

GCP UK Pension Plan

Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles (“**SIP**”) produced by the Trustee has been followed during the year to 31 March 2025 (the “**Plan’s Year**”). This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

In November 2024 the Trustee updated the SIP to reflect the Plan entering into a further bulk annuity contract with Just Group plc (“Just”) to further de-risk the Plan by insuring the majority of uninsured Plan members in full. Following this, in December 2024 the SIP was updated to reflect the new investment arrangements.

Investment Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set.

The primary objective of the Trustee is to invest the Plan’s assets in the best interest of the members and beneficiaries, and in doing so, to meet the obligations to the beneficiaries. With the exception of a small portion of residual liabilities, which will continue to be met by the Plan, future benefits from the Plan will be funded by the bulk annuity policies.

The Trustee has agreed that the key objective in order to meet the obligations in relation to the residual liabilities and to control the various risks to which the Plan is exposed is to fully hedge (to the extent possible) the interest rate and inflation risk of the residual liabilities.

During the Plan’s year and following consultation with the Principal Employer, the Trustees agreed to de-risk the Plan’s investment strategy, taking into consideration the Plan’s liability profile, the funding position, the covenant of the Employer, and the investment objectives of the Plan;

- The decision was taken to enter into a further bulk annuity contract for the Plan’s remaining uninsured liabilities, to the extent possible.
- Due to the less liquid nature of the Insight Secured Finance holdings, a decision was made to disinvest the Plan’s entire holdings in this fund, with proceeds being invested with LGIM. This was traded on 28 March 2024 and settled at LGIM on 24 April 2024.
- To align, to the extent possible, the invested assets with Just’s Price-Tracking Mechanism, the Plan disinvested its remaining holdings in the LGIM Buy & Maintain Credit fund in favour of cash to bring to overall interest rate sensitivity of the Plan’s assets broadly in line with that of Just’s Price-Tracking Mechanism. This was traded on 14 November 2024. The inflation sensitivity of the Plan’s assets was broadly in line with Just’s Price-Tracking Mechanism at the time of trading and therefore no action was taken in this regard.
- All assets were disinvested from the LGIM mandate, with proceeds being transferred to Trustee Bank Account (“TBA”). This was transacted on 2 December 2024 and settled in

the TBA on 5 December 2024. The premium to enter into the bulk annuity contract was then transferred to Just from the TBA on 6 December 2024, with same-day settlement.

- Following this, the residual assets were invested to hedge, to the extent possible, the approximate interest rate and inflation exposure of the residual liabilities not captured by the bulk annuity policies. This was transacted on 2 January 2025 and was funded from the TBA.

Policy on ESG, Stewardship and Climate Change

The Plan's SIP includes the Trustee's policy on Environmental, Social and Governance ("ESG") factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship and was last reviewed in December 2024, following the changes detailed above.

The following two sections summarise the work undertaken during the year under review relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

The Trustee does not consider the ESG policies of the AVC providers and associated investment funds as these are a small proportion of total assets.

Assessment of Engagement Activity

The Trustee believes that good stewardship and environmental, social and governance issues may have a material impact on investment returns, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit consideration.

The Plan's assets are predominantly invested in the bulk annuity contracts with Just. The Trustee is therefore largely reliant on the policies of Just in relation to responsible investment and corporate governance. Further details on this are set out overleaf.

For the residual assets, as set out in the SIP, the Trustee's policy is to give the appointed investment manager (LGIM) full discretion when evaluating ESG issues, including climate change considerations and stewardship obligations, attached to the Plan's investments in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and the UK Stewardship Code.

- The Trustee is supportive of the UK Stewardship Code (the "Code") and expects the investment manager, who is authorised in the UK, to comply with the UK Stewardship Code, including public disclosure of support via an external website. The Plan's investment manager, LGIM, is a signatory of the UK Stewardship Code 2020 as of the latest update published by the Financial Reporting Council on 11 February 2025.
- The Trustee considers how ESG, climate change and stewardship is integrated within investment processes by monitoring the investment manager. Monitoring is undertaken on a regular basis and is documented periodically. The investment manager is expected to report on their own ESG policies and their engagement activity as and when requested by the Trustee, and may be invited in to discuss any questions or concerns that arise.

A summary of engagement for the 12-month period to 31 March 2025 is provided below:

- **LGIM** engaged with companies on a number of issues, with key activity structured around their core themes: climate, nature, people, health, governance and digitisation. Throughout the year, LGIM engaged with companies on relevant issues, including collaborating with firms in carbon-intensive sectors to enhance their climate transition plans, advocating for increased ethnic diversity at the board level, and supporting the implementation of the Japanese FSA's request to publish governance reports prior to annual general meetings (AGMs).

Just - Bulk Annuity Provider's ESG Policy

The Trustee has appointed Just as its Bulk Annuity Provider. Just apply ESG and sustainability factors within their business. To ensure investments align with the principles of ESG and are sustainable, they are assessed using a principles-based approach, which Just consider to be an essential part of sound fundamental credit analysis, under three pillars; making a positive impact, leaving a responsible footprint and creating a fair world.

Further details on the JUST's ESG metrics, results and policy can be found here:

<https://www.justgroupplc.co.uk/about-us/our-business/esg>

For and on behalf of the Trustee of the GCP UK Pension Plan

August 2025