the availability for members to invest in the LGIM Managed Property Fund, LGIM AAA-AA-A Corporate Bond – Over 15 Year – Index Fund, and LGIM Over 15 Year Index-Linked Gilts Index Fund that were previously available as self-select options. This was on the basis that no member had chosen to invest in those funds for several years.

The Trustees also revised the DC Section's default lifestyling strategy from January 2024. The default lifestyling strategy is broadly composed of four phases, based on the time until a member's Target Retirement Date (TRD) as follows:

Phase	Default Lifestyling Strategy
Over 15 years to TRD	100% investment in the LGIM Future World Global Equity Index Fund
15 to 10 years to TRD	Gradual transition (20% switch per year) to 100% investment in the LGIM Multi-Asset (formerly Consensus) Fund
10 to 5 years to TRD	100% investment in the LGIM Multi-Asset (formerly Consensus) Fund
5 years to TRD	Gradual transition (5% switch to each new fund per year) to 50% investment in the LGIM Multi-Asset (formerly Consensus) Fund, 25% investment in the LGIM Over 15 Year Gilts Index Fund, and 25% investment in the LGIM Cash Fund

Full details of the revised default lifestyling strategy's investment path is provided on page 15 of the SIP.

Investment governance

The Trustees are responsible for making investment decisions, and seek advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment consultant.

The Trustees do not actively obtain views of the membership of the Plan to help form their policies set out in the SIP as the Trustees' primary objective for the DB Section is to meet the benefits of the Plan as they fall due, and the investment strategy in place is intended to meet this objective. For the DC Section, the Trustees form their policies set out in the SIP based on advice provided by their advisers, and taking into account the views of the Principal Employer. However, the Trustees have made available funds for members of the DC Section to choose to invest in such as the LGIM Future World Global Equity Index Fund (which is also used within the default lifestyling strategy) and LGIM Future World Multi-Asset Fund, should members wish to tilt their investments towards an ESG-focus.

In addition, the Trustees note that the Plan is comprised of a diverse membership, which the Trustees expect to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, effective from June 2022. These objectives cover alignment of services with the Trustees' overall objective, delivery of specialist investment consultancy services with regards to setting investment strategy, objectives, and investment manager and fund selection, implementation of the investment strategy, guidance regarding maintaining the SIP, and monitoring of investment arrangements.

Monitoring of investment arrangements

In addition to any reviews of Investment Managers or approaches, and direct engagement with the Investment Manager (as detailed below), the Trustees receive performance reports on a quarterly basis from LGIM, together with performance reports from Broadstone on a half-yearly basis to ensure the investment objectives set out in their SIP are being met.

Trustees' policies

The table below sets out how, and the extent to which, the relevant policies in the Plan's SIP have been followed:

Requirement	Policy	Implementation of Policy
Selection of Investments **(DB Section)**	The Trustees may select investments from a wide range of asset classes from time to time, including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property, and alternative asset classes, such as hedge funds, private equity, and infrastructure. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level. The Trustees may invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the DB Section's investments. The Trustees may hold insurance policies such as deferred or immediate annuities which provide income to the DB Section, matching part, or all, of the future liabilities due from it. The Trustees may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the DB Section.	No deviation from this policy over the year to 31 December 2024.
Balance of Investments **(DB Section)**	The Trustees will set a Target Asset Allocation and Target Hedging Ratios from time to time, determined with the intention of meeting their investment objectives. The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the Principal Employer's covenant, the nature of the DB Section's liabilities, or relevant regulations governing pension scheme investment.	No deviation from this policy over the year to 31 December 2024. The Trustees' target investment strategy allocations as at the year end are reflected in the SIP.

Requirement	Policy	Implementation of Policy
Maintaining the Target Asset Allocation and Target Hedging Ratios **(DB Section)**	The Trustees have responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation, as well as the Target Hedging Ratios. The Trustees monitor the asset allocation and hedging ratios on a regular basis with the assistance of their adviser, Broadstone, and will consider switching assets between funds should these move significantly away from target.	No deviation from this policy over the year to 31 December 2024. The asset allocation at the year end had deviated somewhat from its target, however this was necessary to maintain the hedging ratios close to their targets and did not warrant any rebalancing at the year end.
Realising and Rebalancing of Assets **(DB Section)**	The Trustees make investments and disinvestments from the Investment Manager with the assistance of the Plan's administrators, Broadstone Consultants & Actuaries Limited, as necessary, to meet the DB Section's cashflow requirements.	No deviation from this policy over the year to 31 December 2024.
Delegation to Investment Manager **(Both Sections)**	The Trustees will delegate the day-to-day management of the Plan's assets to professional investment managers and will not be involved in the buying or selling of investments.	No deviation from this policy over the year to 31 December 2024.
Performance Benchmarks and Objectives **(Both Sections)**	**DB Section** The absolute return bond fund used during the year is actively managed, and the Investment Manager has been set a performance objective to achieve returns in line with, or in excess of, a market benchmark. The government bonds funds used during the year are passively managed and have objectives to track the performance of their respective market benchmarks, within a specified margin of error over a specified timeframe. **DC Section** The multi-asset and cash funds used during the year are actively managed, and the Investment Manager has been set performance objectives to achieve returns in line with, or in excess of, a market benchmark. The global equities, UK equities, and government bonds funds used during the year are passively managed and have objectives to track the performance of their respective market benchmarks, within a specified margin of error over a specified timeframe.	The funds' performance benchmarks and objectives were reviewed on a half-yearly basis over the year to 31 December 2024. There were no changes to the funds' performance benchmarks and objectives over the year.

Requirement	Policy	Implementation of Policy
Investment Management Charges **(Both Sections)**	The annual investment management charges of the funds used during the Plan year are set out in the Appendices to the SIP and are as follows: **DB Section** • LGIM Absolute Return Bond Fund: 0.250% • LGIM Over 15 Year Gilts Index Fund: 0.100% • LGIM All Stocks Index-Linked Gilts Index Fund: 0.100% In addition, LGIM charge a flat administration fee of £1,000 per annum. **DC Section** • LGIM Future World Global Equity Index Fund: 0.230% • LGIM Global Equity FW (60:40) Index Fund: 0.160% • LGIM UK Equity Index Fund: 0.100% • LGIM Multi-Asset (formerly Consensus) Fund: 0.250% • LGIM Future World Multi-Asset Fund: 0.300% • LGIM Over 15 Year Gilts Index Fund: 0.100% • LGIM Cash Fund: 0.125%	There were no changes to the funds' investment management charges over the year to 31 December 2024.
Financially and Non-Financially Material Considerations **(Both Sections)**	The Trustees' policy on financially and non-financially material considerations is set out on pages 8-9 of the SIP and in full below.	No deviation from this policy over the year to 31 December 2024 (see below).
Engagement and Voting Rights **(Both Sections)**	The Trustees' voting and engagement policy is to use their investments to improve the ESG behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their and members' investments and is in the members' best interests. The Trustees will aim to monitor the actions taken by the Investment Manager on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the Investment Manager.	No deviation from this policy over the year to 31 December 2024 (see below).

Requirement	Policy	Implementation of Policy
Investments that may be used **(DC Section)**	The Trustees may offer investments from a wide range of asset classes from time to time, including, but not restricted to UK equities, overseas equities, government bonds, corporate bonds and commercial property. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level. The Trustees may offer investment in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the DC Section's investments. The Trustees may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the DC Section.	No deviation from this policy over the year to 31 December 2024.
Selection of Funds for use by Members **(DC Section)**	Investment decisions regarding the fund choices to be made available to members are taken by the Trustees based on advice provided by their advisers, and taking into account the views of the Principal Employer. In selecting funds to offer to members of the DC Section, the Trustees will consider the investment objectives, expected returns, risks and other relevant characteristics of each fund. The Trustees regularly review the suitability of the fund options provided and, from time to time, may change investment managers, introduce additional investment options, or remove investment options, as appropriate.	No deviation from this policy over the year to 31 December 2024.
Illiquid Investments **(DC Section)**	The investment allocation of the DC Section's default lifestyle strategy does not include an allocation to illiquid assets, nor are any of the self-select options available to members categorised as illiquid funds. The DC Section has not allocated to illiquid assets in the past. Firstly, the size of the DC Section assets is small, and illiquid investing typically requires larger minimum dealing sizes which limits the investment opportunity set. Secondly, the charge cap of 0.75% for default arrangements can limit the attractiveness of higher cost illiquid fund options. Thirdly, the investment governance and administration surrounding illiquid investments is much greater compared to liquid asset investing. The Trustees will continue to monitor market and regulatory developments in relation to illiquid asset investing to determine whether it may be appropriate to introduce an illiquid allocation to the default arrangement at some point in the future.	No deviation from this policy over the year to 31 December 2024.
Additional Voluntary Contributions ('AVCs') **(DC Section)**	The DC Section holds AVC investments with LGIM, where members are able to invest in the full range of fund options available to normal contributions.	No deviation from this policy over the year to 31 December 2024.

Financially and non-financially material considerations

The Trustees recognise that Environmental, Social, and Governance (ESG) issues can and will have a material impact on the companies, governments, and other organisations that issue or otherwise support the assets in which the Plan invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets.

The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Plan's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustees' views on how ESG issues are taken account of in each asset class used by the DB Section or available for members of the DC Section to invest in during the Plan year are set out below.

Asset Class	Active/Passive	Trustees' views
Global and UK equities	Semi-Active* Passive	The Trustees acknowledge that the Investment Manager must invest in line with specified indices and, therefore, may not be able to disinvest from a particular security if they have concerns relating to ESG. The Trustees do expect the Investment Manager to take into account ESG considerations by engaging with companies that form the index, and by exercising voting rights on these companies. *In the case of the sustainable global equity fund, the Trustees recognise that the Investment Manager is able to amend the index to exclude companies which do not meet its minimum ESG standards. The fund is also tilted towards investment in companies that score highly on ESG metrics.
Multi-asset and absolute return bonds	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the funds and the ability of the manager to use its discretion to generate higher risk-adjusted returns. The Trustees also expect the Investment Manager to engage with the underlying investee companies, where possible, although they appreciate that fixed income assets within the portfolio do not typically attract voting rights. In the case of the sustainable multi-asset fund, the Trustees recognise that the Investment Manager is able to exclude companies which do not meet its minimum ESG standards. The fund is also tilted towards investment in companies that score highly on ESG metrics.
Government bonds	Passive	The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.
Cash	Active	The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues but will review this position from time to time.

The Trustees receive information from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Plan's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The

Trustees regard the potential impact of climate change on the Plan's and members' assets as a longer-term risk and likely to be less material in the context of the short to medium term development of the DB Section's funding position or members' investment funds than other risks. The Trustees will continue to monitor market developments in this area with their investment adviser.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expect the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.

Voting rights

The Trustees and members currently invest in pooled investment funds with the Investment Manager, and the Trustees acknowledge that this limits their ability to directly influence the Investment Manager. In particular, all voting activities have been delegated to the Investment Manager, as the Trustees are unable to vote on the underlying holdings, given the pooled nature of the Plan's investments.

However, the Trustees periodically meet with their Investment Manager, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustees. As part of this, the Trustees will seek to challenge their Investment Manager on these matters where they think this is in the best interests of members.

Out of the funds held by the Trustees and members over the year, the funds shown in the table below contain publicly listed equity holdings. These funds have voting rights attached to the underlying equities held within the funds, and the Trustees have delegated these voting rights to the manager, where the manager sets its own voting policy.

A summary of the votes made by the manager from 1 January 2024 to 31 December 2024 on behalf of the Trustees for each fund used by the Plan during the year that includes voting rights was requested from the manager. It was requested that the manager provides voting data broken down into Environmental, Social, and Governance categories. However, the manager advised that the data is not yet available in this format. The breakdown of this data will continue to be requested in future periods. The data in the table below is therefore provided at total fund level.

Manager	Fund	Resolutions Voted On	Resolutions Voted:		
			For	Against	Abstained
LGIM	Future World Global Equity Index Fund	55,353	81%	18%	1%
LGIM	Global Equity Fixed Weights (60:40) Index Fund	37,759	82%	18%	-
LGIM	UK Equity Index Fund	10,188	94%	6%	-
LGIM	Multi-Asset (formerly Consensus) Fund	106,963	77%	22%	1%
LGIM	Future World Multi-Asset Fund	96,646	77%	22%	1%

All of the Plan's assets are invested in pooled funds with LGIM. LGIM do not use a proxy voting service to determine their voting policy, which is formed in-house. LGIM do, however, use Institutional Shareholders' Service's (ISS's) Proxy Exchange voting platform to vote on resolutions electronically.

Significant votes

The Trustees have requested details of the significant votes made on behalf of the Trustees by LGIM for each fund the Plan invested in during the year that has voting rights. In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile votes which have such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at the manager's annual Stakeholder roundtable event, or where the manager notes a significant increase in requests from clients on a particular vote;
- Sanction votes as a result of a direct or collaborative engagement;
- Votes linked to any manager engagement campaign, for example in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

The Trustees believe the following is the most significant vote undertaken on their behalf over the Plan year:

Significant Vote		
Investment Manager	LGIM	
Company	Shell Plc	
Date of vote	21 May 2024	
Percentage of portfolio invested in Company at date of vote	LGIM Future World Global Equity Index Fund:	0.2%
	LGIM Global Equity Fixed Weights (60:40) Index Fund:	4.7%
	LGIM UK Equity Index Fund:	7.7%
	LGIM Multi-Asset (formerly Consensus) Fund:	0.5%
	LGIM Future World Multi-Asset Fund:	0.4%
Resolution	Approve the Shell Energy Transition Strategy	
Why significant	LGIM is publicly supportive of "Say on Climate" votes. LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C temperature increase scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	
Voting decision	Voted Against	

Manager comments	*"LGIM acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025.* *Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and [Liquified Natural Gas] business this decade, LGIM expects the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. LGIM seeks more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation.* *Additionally, LGIM would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capital expenditure allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in the company's decarbonisation strategy."*
Vote outcome	Resolution Passed

Engagement activities

The Trustees have also delegated engagement activities to the Investment Manager. A notable engagement activity of the Investment Manager the Plan invested with during the year is provided below:

- **LGIM** engaged with Colgate-Palmolive, an American multinational consumer products company, focusing on the company's deforestation approach as well as challenges and opportunities in meeting their deforestation management commitments. LGIM met with the company's Chief Sustainability Officer, and explored how the company is ensuring supplier compliance and increased traceability across commodities in their supply chain, as well as the suitability of the company's escalation procedures for non-compliance.

  LGIM also sought to encourage increased oversight from the Board of Directors, and prioritisation of the issue of deforestation within the company's risk management agenda. LGIM noted that the company have demonstrated progress in appreciating responsible sourcing as a critical issue, whilst building relationships and furthering engagement with their suppliers and ending relationships with those found to be non-compliant. LGIM note that, overall, the company meets their minimum expectations on deforestation management.

  LGIM note that Colgate-Palmolive have introduced satellite imaging for monitoring purposes, and are undertaking the complex process of mapping palm oil derivatives. LGIM also note that the frequency of Board-level updates on deforestation has increased.

  LGIM will further engage with the company in 2025, with a focus on traceability progress across key commodities, along with collaborative efforts with their peers to eliminate net deforestation. LGIM will also look to further discuss the company's work on mapping and addressing deforestation risks in their supply chain.

The Trustees also consider an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Signed: G. Wild **Date:** 26th JUNE 2025.

GEORGE WILD

On behalf of the Trustees of the Qualter, Hall & Co. Limited Retirement Benefits Plan