



SIEMENS BENEFITS SCHEME

DC Implementation Statement

Year Ended 30 September 2024

This annual statement sets out how the policies described in the Scheme's Statement of Investment Principles have been appropriately followed over the year, including in relation to stewardship and engagement.

SIEMENS

DC Implementation Statement

Introduction

Under the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee is required to produce an annual Implementation Statement, setting out how the policies described in the Scheme's Statement of Investment Principles ("SIP") have been followed.

This Implementation Statement covers the period 1 October 2023 to 30 September 2024, the Scheme's reporting year. In practice, only the period from 1 October 2023 to 31 December 2023 has been considered, as post this point all assets had been transferred to the Standard Life Master Trust.

This report has been completed in line with the regulations that came into force in October 2019.

This is the fifth such statement prepared by the Trustee of the Siemens Benefits Scheme. It is intended to meet the updated regulations and will be included in the Scheme's Report & Accounts and made public online. In preparing this statement, the Trustee has taken advice from its professional advisors. This Statement focuses on the Defined Contribution ("DC") Section of the Scheme. There is a separate statement relating to the Defined Benefit ("DB") Section of the Scheme.

The document sets out, at a high level, how the Trustee's policies under the terms of the Statement of Investment Principles ("SIP") have been implemented. In addition, where relevant, the document describes the areas of the portfolio where stewardship and engagement are most likely to be financially material. As part of this, the statement discloses the Trustee's opinion on the outcomes of engagement activity and voting for managers that hold listed equities.

Over the course of the Scheme year, the Scheme ceased being an ongoing provider of DC benefits to members, and all assets were transferred to the Standard Life Master Trust. This document covers the period up until the point of closure of the DC Section.

This Implementation Statement should be read in conjunction with the SIP which was in effect during the reporting period, and which is appended to this Statement. An updated SIP, which came into effect following the closure of the DC Section, can be accessed [here](#).

Overall, the Trustee is comfortable that the policies set out in the SIP have been appropriately followed over the period from 1 October 2023 to 31 December 2023 (as post this point all assets had been transferred to the Standard Life Master Trust).

Summary of how investment decisions were taken

The Trustee established an Investment, Covenant and Funding Committee ("ICFC") which considered issues on these topics which the Trustee faced in relation to the both the DB and DC sections. The ICFC's remit included developing and implementing investment strategies, monitoring investment advisors, fund managers and investments. This was done in conjunction with the Scheme's investment advisors and reporting to the Full Board for approval of specific decisions as required by the Committee's terms of reference. The ICFC then regularly monitored these investments and strategies to ensure they were meeting expectations and to make changes where necessary. The Trustee also appointed an Investment Executive to assist in carrying out these duties.

Specifically for the DC Section, the Scheme's overarching mission was to provide a high-quality, cost-efficient pension solution that allows members to plan and save for a financially secure retirement. To achieve this, the Trustee aimed to offer a flexible range of investments to meet the unique requirements of the Scheme's members that enabled them to save confidently for their retirement.

In practice this involved providing a range of investments that were suitable for meeting members' long-term, medium-term and short-term investment objectives. The Trustee considered members' circumstances, including the expected range of members' attitudes to risk and term to retirement, and sought guidance and obtained advice from its investment advisor as appropriate throughout the year when undertaking investment decisions to meet this objective.

Changes to the SIP over the period

The Statement of Investment Principles ("SIP") was reviewed and amended during the Scheme year to reflect the DC benefits being transferred out of the Scheme.

How the Trustee has met its objectives and policies

Whilst the Trustee's key focus was on the transfer of assets to Master Trust, it continued to act in the best interests of members throughout this period – including in its key objective to **provide a high-quality, cost-efficient pension solution that allows members to plan and save for a financially secure retirement.**

During the period that the Investor Plan remained open for its members, the Trustee's key objective was to ensure the value of members' DC savings would be at least no worse off under the proposed Master Trust strategy as in the Investor Plan, and that existing assets were to be transferred in an effective manner. It carried out a number of tasks to help meet these objectives:

Comparison of investment strategies

With the assistance of its investment advisors, the Trustee undertook a comparison of expected future value of assets within both the Investor Plan and the Master Trust arrangements. This considered both the expected investment risk and returns, net of fees, of the relevant and respective default investment strategies. The analysis, which was both qualitative and quantitative in nature, concluded that there were no concerns with the Master Trust's investment strategy, and that the Trustee would be comfortable moving assets into the Master Trust.

Comparison of charges

The Trustee undertook a detailed assessment of the charges within the proposed Master Trust range of funds, relative to those offered within the Investor Plan. It was comfortable that, on a like-for-like basis, charges were lower under the proposed arrangements. Where there was no like-for-like comparison, the Trustee's concluded that the charges within the Master Trust arrangements were not out of line with market rates (given scale of the investments) and represented value to the Plan's members.

Transition planning

The Trustee, along with its investment advisors and the Investment Executive ensured the transition was carried out in the most efficient way possible. Due care was given to minimising out of market exposure and to reducing costs associated with the transfer (the Standard Life Master Trust paid for all such costs), whilst disinvestments occurred over a number of tranches in order to further mitigate the potential impact of market volatility on members' assets.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance (“ESG”) issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Voting and Engagement activity over the year

Within the default arrangement, the Scheme invested in various BlackRock passive equity indices as well as a BlackRock diversified growth and fixed income strategy, held passive equity exposure with State Street Global Advisors and additional equity exposure via the Nordea Diversified Return fund. Stewardship was also relevant for additional funds within the default arrangement, namely the M&G Total Return Credit Fund, the Threadneedle Property Fund and the Robeco SDG Credits Fund.

Significant votes

The investment managers have provided the voting statistics (where relevant) and examples of ‘significant’ votes they have participated in. Each manager has their own criteria for determining whether a vote is significant. Examples of what might be considered a significant vote are:

- a vote where a significant proportion of the votes (e.g. more than 15%) went against the management’s proposal
- where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting
- a vote that is connected to wider engagement with the company involved
- a vote that demonstrates clear and considered rationale
- a vote that the Trustee considers inappropriate or based on inappropriate rationale
- a vote that has significant relevance to members of the Fund

Data Limitations

At the time of writing, the following managers did not provide all the information we requested:

- Threadneedle and Ardevora did not provide the engagement information requested.
- Causeway provided voting information and engagement examples but did not provide the engagement statistics requested.
- BlackRock did not provide voting and engagement information for some of the requested funds over the period of investment (1 October 2023 to 31 December 2023).

Blackrock

Voting Policy

BlackRock’s proxy voting process is led by its Investment Stewardship team. Voting decisions are made by the Investment Stewardship team with input from investment colleagues. Blackrock’s voting decisions are informed by its voting guidelines, its engagements with companies, and research on each underlying company. BlackRock reviews its voting guidelines annually and updates them as necessary to reflect changes

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

What is engagement?

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

in market standards, evolving governance practice and insights gained from engagement over the year.

BlackRock subscribes to research from the proxy voting advisers ISS and Glass Lewis. BlackRock uses the research and its own analysis to identify companies where additional engagement would be beneficial. BlackRock does not routinely follow the voting recommendations of its proxy voting advisers.

Voting example – Microsoft Corporation

In December 2023 BlackRock voted against the proposal of a report on Risks of Operating in Countries with Significant Human Rights Concerns. BlackRock voted against this proposal due to the belief that the company already has policies in place to address these issues.

BlackRock have an ongoing dialogue with companies to explain their views and how they evaluate company actions on relevant ESG issues over time. Where they have concerns that are not addressed in these conversations, they may vote against management, as they have done in this case.

Engagement Policy

BlackRock considers engagement to be at the core of its stewardship efforts. It enables BlackRock to provide feedback to companies and build a mutual understanding about corporate governance and sustainable business practices. Each year, BlackRock sets engagement priorities to focus on, such as governance and sustainability issues that it considers to be most important for companies and its clients.

BlackRock's priorities reflect an emphasis on board effectiveness and the impact of sustainability-related factors on a company's ability to generate long-term financial returns. BlackRock's stated key engagement priorities include board quality, climate and natural capital, strategy purpose and financial resilience, incentives aligned with value creation, company impacts on people.

More information can be found here:

<https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf>

State Street Global Advisors

The Scheme introduced an allocation to the State Street Global Advisors ("SSGA") Multi-Factor Global ESG Index Equity Fund (50% hedged to GBP) within the Opportunity Fund over the previous reporting period.

Voting Policy

SSGA uses proxy voting service provider Institutional Shareholder Services ("ISS") to act as their proxy voting agent (providing SSGA with vote execution and administration services), assist in applying voting guidelines, to provide research and analysis on general corporate governance issues and specific proxy items, and to provide proxy voting guidelines in limited circumstances.

SSGA's stewardship team reviews its proxy voting guidelines with ISS on an annual basis or on a case-by-case basis as needed. Members of the stewardship team evaluate each proxy vote against their proxy voting guidelines, which seek to maximize the value of its client accounts. The Asset Stewardship Team is overseen by SSGA's internal governance body (the ESG Committee).

At a firm level, SSGA voted at over 23,200 meetings in 2023 and prioritises companies for review based on several factors including the size of the holdings, past engagement, corporate performance, and voting items identified as areas of potential concern.

Voting example – Campbell Soup Company

In November 2023, SSGA chose to abstain on a proposal to report on climate risk in retirement plan options. SSGA abstained due to the belief that the company's disclosures related to climate change are mostly aligned with SSGA's guidance, but could be enhanced.

Where appropriate, SSGA will contact the company to explain their voting rationale and conduct further engagement.

Engagement Policy

SSGA aims to invest responsibly to enable economic prosperity and social progress. Its asset stewardship program is built on the following principles:

1. Effective board oversight - SSGA believe that well-governed companies can protect and pursue shareholder interests, and seek to vote director elections in a way that we believe will maximise long-term value;
2. Quality disclosure - SSGA believe in timely and accurate reporting of a company's financial performance and strategy to shareholders;
3. Shareholder protection - SSGA believes it is in the best interest of shareholders for companies to have appropriate shareholder rights and accountability mechanisms in place

In 2019, SSGA created an engagement and voting screen, which measures the performance of a company's business operations and governance as it relates to financially material and industry specific ESG risk factors. SSGA began sharing companies' performance scores with them and guiding companies towards resources on how to improve their ESG practices, and ultimately, their score. SSGA aims that, over time, this will bring better ESG data into the market and help build more sustainable.

Nordea Asset Management

The Scheme holds equity exposure via Nordea funds in the default arrangement through the Nordea Diversified Return fund (within the Balanced and Consolidation funds).

Voting Policy

Nordea's policies and principles define how it approaches corporate governance-related matters, the incorporation of ESG considerations in its investment processes and how shares are voted. A committee has been set up to ensure appropriate handling of

governance matters, and the operational responsibility rests with the Corporate Governance function. The Corporate Governance function and the Responsible Investment team work together closely.

Nordea uses proxy voting advisers, ISS and Nordic Investor Services (“NIS”), for proxy voting, vote execution and research. In 2021, these two vendors merged. Generally, Nordea focuses its stewardship efforts on companies on which it can have an impact, such as firms in which it has a substantial ownership share. In addition, Nordea puts extra emphasis on companies which it owns in its ESG-enhanced products. Nordea Asset Management (NAM) is a signatory of the UN Principles for Responsible Investment.

<u>Nordea Stable Return Fund over year to 31 December 2023</u>	
Number of resolutions eligible to vote on	2,486
% of resolutions voted on for which the fund was eligible	98%
Of the resolutions voted, % voted against management	12%
Of the resolutions voted, % abstained from	3%

Voting example: Microsoft Corporation

In December 2023, Nordea voted for a proposal to report on risks of operating in countries with significant human rights concerns. Nordea voted for the shareholder proposal since increased disclosure regarding how the company is managing human rights-related risks in high-risk countries helps investors in their assessment of the company.

The proposal did not pass, however, Nordea will continue to support shareholder proposals on issues as long as it is needed.

Engagement Policy

Nordea sees engagement as a crucial part of its Responsible Investment philosophy and framework. Nordea's engagement activities combine the views of its portfolio managers, financial analysts and ESG specialists to establish engagement objectives. Nordea uses engagements to improve its understanding of the companies it invests in and to influence them.

Nordea has established six principles which guide its engagements:

- Act in the long-term interest of shareholders
- Safeguard the rights of all shareholders
- Ensure efficient and independent board structure
- Align incentive structure of employees with the long-term interest of shareholders
- Disclosure information to the public in a timely, accurate and adequate manner
- Ensure social, environmental and ethical accountability

More information on Nordea's engagement policy can be found here:

https://www.nordea.lu/documents/static-links/NIM_AB_Engagement_Policy.pdf/

Other asset managers

Within the default arrangement, stewardship was also applicable to the M&G Total Return Credit Fund, the Threadneedle Property Fund and the L&G Pre-Retirement Fund. All are signatories to the UN Principles for Responsible Investment and provided substantial information relating to their stewardship policies and activity. The investment consultant also monitors these funds regularly and has no significant stewardship concerns at time of writing.

Within the freestyle fund range, Scheme members were invested in five other equity managers – Ardevora, Baillie Gifford, Causeway, Aberdeen Standard and HSBC. Over the period to 31 December 2023, the Scheme’s managers voted on more than 95% of resolutions. All are signatories to the UK Stewardship Code apart from Causeway, but they are working toward becoming a signatory. We have been unable to obtain data from Ardevora.

Examples of Voting from additional managers are detailed below:

Ardevora Global Long-Only Equity Fund: *Not Provided*

Baillie Gifford Voting Example: Intuitive Surgical, Inc.

In December 2023, Baillie Gifford voted against an advisory resolution to ratify executive compensation due to concerns with several one-off equity grants awarded to an executive. Baillie Gifford voted against management in this case because they believed that these equity grants were excessive.

The resolution ultimately passed.

Aberdeen Standard Voting Example: *No significant votes during the relevant period.*

HSBC Voting Example: Fast Retailing Co. Ltd.

In November 2023, HSBC voted against management in a resolution to elect director Yanaig Tadashi. HSBC voted against the proposal due to concerns over insufficient gender diversity of the board. While the resolution passed, HSBC are likely to vote against a similar proposal should we see insufficient improvements.

Causeway Voting Example: *Not Provided*

AVC arrangements

The fund performance of the legacy AVC arrangements were reviewed on a quarterly basis, and as with the default option, the main underlying equity manager in the AVC arrangements was also BlackRock. Given the relatively small assets invested and that the arrangements are closed to new entrants and contributions, the Trustee does not disclose the stewardship activity of other AVC managers in this report in further detail.

Conclusion

Based on the activity over the year by the Trustee and its investment managers, the Trustee is of the opinion that the policies set out within its Statement of Investments Principles policy have been implemented effectively in practice.

With particular regard to stewardship, the Trustee notes that most of its investment managers were able to disclose strong evidence of voting and engagement activity.

Appendix – Voting data for strategies with equity holdings managed by BlackRock and SSGA

Environment & Low Carbon Tilt Real Estate Index Fund	1 January 2023 - 31 December 2023
No. Voteable Proposals	4,264
% resolutions voted	86%
% of resolutions voted against management	4%
% resolutions abstained	0%

ACS World ESG Equity Tracker Fund (hedged and unhedged)	1 January 2023 - 31 December 2023
No. Voteable Proposals	7,383
% resolutions voted	97%
% of resolutions voted against management	2%
% resolutions abstained	0%

State Street ACS Multi-Factor Global ESG Equity Fund (hedged and unhedged)	1 January 2023 - 31 December 2023
No. Voteable Proposals	4,230
% resolutions voted	90%
% of resolutions voted against management	8%
% resolutions abstained	0%

Aquila Connect Emerging Markets Fund	1 January 2023 - 31 December 2023
No. Voteable Proposals	23,247
% resolutions voted	98%
% of resolutions voted against management	12%
% resolutions abstained	2%

Dynamic Allocation Fund	1 January 2023 - 31 December 2023
No. Voteable Proposals	35,519
% resolutions voted	85%

% of resolutions voted against management	8%
% resolutions abstained	1%

UK Equity Index	1 January 2023 - 31 December 2023
No. Voteable Proposals	9,974
% resolutions voted	99%
% of resolutions voted against management	2%
% resolutions abstained	0%

Aquila Connect MSCI World Fund	1 January 2023 - 31 December 2023
No. Voteable Proposals	14,713
% resolutions voted	97%
% of resolutions voted against management	5%
% resolutions abstained	0%