Taylor Wimpey
Pension Scheme

The Taylor Wimpey Pension Scheme
Engagement Policy Implementation Statement

Introduction

Under the regulatory requirements now in force[1], the Trustee of the Taylor Wimpey Pension Scheme (the **"Scheme"**) is required to produce an annual Implementation Statement setting out how, amongst other things, the voting and engagement policies in the Scheme's Statement of Investment Principles (the **"SIP"**) have been implemented. This is the fifth such statement produced and covers the period 1 January 2024 to 31 December 2024.

The Trustee's primary concern when setting the investment strategy is to act in the best interests of the Scheme's beneficiaries. The Trustee recognises that the Scheme is a long-term investor and therefore seeks to achieve sustainable returns at an appropriate level of risk over its lifetime.

To align with the Department for Work and Pensions (**"DWP"**) guidance on stewardship reporting which came into effect on 1 October 2022, the Trustee has set out its beliefs, commitments, and expectations for investment managers in its 'Stewardship and Engagement Policy' which can be found in section 8.5 of the Scheme's SIP.

This Statement contains a summary of Scheme activity over the year, including an overview of how the Trustee's stewardship and engagement policy has been implemented during the reporting period.

Scheme activity over the year

During the reporting period the Trustee's Investment Sub-Committee (**"ISC"**) met with three of the Scheme's managers – CQS, Schroders STW and Man – to discuss, amongst other things, performance, strategy, stewardship and ESG efforts.

The ISC selects which managers it meets with as part of a rolling schedule of reviews or when required due to performance/other issues. Over the course of the year, the ISC refined this schedule for the coming year to focus its engagements on opportunities with the greatest potential for impact – for example, prioritising mandates where effective stewardship is important to the asset class and the fund is likely to be a long-term allocation for the Scheme.

Over the year, the Scheme appointed ICG as the replacement manager for one of the Scheme's credit managers. Prior to selecting the new manager, the ISC met with two managers and received presentations covering performance, strategy and ESG considerations. The managers' stewardship capabilities formed a key part of the selection process.

The ISC also continued to share its consistent set of stewardship questions with managers (and prospective managers) to complete ahead of their attendance at meetings. These questions aim to assess each manager's general approach to engagement, as well as actions taken in relation to the Trustee's key stewardship themes of Climate Change and Diversity, Equity & Inclusion (**"DE&I"**).

Over the year, the ISC developed a centralised database to track manager responses and effectively hold its managers to account. Within this database, the ISC tracks the key findings of each engagement, assigning the manager a red/amber/green rating, noting points to follow-up on, as well as a proposed date for the next engagement.

After making an initial investment into the ICG Total Credit Fund, this mandate was topped-up with additional funds, as part of the Scheme's transition towards a more credit-tilted portfolio. All of the

[1] Principally comprising The Occupational Pension Schemes (Scheme Administration) Regulations 1996, The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and guidance published by the Pensions Regulator.

distributions received from the Scheme's illiquid mandates were transferred to the Scheme's liability-driven investment (**"LDI"**) portfolio.

The Trustee is pleased to note that all of the Scheme's investment managers have signed up to one or more ESG-related standards/codes, with all bar one manager (Magnetar) being signatories to the UN Principles for Responsible Investment[2] (UN PRI). Upon speaking to Magnetar, the Trustee is encouraged to hear that the manager is in the process of assessing signatory status, which is contingent on them being able to fulfil the obligations of the UN PRI framework whilst giving full effect to their mix of strategies and diversity of portfolios.

Over the reporting period, the Trustee also assessed its investment adviser (Redington) against the objectives it had set for the adviser, which included delivery against ESG-related topics. The Trustee concluded that the investment adviser had met its objectives and had provided a high level of advice and support during the year. This included helping the ISC adopt a new climate data quality metric as part of its reporting, updating the climate scenario analysis to that provided by NGFS (the Network for Greening the Financial System) and providing a 'horizon scanning' training session covering future trends in sustainable investment. The Trustee’s assessment is that its investment adviser continues to provide strong expertise on ESG-related matters.

Engagement and voting behaviour

The Trustee, via the ISC, carries out its stewardship and engagement activities through oversight and challenge of its investment managers rather than itself operating directly as active steward of the underlying assets in which it invests.

To best channel its stewardship efforts, the Trustee believes that it should focus on a selection of key themes. Its key themes have been selected by assessing their relevance to the Scheme and its members, the financially material risks that they pose, and the maturity and development of thinking within the industry that allows for effective integration into its approach. The Trustee's key themes are:

- Climate Change; and
- Diversity, Equality, and Inclusion.

The exercise of voting rights for the equity holdings within pooled funds has been delegated to the Scheme's investment managers. The Trustee therefore does not direct how votes are exercised within these mandates and does not have its own proxy voting provider. Nonetheless, it fully recognises and appreciates the value of voting as a signal or ultimate sanction in influencing company behaviour. As an active owner, it is the Trustee's responsibility to hold its investment managers to account for their voting activities to ensure they are exercising voting rights in the Scheme's best interests. As such, the Trustee considers investment managers' voting policies and records, and requires its investment managers to report significant votes to it as relevant. To do so, the Trustee has developed the following criteria to define a significant vote:

- Votes relating to one of the Trustee's key stewardship themes;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes which may be inconsistent between investment managers; and
- Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

Engagement and voting behaviour are directly relevant in the sections of the portfolio where physical equities are held. However, stewardship and engagement are also considered to be of importance for the Scheme's other investment managers (e.g. in portfolios which hold credit).

[2] The UN Principles of Responsible Investment are a voluntary UN supported international network of investors working together to implement its six aspirational principles. See https://www.unpri.org/.

The remainder of this Statement provides a summary of activity during the reporting period, based on information supplied by the Scheme's managers. In requesting the information, the Trustee asked the Scheme's managers to disclose significant votes and engagement examples in line with the above criteria and chosen themes.

Engagement – Equity

The Scheme invests in the following funds that invest in physical equities:

Manager	Fund
AQR	AQR Diversified Risk Premia Fund
Man	Man Progressive Diversified Risk Premia Fund
Beach Point	Beach Point SCF X Fund*
Magnetar	Magnetar Constellation Fund

Set out below are a few examples provided by the above managers, where they have been able to engage to produce a positive impact. In particular, examples were requested related to the Trustee's key themes. Save for the Trustee's opinion, all of the information provided below has been sourced from the respective manager. Note that the Beach Point Fund is now in liquidation so no engagement examples have been included.

AQR

"*AQR's engagement is undertaken at a firm level and is not yet explicitly incorporated into their investment strategies.*

AQR pursues stewardship with the aim of promoting greater transparency and disclosure. AQR believe that being a responsible investor mandates both the consideration of ESG issues in the investment process (responsible asset selection) and a commitment to interacting with companies on ESG-related concerns (responsible ownership). Accordingly, responsible ownership is a key focus of their ESG efforts.

AQR works within the industry to advance the collective ESG effort and continuously look for opportunities to collaboratively engage with peers. They are an active participant in industry discussions across the spectrum of ESG-related issues. In 2024, AQR colleagues served on numerous industry ESG working groups, including MFA, ICI, and the Investment Association and multiple UN PRI committees."

Two examples of successful engagements that AQR undertook are as follows:

- **Engagement A:** "*We engaged with a company on the basis that they did not sufficiently report on their GHG emissions. Specifically, the company did not report emissions at the parent level, and only one of the four subsidiaries reports emissions data. We scheduled a meeting with the company to discuss the request and learn more about the company's challenges. The company pointed out that two of their subsidiaries were working on their reports and were expected to publish in 2024. We underlined our belief that transparency on salient issues for investors such as carbon emissions is crucial as it potentially leads to better alignment between companies and their investor base, as well as more accurate pricing of ESG risks and opportunities, particularly as more investors integrate these factors into their investment process. Since our engagement we have continued to monitor the company. We note that one of their subsidiaries has now measured and reported on scope 1 and 2 emissions. They hope to use this data to identify and target where GHG reduction projects can be most impactful. However, the company still does not provide sufficient disclosure in line with our expectations, including emissions disclosure consolidated at the parent level. We will revisit the company's disclosure when their latest annual report is released.*"

- **Engagement B:** "*We engaged with a separate company that did not report on its GHG emissions. The company pointed out that they reported on their most material ESG issues through their SASB aligned reporting. They explained how they are currently in the process of collecting emissions data but are not keen on reporting this information publicly given year on year variations and a lack of context in emissions metrics and potential for misinterpretation by stakeholders. We raised a number of concerns with this response. We have been monitoring the company's progress since our engagement and note that while they currently have not released updated annual reports since our engagement, their most recent proxy statement confirms the company's intention to reduce greenhouse gas emissions and states they reduced their emissions in 2023 by more than 26,000 metric tons of CO2e2 through the use of renewable energy.*"

The Trustee finds the engagement examples provided by AQR in relation to Climate Change encouraging but notes that AQR were unable to provide an engagement example relating to Diversity, Equity & Inclusion. When following up with the manager on this, AQR explained that they did not engage with any portfolio companies on this topic over the year. They explained that due to the systematic nature of the strategy, they have opted to focus their engagement program on encouraging companies to improve their transparency on specific issues they believe are salient to the investment process, such as emissions disclosure.

Whilst the Trustee appreciates that stewardship is harder to implement due to the nature of the asset class, it will continue to assess how AQR considers this topic at a firm level over the coming year.

Magnetar

"*Where Magnetar owns publicly traded securities, they will occasionally engage with management by providing strategic advice on financially material matters to drive better outcomes. In relation to certain new investments, Magnetar's New Business and Ethics Committee (**"Committee"**) screens investments that meet the Committee's criteria for review, including ESG-related risks. The Committee's screening is conducted internally, and any issues raised are relayed to the investment team for additional diligence and, if need be, interaction with the target company. Lastly, the Front Office can engage with companies post-close, either as part of a pre-close investment strategy, or based on post-close experience with the company.*"

Two examples of engagement undertaken by Magnetar are the following:

- **Engagement A:** "*The company is a technology company providing zero trust network security products and services in the U.S. and worldwide. Following a diligence process, Magnetar assessed that the company had distinct product advantages in zero trust, that the market would likely enjoy strong secular growth, and that the company had potential for meaningful valuation upside, as markets historically have rewarded such software businesses with generous valuations. The company, however, invested ahead of its underlying business growth, found itself short of liquidity and burdened by public company costs. It entered a voluntary bankruptcy process in 2024. Given our priority in the capital structure, the company emerged as a private company with Magnetar holding a majority equity position. We have been involved in supporting the company closely and cooperatively both through and following the bankruptcy process. Additional operational changes have also been made, and we have also aided the company in developing a general Research & Development roadmap."*

- **Engagement B:** *"The Company is a private technology firm providing high performance cloud computing capacity, with leading technology, narrowly focused on serving the most demanding applications, such as in AI and machine learning. We have led or participated in numerous additional debt and preferred equity raises for this company. Magnetar believes it has supported this company constructively since our initial investment, helping source data centres that are renewable / sustainable, and sourcing potential AI customers whose products have a social benefit (e.g. drug discovery)."*

The Trustee is disappointed by the engagement examples provided by Magnetar, with neither relating the Trustee's chosen themes of Climate Change or Diversity, Equity & Inclusion. Whilst the Trustee will continue to encourage Magnetar to improve its stewardship practices, it recognises the fund is currently in run-off (with final proceeds due to be received in December 2027) meaning the Trustee has little influence over the manager.

<u>Man</u>

"*Man Group's approach to stewardship is guided by a belief that as stewards of our clients' capital we owe it to them to responsibly manage their assets to unlock long term, sustained value, while taking account of financially material ESG considerations, in accordance with the mandate given to us. We understand the importance of sound stewardship in managing investors' capital, and our approach to RI ensures that our interests and values are closely aligned with those of our clients and shareholders.*"

Examples of successful engagements that Man Group undertook were the following:

- **Kobe Steel engagement:** *"As part of a wider engagement campaign with the Japanese steel industry, Man Group, together with other investors and fellow collaborators, Corporate Action Japan (CAJ) and ACCR, has been in discussions with Kobe Steel, one of the leading steelmakers in Japan alongside the likes of JFE and Nippon Steel. The engagement began in late 2023 and the focus has been on enhancements to the company's climate strategy, including governance matters such as remuneration incentives that reward executives for achieving climate targets. After an extensive period of dialogue ahead of the company's June AGM, the engagement group welcomed the company's announcement of revisions to its remuneration system for directors. The company committed to increase the ratio of performance-linked remuneration and to introduce ESG indices as a performance measure to these awards. The new performance metric subjects a portion of the executives' incentive award to company performance on various third-party ESG ratings. This engagement highlights that a constructive, multi-stakeholder engagement can drive corporate advances on ESG issues. Discussions have continued since the AGM and attention is being placed on EAF transition, the company's green steel credentials and decarbonisation plans for its power generation business."*
- **Mitsubishi Estate engagement:** *"Man Group has engaged with Mitsubishi Estate since 2022 on the topic of diversity, equity & inclusion and addressed gender diversity levels at board and below-board level. Low board diversity levels were discussed, as were company efforts to develop below board-level targets. Despite the positive direction of travel on diversity, equity and inclusion, Man Group voted against directors at the 2024 AGM given that 2023 diversity results were not published ahead of the shareholder meeting. The absence of board-level targets was acknowledged during engagements; the company noted that this is a structural issue in Japan and highlighted its focus on upskilling female employees, while continuing to explore how the pool of female candidates can*

be increased. Below-board level diversity targets were also viewed positively, as they indicate a culture that promotes female career progression across the organisation. Overall, Mitsubishi Estate is addressing gender diversity appropriately and in line with expectations set out in Japan's Corporate Governance Code. The engagement was considered successful."

The Trustee is supportive of the engagement examples provided by Man Group; both are clearly aimed at making change, rather than simply information gathering, and are aligned to the Trustee's key stewardship themes.

Engagement – other asset classes

The Trustee also invests in a number of other asset classes including fixed income strategies and other illiquid opportunities as follows.

Manager	Fund
Insight	Insight High Grade ABS Fund
Schroders	Schroders Equity Sentinel Fund
Schroders	Schroders Sterling Long Duration Corporate Bond Portfolio
CQS	CQS Credit Multi Asset Fund
ICG	ICG Total Credit Fund
HPS	HPS Private Loan Opportunities Fund
KKR	KKR Private Credit Opportunities Fund

All managers have shared information with the Trustee and the investment adviser on their engagement policies and work undertaken to generate improved long-term outcomes in the companies in which they invest. The Trustee acknowledges that the ability of fixed income and alternative asset class managers to engage and influence can be limited in comparison to direct equity holdings, depending on the nature/structure of the investment. However, the Trustee is of the view that all managers should have a regard to ESG matters and that this should form some part of their investment process. The Trustee therefore believes that all investors should exhibit engagement, regardless of their place in the capital structure of a company.

Set out below are a few examples provided by the Scheme's fixed income managers where they have been able to engage to produce a positive impact. Save for the Trustee's opinion, all the information provided below has been sourced from the respective managers.

Insight

"*Insight consider ESG factors as part of their rigorous analysis, in the case of High Grade ABS this includes detailed due diligence on the originators both prior to making an investment as well as on an ongoing basis.*

Insight believes that integrating relevant and appropriate ESG considerations in select investment processes, and their dialogue with issuers & other stakeholders, encourages better investment decisions and can ultimately help their clients achieve their desired outcomes, as well as support the economy, the environment & wider society."

Insight provided the following examples of engagements undertaken during 2024:

- **Credit Agricole SA engagement:** "*We asked the issuer how it was assessing its customers' transitions plans and asked if it would expand the plans beyond the oil and gas sector. The issuer explained the initial focus on oil and gas stems from the sector's position as the biggest exposure. The issuer stated that beyond oil and gas, it is engaging with customers to produce transition plans so the issuer can calculate the impact of new loans on the net zero target. If a new loan increases the intensity of the issuer's book, the credit committee will assess the* *loan and decide if the risk is deemed acceptable. The issuer leans towards remaining invested and continuing the conversation with clients rather than excluding. We also asked the issuer about its lack of sustainable financing target. The issuer stated it will publish a medium-term plan to meet its net zero target. We followed up by asking how it measures the success of its green and sustainable financing. The issuer stated it is intending to report a revenue contribution to sectors which are improving carbon intensity (e.g. residential portfolio).*"

- **Columbus Capital engagement:** "*In our dialogue focusing on the issuer's green bond framework, we wanted to understand the eligibility criteria. This was important in our analysis as the Eligibility Criteria will assist us in understanding the impact of the framework in the Australia residential market. We also discussed the issuer's partnership with the National Disability Insurance Scheme (NDIS) to offer innovative home loan solutions to people eligible for the scheme. The issuer expressed their intention of including loans that qualify as green mortgages for their green bond issuance programme. Insight was supportive of this initiative and recommended that performance reporting on these loans against non-green ones would assist with the credit underwriting and market absorption of their green bonds programme.*"

The Trustee is satisfied that the examples above demonstrate Insight's commitment to engaging in relation to Climate Change, however notes that Insight were unable to provide an engagement example that relates to Diversity, Equity and Inclusion. When challenging the manager on this, Insight noted that due to the nature of the asset class, most engagements undertaken relate to the improvement of data provided by originators (typically related to climate) and the inclusion of ESG factors into the loan underwriting process. The Trustee will continue to monitor the engagements of Insight going forward and consider their progress on the topic of Diversity, Equity and Inclusion at a firm-level.

Schroders:

"*As an active investment manager, Schroders believe that their main lever to instigate change is through effective stewardship of investee companies. They have embedded climate change risk into their existing processes and controls, alongside specific ESG and climate-related governance and decision-making bodies.*"

Two recent engagement examples provided by Schroders are as follows:

- **Victrex PLC engagement:** "*The engagement dealt with environmental and governance matters, focusing on Victrex's efforts to reduce emissions in various industries, including Automotive and Aerospace. The company provided an ESG communications pack, highlighting the use of PEEK polymer to potentially reduce emissions in these sectors. The Aerospace sector was identified as the area with the greatest opportunity for emission reduction, particularly through the enhanced use of PEEK composites in wing and fuselage structures. In the context of the Energy & Industrial sector, the 'Magma' programme was mentioned, noting the potential use of PEEK composite pipe to replace steel pipes in oil & gas infrastructure, although it was pointed out that tracking avoided emissions in this context is challenging. The company representatives indicated that they are continuing to assess the potential for further emissions reduction across various industries.*"
- **Heathrow Funding Ltd engagement:** *"Heathrow hired a research company to survey investors' opinion on their sustainability and reporting quality. In*

response, Schroders raised the issue of low board diversity among others, and expected the company to breakdown diversity reporting to different levels, including board, C-suites, managers, employees. Also highlighted was the net zero aviation ambition of Heathrow which was commendable, but we'd like to see more reporting on the progress against the targets reported in a quantitative manner to more closely monitor the pathways towards their Sustainability-Linked Bond KPIs. The feedback will be provided to Heathrow and advise them to improve ESG."

The Trustee believes substantive engagements to be those aimed at making change, as opposed to information gathering. Whilst the Trustee is encouraged that Schroders could share engagement examples relating to both Climate Change and Diversity, Equity and Inclusion it notes the first example lacks a clear objective and both examples lack an outcome. The Trustee will continue to press Schroders to engage with companies "for change" and monitor the managers progress in this regard.

ICG:

"*As a broadly diversified, global alternative asset manager we firmly believe that the decarbonisation of our investment portfolios plays an important role in building the long-term resilience of our business strategy. It improves the capacity of our investment products to limit the adverse impacts of climate-related risks, and capitalises on the opportunities presented by the low-carbon transition. This is exhibited in both the investment decisions and management of portfolios to deliver returns for our clients, and in the launch of new products.*"

Two recent engagement examples provided by ICG are as follows:

- **Empark engagement:** "*Empark, a leading car park operator in Iberia, sought feedback from ICG to improve its ESG processes as part of its Sustainability strategy. ICG engaged with Empark's senior investor relations officer. The investment and ESG & Sustainability teams provided guidance on key ESG issues important to ICG and its investors. Empark incorporated these views in their 2023 ESG report through a materiality analysis and repeated the process for their 2024 ESG report.*"
- **Domidep engagement:** "*Domidep is a major private nursing home operator in France and Europe. In 2022, the sector faced significant negative press after an investigative journalist released a book that alleged abuse and a poor level of care across a number of the leading French nursing homes. Domidep was not mentioned in this report but the sentiment towards the whole sector became increasingly negative, and we began to more intensely scrutinise the care quality management and control measures to ensure we remained comfortable that they have the necessary procedures in place to manage such risks. We were struggling to receive greater detail on this as Domidep did not publish any kind of ESG reporting and their communication was poor, leading us to believe their internal controls and care quality monitoring must be less developed than peers. We therefore informed them that our investment was contingent on greater transparency and information around their internal controls and governance. As a result, we were given the opportunity to have a one-to-one call with the Head of Strategy at Domidep, who is also responsible for ESG. On this call, they shared a very detailed overview of their internal governance, complaint procedures, reporting lines, internal audits, external audits, care quality KPI monitoring and their ESG based compensation which changed our opinion on their level of ESG*

risk and gave us comfort that they are one of the most advanced European care homes in terms of ESG."

Whilst the above engagement examples evidence the manager's consideration of ESG risks, the Trustee is disappointed ICG could not share engagement examples, aimed at making change, relating to its chosen themes. The Trustee will continue to encourage ICG to do so and monitor the managers progress in this regard.

CQS

"*We believe that an active approach to stewardship and responsible investing are crucial factors in creating long-term value for our investors. In our view, responsible investing, stewardship and ESG matters are drivers influencing financing costs, risk assessment valuations and performance.*"

Two recent engagement examples were provided by CQS are as follows:

- **Engagement A:** "*In 2022, we developed the CQS Climate Targeted Engagement Programme which aims to engage with all portfolio companies within the Article 8 pooled funds that do not currently disclose carbon emissions and/or do not have decarbonisation targets in place. In December 2023, we developed our tools to be able to report explicitly on net zero alignment and engagement on net zero using our proprietary data. Our reporting on this is now split into the following categories: Already Net Zero, Net Zero Aligned, Decarbonising (engaging on net zero), Decarbonising, No targets (engaging on net zero), No targets. Throughout 2024, we engaged with portfolio companies in our pooled article 8 funds that were lacking in carbon emissions data, including recording existing GHG reduction targets in our systems. We also ensured that the company's carbon metrics were being recorded in our internal systems. We achieved our 70% WACI net zero alignment commitment and seek to maintain through continuous engagement with our portfolio companies.*"
- **Engagement B:** "*We engaged with the company on disclosure around various ESG policies and initiatives, as the company appeared to lack robust public disclosure. Our objective was to learn more about the company's progress towards building out ESG disclosures and initiatives, including D&I disclosures. We engaged regarding their ESG policies, including diversity. The company responded that they are in a nascent stage in terms of programs and tracking and are working to construct an externally ready report. We discussed the company's plan on launching a dedicated ESG website detailing their policies on each pillar. On workforce diversity, they confirmed they would be making diversity statistics on management and the board available on their website. Management was receptive to our enquiries and confirmed concrete actions we planned for better D&I disclosures, and ESG remaining within their focus. Our analyst is planning to re-engage for an update.*"

The Trustee is satisfied with the engagement examples provided by CQS, which are aligned to the Trustee's key stewardship themes and illustrate instances where the manager has engaged for change, rather than just for information purposes.

HPS

"*If practical, as part of HPS's ESG stewardship, HPS may seek to engage with portfolio company management teams and/or private equity sponsors, which may include efforts to mitigate any identified ESG risks, and to help assess any potential long-term financial and reputational risks that can result from a failure to address ESG issues.*"

Two recent engagement examples were provided by HPS are as follows:

- **Engagement 1:** "*The Company is a global apparel and accessories company. HPS first connected with them through their Carbon Engagement Campaign to discuss the Company's greenhouse gas emissions measurement and transition planning. Building on their initial discussions, HPS has facilitated conversations among the equity owners about engaging a carbon accounting consultant and platform. After reaching an agreement and successfully completing the onboarding process, the Company is now on track to achieve its goal of measuring Scope 1 & 2 emissions by 2024, and Scope 3 emissions starting in 2025.*"

- **Engagement 2:** "*The Company is a food, retail, and agriculture company operating in the Adriatic and Southeast European region. In Q1 2024, HPS's ESG Team engaged with the Company's ESG and Marketing Director, Market Research team, and ESG Project Managers. During this engagement, HPS discussed the Company's methods for measuring carbon emissions and the onboarding of a third-party technology provider to help organize their carbon data and calculate emissions. The Company has since utilised such data to develop certain strategic guidelines, decarbonisation initiatives, and action plans for its various entities.*"

The Trustee is satisfied that the examples above demonstrate HPS' commitment to engage in relation to the Trustee's key theme of Climate Change. Whilst the Trustee would like to see the manager also engage on the topic of Diversity, Equity and Inclusion, it recognises the fund is currently in run-off (with final proceeds due to be received in December 2026) meaning the Trustee has little influence over the manager.

KKR

"*KKR Credit seeks to actively engage on material sustainability topics with borrowers across all KKR Credit strategies. Once an investment has been made, we aim to monitor sustainability-related issues on an on-going basis.*"

Two recent engagement examples were provided by HPS are as follows:

- **48Forty engagement:** "*This engagement took place with a wood shipping pallet recycler and pallet logistics manager. Using KKR's SDG Framework, KKR determined that the company demonstrates an alignment with multiple SDG goals through its measurable reduction in landfill waste and use of natural resources through its recycling, reuse and repair of wooden pallets. The company's SDG-alignment and ESG Scorecard score helped us determine that the company aims to operate under a sustainable business model.*"

- **Bowery Farming engagement:** "*The Company is the largest scaled vertical farming company in the US today by commercial footprint and has grown from 1 to 3 operational vertical farms with others in the pipeline. KKR's investment thesis was predicated on what they learned about the Company's ability to help the environment via a sustainable alternative to traditional farming, whether that be due to its initiatives in water conservation, farmland conservation, reduced use of pesticides and reliance on 100% renewable energy. KKR were able to utilise these tracked KPIs as a way to establish, based on KKR's SDG Framework, that Bowery is advancing multiple sustainable development goals.*"

Whilst KKR were able to share an engagement example related to climate change, the Trustee notes that they were unable to provide an example in relation to diversity, equity and inclusion. Additionally, the Trustee notes that both engagements do not showcase an example of the manager engaging for change. Whilst the Trustee finds this disappointing, it recognises that the fund is currently in the process of winding down (with final proceeds due to be received in 2028) meaning the Trustee has little influence over the manager.

Based on the information received from the investment managers in other asset classes, the Trustee is satisfied that the majority of its managers are taking steps to engage, within the parameters of their specific asset class/investment process.

Voting on behalf of the Scheme

AQR

"*Where clients have delegated proxy voting to AQR, the manager seeks to align our voting with long-term value creation, including on ESG issues. Our standard approach to voting in applicable commingled funds is to apply a Sustainable policy. We can customise proxy voting in separate accounts to meet client needs. AQR's Stewardship Committee is responsible for managing our approach to proxy voting, including the selection and use of third-party proxy advisers as well as the manner in which AQR votes its proxies and discharges its fiduciary obligation to clients.*

AQR retains ISS Governance Services, an independent third-party Proxy Advisory firm, for a variety of services including, but not limited to, receiving proxy ballots, working with custodian banks, proxy voting research and recommendations, and executing votes."

A summary of AQR's voting statistics for the relevant period is included in Appendix 2. Similar to last year, AQR were unable to differentiate between significant or non-significant proxy votes during the period. Over the year, the Trustee encouraged the manager to reconsider its approach to assessing significant votes. Although AQR were unable to do so for the purposes of this statement, the Trustee continues to engage with the manager in this regard through its investment adviser.

Beach Point

"*Beach Point outsources proxy voting, using ProxyEdge to execute proxy voting for the equities we may own. Although many proxy proposals can be voted in accordance with the Firm's established guidelines, the Firm recognises that certain proposals may require special consideration, which may dictate that the Firm make an exception to its general guidelines.*"

Beach Point's voting statistics for the reporting period are included in Appendix 2. The manager noted that during the period, no significant votes were cast. Beach Point have explained that since they are a fixed income manager, they have limited exposure to equities in the Fund and as such, tend to hold little of the issued amounts and voting shares, and thus have fewer opportunities to cast "significant" votes. They also noted that the nature of their votes have primarily focused on the annual selection of board of directors or audit service providers and thus, may not be deemed to be outside the ordinary course of business.

Whilst the Trustee does not necessarily agree with this approach to disclosing most significant votes, the Trustee appreciates it has limited influence on the manager given it is currently redeeming from the fund.

Man:

"*As part of their commitment to stewardship, Man maintains a custom voting policy. This custom voting policy seeks to encourage good corporate governance practices and promote ESG standards, whilst taking into consideration both company specific circumstances and broader market differences. Man understands that not all companies can fit a single model of governance and that best practice, regulatory requirements and* *corporate governance codes within different markets require a balanced and bespoke voting approach. They endeavour to conduct a fair level of research and consider the context and explanations provided by investee companies when making voting decisions. Nevertheless, their voting policy also comprises global best practice guidelines and areas of focus that we believe should be considered across all regions.*

Man's aim is to vote at all meetings for our holdings where we have the legal right to do so. Man Group appointed Glass Lewis as its proxy service provider and use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and customise voting recommendations."

The Trustee is satisfied with Man's explanation of their voting practices. A summary of Man's voting statistics for the reporting period are included in Appendix 2.

Man were able to differentiate between significant and non-significant proxy votes during the period, in line with the Trustee's definition of what defines a significant vote. Further details on Man's significant votes are included in Appendix 3.

Magnetar

"*Magnetar's voting is carried out through their proxy voting advisor, ISS. In their view, proxy voting ensures each vote is considered and recorded using a policy that we are comfortable with. When receiving shareholder ballot information via email or mail, they believe there is a high risk the voting data that is pertinent to make the vote and record it may be lost or misplaced. Using ISS makes a significant difference to the certainty of data capture as ISS receive the data via file from the prime brokers and submit the vote via file to the tabulation agent.*

Historically, proxy voting decisions have not been driven by ESG considerations. Magnetar's Proxy Voting Policy requires Magnetar to vote proxies prudently and solely in the economic interests of, and for the exclusive purpose of providing economic benefits to, clients. Social, political or other objectives unrelated to the value of clients' investments will not be considered. Magnetar has retained ISS as its proxy service provider and generally relies on its standard voting policy. However, if Magnetar chooses to vote differently from ISS's recommendation, the relevant Portfolio Manager will notify Magnetar's Proxy Voting Coordinator (as defined in Magnetar's Proxy Voting Policy), explaining the rationale for such votes. While the Trustee feels Magnetar's explanation of their voting practices has room for improvement, it notes that the importance of the voting behaviour is likely to be immaterial given the fund is in the process of being sold down."

Magnetar were only able to disclose a single significant vote that was cast during the period. A summary of this significant vote is included in Appendix 3.

Summary

The Trustee is comfortable that its investment managers are exercising their voting and engagement policies to a satisfactory level at this stage and that the Trustee's stewardship policy, as set out in the SIP, is being appropriately implemented on its behalf. The Trustee has also noted an improvement over the year in the engagement undertaken by its managers on its behalf, although it notes that there is still room for improvement. Specifically, the Trustee would like to see the engagement examples provided by the Scheme's managers focus more on driving change, rather than for information purposes. This will continue to be an area of focus going forward for the Trustee.

This is the fifth statement prepared by the Trustee in relation to the implementation of its engagement and voting policies. The Trustee expects that, as the regulations in this area continue to develop, the standard of disclosures from managers is likely to improve in this area. The Trustee recognises that as a large institutional investor it has a part to play in the good governance and stewardship of the assets in which it invests. Going forward it will continue to monitor and assess its investment managers on a regular basis to ensure that its stewardship policy continues to be implemented.

In 2025, the Trustee plans to continue engaging with its investment managers through the ISC's rolling schedule of manager meetings, and to share their consistent list of stewardship questions ahead of the respective meetings. Additionally, the Trustee will continue tracking manager responses in a centralised document, analysing the trends identified across different asset classes and escalate accordingly where the Trustee considers responses are not sufficient. The Trustee plans to engage with four of the Scheme's investment managers in 2025 and looks forward to reporting progress made in this space in the next statement.

In a similar way to engagement, the Trustee plans to consider how best to assess the voting activity of the Scheme's managers and how best to then engage with the managers where necessary.

APPENDIX 1

Investment Managers: ESG focused standards, codes and/or industry memberships

Glossary:

1. **CA100+** – Climate Action 100+ is a five-year initiative led by investors to engage systemically important greenhouse gas emitters and other companies to drive the clean energy transition and achieve the goals of the Paris Agreement.
2. **Ceres** – A sustainability non-profit organisation working with the most influential investors and companies to build leadership and drive solutions throughout the economy.
3. **GRESB** – Established by a group of large pension funds who wanted to have access to comparable and reliable data on the ESG performance of their investments, GRESB has become the leading ESG benchmark for real estate and infrastructure investments across the world.
4. **IIGCC** – The Institutional Investors Group on Climate Change is a leading global investor membership body and the largest one focusing specifically on climate change.
5. **(UN) PRI** – The Principles of Responsible Investment is a United Nations supported international network of investors working together to implement its six aspirational principles.
6. **SASB** – The Sustainability Accounting Standards Board is a non-profit organisation founded to develop sustainability accounting standards.
7. **UKSIF** – The UK Sustainable Investment and Finance Association is a membership organisation for those in the finance industry committed to growing sustainable and responsible finance in the UK.
8. **UK Stewardship Code** – The stewardship code is part of UK company law concerning principles that institutional investors are expected to follow. Its principal aim is to make institutional investors be active and engage in corporate governance in the interests of their beneficiaries.
9. **UNEP FI** – The United Nations Environment Programme Finance Initiative is a global partnership established between the United Nations Environment Program (UNEP) and the financial sector.
10. **UN Global Compact** – A non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

Taylor Wimpey Pension Scheme

APPENDIX 2

Voting Statistics

Below is the voting activity over the period for the Scheme's asset managers which held listed equities over the period.

AQR

Key Voting Statistics (Jan 2024– Dec 2024)	Number
Number of holdings at period end	1,885
Total Fund AUM at period end	£720m
Value of Trustee's Assets	£160m
Number of meetings eligible to vote during the period	780
Number of resolutions eligible to vote during the period	10,601
% of resolutions voted	88%
% of resolutions voted with management	91%
% of resolutions voted against management	9%
% of resolutions abstained	0%
% of meetings with at least one vote against management	39%
% of resolutions where manager voted contrary to recommendation of proxy adviser	0%
Any use of proxy voting services during the period	AQR takes a sustainable approach to proxy voting and has adopted the Proxy Advisory firm's applicable Sustainable Guidelines. Sustainable Guidelines are offered by Institutional Shareholder Services Inc.

Man

Key Voting Statistics (Jan 2024 – Dec 2024)	Number
Number of holdings at period end	2,021
Total Fund AUM at period end	£1,310m
Value of Trustee's Assets	£64m
Number of meetings eligible to vote during the period	680
Number of resolutions eligible to vote during the period	7892
% of resolutions voted	99%
% of resolutions voted with management	76%
% of resolutions voted against management	23%
% of resolutions abstained	0%
% of meetings with at least one vote against management	81%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	19%
Any use of proxy voting services during the period?	Man Group appointed Glass Lewis as its proxy service provider. We use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and custom voting recommendations.

	We have monitoring controls in place to ensure that the recommendations provided are in accordance with our custom voting policy and that our votes are timely and effectively instructed. Specifically, our voting framework employs screening to identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions. In addition to this manual check, we also have in place electronic alerts to inform us of votes against our policy, votes that need manual input and rejected votes that require further action.

Beach Point

Key Voting Statistics (Jan 2024 – Dec 2024)	Number
Number of holdings at period end	8
Total Fund AUM at period end	$34m
Value of Trustee's Assets	$14m
Number of meetings eligible to vote during the period	2
Number of resolutions eligible to vote during the period	9
% of resolutions voted	100%
% of resolutions voted with management	100%
% of resolutions voted against management	0%
% of resolutions abstained	0%
% of meetings with at least one vote against management	0%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0%
Any use of proxy voting services during the period?	Beach Point outsources proxy voting, using ProxyEdge to execute proxy voting for the equities they may own.

Magnetar

Key Voting Statistics (Jan 2024 – Dec 2024)	Number
Number of holdings at period end	518
Total Fund AUM at period end	£1,523m
Value of Trustee's Assets	£33m
Number of meetings eligible to vote during the period	24
Number of resolutions eligible to vote during the period	145
% of resolutions voted	99%
% of resolutions voted with management	90%
% of resolutions voted against management	8%
% of resolutions abstained	2%
% of meetings with at least one vote against management	21%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	30%

Any use of proxy voting services during the period?	Voting is carried out via our proxy voting advisor, ISS. In our view, proxy voting ensures each vote is considered and recorded using a policy that we are comfortable with. When receiving shareholder ballot information via email or mail, we believe there is a high risk the voting data that is pertinent to make the vote and record it, may be lost or misplaced. Using ISS makes a significant difference to the certainty of data capture as ISS receive the data via file from the prime brokers and submit the vote via file to the tabulation agent.

APPENDIX 3

Significant votes

The Trustee delegates responsibility for the exercising of rights (including voting rights) attaching to investments to the Scheme's investment managers. The Trustee is not aware of any material departures from the managers' stated voting policies. Given the nature of these mandates and the fact that voting activities appear to be undertaken in line with the managers' voting policies, the Trustee is comfortable that the voting policies for the Scheme have been adequately followed over the period.

As previously mentioned, the votes shown in the below tables have therefore been chosen in relation to the Trustee's definition of a 'significant vote', which are votes that meet one or more of the following criteria:

- Votes relating to one of our key stewardship themes – Climate change and diversity, equity & inclusion;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

Man and Magnetar were able to disclose the significant votes cast during the period, with Beach Point noting that they did not cast any significant votes over the year. AQR were unable to disclose their significant votes cast during the period – the Trustee will continue to engage with the manager to encourage them to disclose these votes going forward. A summary of the 'significant votes' cast by the Scheme's managers is included in the table below.

Taylor Wimpey Pension Scheme

Significant votes (1st January 2024 – 31st December 2024):

Voter	Company	Date	Resolution nature	Vote	Reason for significance	Management Recommendation	Outcome of the vote
Man	Danske Bank AS	21/03/2024	Shareholder Proposal Regarding Climate Policy	For	Related to Climate Change	Against	Rejected
Man	Chipotle Mexican Grill	06/06/2024	Shareholder Proposal Regarding Report on Harassment and Discrimination	For	Related to D, E & I	Against	Rejected
Man	Dell Technologies Inc	27/06/2024	Shareholder Proposal Regarding Diversity and Inclusion Report	For	Related to D, E & I	Against	Rejected
Man	General Motors Company	06/04/2024	Shareholder Proposal Regarding Additional Disclosure on Sustainability Risks Within the Supply Chain	For	Related to Climate Change	Against	Rejected
Man	PepsiCo Inc	05/01/2024	Shareholder Proposal Regarding Racial Equity Audit	For	Related to D, E & I	Against	Rejected
Magnetar	Invesque	20/06/2024	Resolution to elect directors and appointment of auditor	For	Large % holding	For	Passed