The Rayner & Keeler Limited Pension and Assurance Scheme

Statement of Investment Principles

June 2025

Contents

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustee of the Rayner & Keeler Limited Pension and Assurance Scheme (the Scheme). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010;
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2. In preparing this statement the Trustee has consulted Rayner Surgical Group Limited, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.

1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.5. The investment powers of the Trustee are set out in Clause 6.2 of the Definitive Trust Deed & Rules, dated 5 April 2011. This statement is consistent with those powers.

2. Choosing investments

2.1. The Trustee makes all major strategic decisions, including, but not limited to, the Scheme's asset allocation and the appointment and termination of investment managers.

2.2. When making investment decisions, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

2.3. The Trustee will also consult the Principal Employer before amending the investment strategy.

2.4. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in Appendix 1. The investment managers are authorised and regulated by the Financial Conduct Authority and are responsible for stock selection and the exercise of voting rights.

3. Investment objectives

3.1. The Trustee has discussed key investment objectives in light of the Scheme's liability profile as well as the constraints the Trustee's face in achieving these objectives. As a result, the Trustee's main investment objectives are, in order of priority:

1. To minimise the likelihood of unacceptable decreases in the actuarial (on-going) funding level through selecting assets that move in like with this version of the liabilities;
2. To minimise the likelihood of the Scheme's assets significantly underperforming the Pension Protection Fund ('PPF') version of the liabilities;
3. Subject to objectives 1 and 2, to maximise investment returns (net of fees, taxes and other costs) so that the reduction of the past service deficit is accelerated;
4. To maintain sufficient flexibility in the Scheme's investment structure to allow changes to be efficiently made (if and when required) in the future; and
5. To be mindful of the buy-out cost of the Scheme's liabilities.

The Trustee recognises that the five objectives above may conflict and prioritising is required if the primary objective is to be achieve in the desired manner.

These objectives have been set with consideration to the Scheme's liabilities, the strength of the Employer covenant, and the risk capacity and appetite of the sponsor and Trustee.

The Scheme's funding strategy is set out in the Statement of Funding Principles. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities. The Trustee has obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

4. Kinds of investments to be held

4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.

4.2. The Scheme has no Employer-related investments and the Trustee is not intending to make any investment in the Employer.

5. The balance between different kinds of investments

5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 1.

5.2. The Trustee considers the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1.

5.3. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.

5.4. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time.

6. Risks

6.1. The Trustee has considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustee recognises that the primary investment risk faced by the Scheme arises as a result of a mismatch between the Scheme's assets and its liabilities; this is therefore the Trustee's principle focus when setting the investment strategy. The Trustee will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
Covenant risk	The creditworthiness of the Principal Employer and the size of the pension liability relative to the Principal Employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	This risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustee is aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.
Asset allocation risk	The asset allocation is detailed in Appendix 1 and is monitored on a regular basis by the Trustee.
Investment manager risk	The Trustee monitors the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Governance risk	Each investment manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors this and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Scheme and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.

Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk or fraud). The safe custody of the Scheme's assets is delegated to professional custodians via the use of pooled vehicles.

7. Expected return on investments

7.1. The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.2. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.3. In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

7.4. The best estimate return from the Scheme's strategy is approximately 1.3% above the yield on gilts. This is variable and will change both as the outlook for markets changes and the Scheme de-risks into Liability Driven Investments (see Section 2 of Appendix 1).

7.5. Having established the investment strategy, the Trustee monitors the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position. The Trustee meets the Scheme's investment managers as frequently as is appropriate in order to review performance.

8. Realisation of investments

8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee has considered the risk of liquidity as referred to above.

8.2. Ultimately, the investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustee is aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9. Environmental, Social, and Governance factors, the exercise of voting rights and engagement activities

9.1. The Trustee has set policies in relation to these matters. These policies are set out in Appendix 2.

10. Agreement

10.1. This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Principal Employer, the investment managers, the Scheme Actuary and the Scheme auditor upon request.

Signed:.. **Date:**....................

On behalf of the Rayner & Keeler Limited Pension and Assurance Scheme

Appendix 1 Note on investment policy of the Scheme as at June 2025 in relation to the current Statement of Investment Principles

1. Choosing investments

Platform Provider

The Trustee has appointed Mobius Life Limited to provide the investment platform for the Scheme's multi asset credit funds, and Legal and General Investment Management to provide the investment platform for the Scheme's other growth assets and all of the Scheme's protection (collateral and Liability Driven Investment ('LDI')) assets.

Investment Managers

The Trustee has appointed the following investment managers to carry out the day-to-day investment of the Scheme:

- Legal and General Investment Management Limited ('L&G');
- M&G Investments ('M&G'); and
- PIMCO Global Advisors (Ireland) Limited ('PIMCO').

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so, the Trustee believes they have appropriately managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the companies in which the manager invests.

Additional Voluntary Contributions (AVCs)

The Trustee also has a contract with ReAssure for the investment of members' AVCs. L&G, their previous provider, transferred their insurance-based savings, pensions, life and with profits policies to ReAssure on Monday 7 September 2020.

Regulation of Investment Managers

The investment managers and AVC providers are authorised and regulated by the Financial Conduct Authority.

2. The balance between different kinds of investment

Strategic benchmark

The Liability matching portfolio aims to hedge approximately 95% of the exposure of the Scheme's liabilities to interest rates and inflation on the Solvency basis from the 1 January 2025 Actuarial Valuation. The liability matching portfolio includes investments in the L&G Absolute Return Bond Fund and the L&G Sterling Liquidity Fund. The purpose of these investments is to provide a source of collateral for the LDI funds should they need to adjust the level of leverage they employ.

The Scheme's strategic allocation between assets is set out in the table below:

Asset class	Allocation (%)
L&G Equity portfolio	10.5%
PIMCO Diversified Income Duration Hedged	7.0%
M&G Total Return Credit	17.5%
LDI portfolio and Sterling Liquidity Fund	50.0%
Absolute Return Bond Fund	15.0%

This strategy has been agreed after considering the Scheme's liability profile, funding position, expected return of the various asset classes and the need for diversification.

3. Rebalancing

The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustee seeks to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalancing. The Trustee has an agreement in place with L&G to rebalance the equity portfolio on a quarterly basis within specific control ranges.

4. Investments and disinvestments

Investments and disinvestments are usually made so as to move the actual asset allocation more in line with the target asset allocation, although the Trustee retains the discretion to alter this when appropriate.

The investment benchmarks and objectives for each investment manager are given below:

<table>
<tr><th>Investment manager</th><th>Fund</th><th>Benchmark</th><th>Objective</th></tr>
<tr><td>L&G</td><td>UK Equity Index Fund</td><td>FTSE All-Share Index</td><td>The Fund aims to track the sterling total return of the benchmark to within +/- 0.25% p.a. for two years in three</td></tr>
<tr><td>L&G</td><td>Overseas Equity Index Funds</td><td>FTSE All-World (ex UK) Index</td><td>To deliver long-term performance in line with the benchmark</td></tr>
<tr><td>PIMCO</td><td>Diversified Income Fund Institutional (Hedged)</td><td>A third of each of the following indices at the constant 0.25 year duration:
• Bloomberg Barclays Global Aggregate Credit ex-Emerging Markets Index;
• BofA Merrill Lynch BB-B Rated Developed Markets High Yield Constrained Index; and
• JPMorgan EMBI Global Index</td><td>To provide diversified total returns in line with the highest earning credit sectors while achieving lower volatility by offering investors a flexible and highly tactical access to the full global credit opportunity set with limited duration</td></tr>
<tr><td>M&G</td><td>Total Return Credit Fund</td><td>1 Month SONIA</td><td>To outperform the benchmark by 3-5% p.a. over a cycle (before fees)</td></tr>
<tr><td>L&G</td><td>Absolute Return Bond Fund</td><td>3 Month SONIA</td><td>To outperform the benchmark by 1.5% p.a. over a rolling three year period.</td></tr>
<tr><td>L&G</td><td>Matching Core Fixed Short</td><td rowspan="4">Liability based benchmark</td><td rowspan="4">To provide interest rate and inflation protection</td></tr>
<tr><td>L&G</td><td>Matching Core Fixed Long</td></tr>
<tr><td>L&G</td><td>Matching Core Real Long</td></tr>
<tr><td>L&G</td><td>Leveraged Gilt Funds</td></tr>
</table>

L&G	Leveraged Index linked Gilt Funds		
L&G	Sterling Liquidity Fund	Sterling Overnight Index Average (SONIA)	To provide diversified exposure and a competitive return in relation to the benchmark, whilst also offering access to liquidity

The performance of the investment managers will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

5. Fee agreements

The fee arrangements for each of the funds is summarised in the table below.

Investment Manager	Fund	Annual Management Charge (p.a.)
L&G	UK Equity Index Fund	0.050%
L&G	Overseas Equity funds	0.119%**
PIMCO	Diversified Income Fund Institutional (Hedged)*	0.740%
M&G	Total Return Credit Fund*	0.450%
L&G	Absolute Return Bond Fund	0.225%
L&G	Matching Core Fixed Long	
L&G	Matching Core Real Long	
L&G	Matching Core Fixed Short	0.162%
L&G	Leveraged Gilt Funds	
L&G	Leveraged Index linked Gilt Funds	
L&G	Sterling Liquidity Fund	0.099%

*The funds are held on the Mobius Platform. The 0.05% platform fee for Mobius is included in these Annual Management Charges set out in the table. Mobius also charges an additional flat fee of £3,000 per annum.

**The Overseas Equity funds fee is the weighted average of the multiple regional equity funds that make up the portfolio as at 31 May 2025.

Based on the asset allocation as at 31 May 2024, the overall fee for the Scheme's investments is approximately 0.29% per annum.

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters. Barnett Waddingham LLP is wholly owned by Howden UK&I Jersey Limited and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflicts of interest. Barnett Waddingham are normally remunerated on a time-cost basis, although fixed fees may be agreed for specific tasks.

Appendix 2 Environmental, Social, and Governance factors, the exercise of voting rights and engagement activities

1 Financial Materiality

The Trustee considers that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) will be financially material for the Scheme over the length of time during which the benefits provided by the Scheme for members require to be funded to a level which would allow the benefits to be bought out with an insurer. This is likely to be not less than ten years from the date of this Statement of Investment Principles.

2 Trustee's Policy

The Trustee's policy on these matters, including engagement and the exercise of voting rights, is set out below. Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustee has made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

The Trustee has not considered it appropriate to take into account individual members' views when establishing the policy on ESG issues, engagement and voting rights.

The Trustee has elected to invest the Scheme's assets through pooled funds. The choice of underlying funds is made by the Trustee after taking advice from their investment consultant. The Trustee, and the managers of the underlying funds, takes into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustee takes those factors into account in the selection, retention and realisation of investments as follows:

- The Trustee will assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels.
- The Trustee will monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.
- The Trustee will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

The Trustee will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustee will obtain training on ESG considerations from time to time in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme's investment managers, the Trustee may use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and

- Through their investment consultant the Trustee will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis.

Social, environmental and ethical considerations are set by each of the investment managers, who also exercise the rights attaching to the investments in any pooled funds. Each of the Scheme's investment managers will ultimately act in the best interests of the Scheme's assets to maximise returns for a given level of risk. The Trustee appreciates that the method of incorporating ESG within an investment strategy and process will differ between asset classes and is comfortable that the investment manager is managing the relevant funds with ESG taken into account in a reasonable way for each particular asset class. A high level-summary on the Trustee's views on ESG integration within each asset class the Scheme invests is outlined below:

- **Passive Equities** - the Trustee accepts that when investing passively in equity index tracker funds, there is little that the manager can do within the investment process because there is no freedom in stock selection. However, the Trustee believes that positive engagement on ESG issues may lead to improved risk-adjusted returns. Therefore, the Trustee looks to the passive equity manager to positively engage with companies where there is scope to improve the way ESG issues are taken into account when running the company.
- **Corporate bonds and credit instruments** - the Trustee believes ESG issues should be considered in a manager's investment process as they have the ability to materially impact risk-adjusted returns. The Trustee recognises that fixed income assets do not include voting rights; however the Trustee supports engagement from their managers to identify ESG risks and opportunities. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.
- **Liability Driven Investment and money market** - the Trustee does not believe there is significant scope for ESG issues to improve risk-adjusted returns within the Scheme's underlying leveraged gilt and cash holdings. It is worth noting that when transacting in gilt and money market funds, the Trustee requires due diligence is undertaken to assess the credit worthiness of the counterparty both initially and ongoing, whilst at the same time looking to achieve best execution. The Trustee expects the fund manager to incorporate ESG factors where these assist with the credit worthiness assessment.

3 Non-financially material considerations

The Trustee has not included any non-financial matters (such as ethical views) as constraints when setting investment strategy and/or when selecting or reviewing fund managers. The Trustee has not considered it appropriate to take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future qualify of life of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

4 The exercise of voting rights

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustee's behalf. In doing so, the Trustee expects that the investment managers will use their influence as major institutional investors to exercise the Trustee's rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustee will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustee will, with input from their investment consultant, monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustee will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

5 Engagement activities

The Trustee believes that good stewardship and positive engagement can lead to improved governance and better risk-adjusted returns.

The Trustee acknowledges the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustee is of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustee considers it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustee also considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

6 Conflicts of Interest

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the investee companies.

7 Incentivising alignment with the Trustees' investment policies

Prior to appointing an investment manager, the Trustee discusses the investment manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustee's own investment beliefs.

When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

The Trustee carries out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustee monitors the investment managers' approach to ESG and climate related risks on an annual basis

In the event that an investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated.

8 Incentivising assessments based on medium to long term, financial and non-financial considerations

The Trustee is mindful that the impact of ESG and climate change has a long-term nature. However, the Trustee recognises that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustee acknowledges this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over a rolling timeframe. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustee expects this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

The Trustee expects investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

9 Method and time horizon for assessing performance

The Trustee monitors the performance of their investment managers over medium to long term periods that are consistent with the Trustee's investment aims, beliefs and constraints.

The Scheme invests in pooled funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.

The Trustee believes that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

The Trustee asks the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

10 Portfolio turnover costs

The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the annual investment monitoring process.

During the investment manager appointment process, the Trustee may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices. The Trustee acknowledges that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

11 Duration of arrangements with investment managers

For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustee's investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

Appendix 3 Investment Objectives for the Investment Consultant

The Trustee has set the following strategic objectives for their investment consultant, Barnett Waddingham LLP. The Trustee will review their investment consultant against these objectives annually and report the results in the Scheme Return. The Trustee will review these objectives at least every 3 years or after any significant investment changes and make changes if necessary.

Overall service

Provide high quality advice that helps the Scheme to achieve its investment objectives

Communicate advice clearly using plain English

Produce advice and other papers in a timely fashion

Investment strategy design

Advise the Trustee on the design of investment strategy consistent with the ABCs

Manager selection and monitoring

Recommend appropriate investment managers and/or funds

Taking into account the Scheme's policy on ESG factor investing

Implementation

Arrange the implementation of asset transfers and cashflow management in an efficient and timely manner

Advise on the management of cashflow

Governance

Advise the Trustee of any actions required to ensure compliance with regulations

Bulk annuity advice

Advise the Trustee on the rationale, feasibility, and suitability of a buy-in / buy-out taking into account the Trustee's objectives and winder investment/funding strategy

Operate within a suitable process for obtaining bulk annuity quotations, and provide advice on suitable insurer(s) to invite to participate

Advise on the selection of a bulk annuity insurer to proceed with

Negotiate and advise on the commercial terms of the transaction
Advise on the premium payment process, including the selection of assets to transfer, and the movement of cash
Provide formal written investment advice to support the process

Implementation Statement

Rayner & Keeler Limited Pension and Assurance Scheme

Purpose of the Implementation Statement

This Implementation Statement has been approved by the Trustee of the Rayner & Keeler Limited Pension and Assurance Scheme ("the Scheme") and covers the year to 31 December 2024.

The Implementation Statement sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year.

Stewardship policy

The Trustee discussed whether setting stewardship priorities were appropriate for the Scheme during the 24 May 2023 Trustee meeting.

The Trustee decided not to set stewardship priorities for the Scheme because the Scheme solely invests through pooled investment vehicles, where the Scheme's assets only represent a small proportion of the capital invested in the funds. Additionally, the Scheme's employer did not have any strong stewardship priorities for the Scheme to align with and the Scheme does not have a large proportion of assets (approximately 13% in equities) with voting rights attached.

The Trustee understands that they are constrained by the policies of the managers and has decided to take a proportionate approach to stewardship; they will take stewardship priorities, climate risk, and other ESG factors into account during manager selections. The Trustee also reviews the stewardship and engagement activities of the investment managers annually through the yearly ESG monitoring report.

In January 2025, the Trustee reviewed the stewardship priorities of the Scheme's investment managers. The Trustee believes the stewardship priorities and themes of the investment managers are sensible and cover a wide variety of issues, with a focus on climate and social aspects.

Implementation of voting and engagement policies

At the year-end, the Scheme's investment managers were Legal & General Investment Management ("LGIM"), M&G and PIMCO.

The Scheme invests entirely in pooled funds and, as such, delegates responsibility for carrying out voting and engagement activities to the Scheme's investment managers.

The Trustee has reviewed environmental, social and governance ("ESG") and stewardship considerations in relation to their investment managers for the year to 31 December 2024 and the findings of this review are reported in this Implementation Statement (which will also be included in the Scheme's Annual Report & Accounts for the year to 31 December 2024). The Trustee also regularly considers the performance of the funds in which the Scheme invests and any significant developments.

Through the annual sustainability investment monitoring report, the Trustee reviewed the ESG and stewardship considerations, climate impact, and reporting of the Scheme's investment managers. As a result of this report, the Trustee was made aware that:

- M&G were only engaging with a small percentage of eligible assets; and
- PIMCO's carbon metrics were increasing year-on-year.

The Trustee decided not to make any changes to the strategy as a result of the above but will continue to monitor how the managers resolve the identified issues. Overall, the Trustee is comfortable that the investment managers are undertaking their voting and engagement activities in line with the Trustee's policies as far as can be deduced from the reporting available from the investment managers and information inferred from the sustainability investment monitoring report.

The tables provided in the remainder of this Implementation Statement provide an indication of the investment managers' overall voting and engagement activities.

We note that there are no voting rights or meaningful opportunities for engagement in relation to the Scheme's liability-driven investment ("LDI") and money market holdings and so these funds have been excluded from the tables below.

Voting data

The voting data collated for the Scheme in relation to those funds which carry voting rights is given in the table below. The voting data is given over the year to 31 December 2024.

Manager	LGIM	LGIM
Fund name	UK Equity Index	Overseas Equity Index
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour	
Number of company meetings the manager was eligible to vote at over the year	722	6,557
Number of resolutions the manager was eligible to vote on over the year	10,188	62,164
Percentage of resolutions the manager voted on, for which they were eligible	100.00%	99.79%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on*	0.03%	1.30%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on*	93.96%	78.96%
Percentage of resolutions voted *against* management, as a percentage of the total number of resolutions voted on*	6.01%	19.74%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	5.15%	10.71%

Source: LGIM.
**Figures may not sum due to rounding.*

Proxy voting

A proxy advisor is a company that advises how owners of shares should vote on resolutions at shareholder meetings and, where applicable, the proxy advisor can also vote on behalf of the owners of the shares.

LGIM have an internal Investment Stewardship team which uses the Institutional Shareholder Service (ISS) 'ProxyExchange' electronic voting platform to administer votes, however all voting decisions are made by LGIM. To ensure ISS votes in accordance with LGIM's position on ESG issues, LGIM have put in place a custom voting policy with specific voting instructions.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes.

The Trustee decided not to set stewardship priorities for the Scheme because the Scheme solely invests through pooled investment vehicles and has deferred to the policies of its investment managers to determine what constitutes a significant vote. Therefore, the Trustee has asked the investment managers to determine what they believe to be a "significant vote". In the absence of agreed Stewardship priorities / themes, the Trustee has selected 3 votes from each fund, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. A summary of the data they have provided is set out below.

LGIM

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided in guidance from the Pensions & Lifetime Savings Association (PLSA). This guidance dictates significant votes may include, but are not limited to:

- A high-profile vote which has 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 LGIM's annual Stakeholder roundtable event, or where LGIM note 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 an LGIM engagement campaign.

Detailed examples of significant votes as provided by LGIM are set out below for ease of reporting. Further significant vote information can be found online.

UK Equity Index

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Unilever Plc	Rentokil Initial Plc
Date of vote	21 May 2024	1 May 2024	8 May 2024
Approximate size of the fund's holding as at the	7.66%	4.23%	0.41%

	Vote 1	Vote 2	Vote 3
date of the vote (as % of portfolio)			
Summary of the resolution	Approve the Shell Energy transition progress update	Approve Unilever's climate transition action plan ("CTAP")	Re-elect Richard Solomons as Director
How the manager voted	Against the resolution	For the resolution	Against the resolution
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	LGIM acknowledged the progress made by Shell in respect of climate related disclosures over recent years, and they view the commitments made to reduce emissions from operations and their oil products, as well as the strong position taken on tackling methane emissions, positively. However, in light of the revisions made to the Net Carbon Intensity targets, coupled with the ambition to grow its gas and liquified natural gas business this decade, LGIM expected the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, LGIM sought 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.	A vote for CTAP was applied as LGIM understand it to meet their minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term greenhouse gas ("GHG") emissions reduction targets consistent with a 1.5 degree Celsius Paris goal. Despite the Science Based Target initiative recently removing their approval of the company's long-term scope 3 target, LGIM noted that the company had recently submitted near term 1.5 degree aligned scope 3 targets to the Science Based Target initiative for validation and therefore at this stage believed the company's ambition level to be adequate. LGIM therefore remained supportive of the net zero trajectory of the company at this stage.	A vote against was applied because of a lack of progress on gender diversity on the board. LGIM expects companies to have at least 40% female representation on the board.
Outcome of the vote	The resolution passed	The resolution passed	The resolution passed
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5 degree Celsius scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.		LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

Source: LGIM.

Overseas Equity Index

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Microsoft Corporation	Alphabet Inc.
Date of vote	28 February 2024	10 December 2024	7 June 2024
Approximate size of the fund's holding as at the date of the vote (as % of portfolio)	4.12%	3.99%	1.45%
Summary of the resolution	Report on the risks of omitting viewpoint and ideological diversity from Equal Employment Opportunities (EEO) Policy	Report on Artificial Intelligence ("AI") data sourcing accountability	Elect John L. Hennessy as Director
How the manager voted	Against the resolution	For the resolution	Against the resolution
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	LGIM voted against the resolution because in their view the company appeared to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies. Secondly, including viewpoint and ideology in EEO policies did not appear to be a standard industry practice.	LGIM voted for this resolution because the company was facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company had strong disclosures on its approach to responsible AI and related risks, LGIM believed shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	LGIM voted against the resolution because they expect a board to be regularly refreshed, for the Chair of the Committee to have served on the board for no more than 15 years and also that a company has at least one-third women on the board. This is in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. LGIM also voted against the resolution because they support the equitable structure of one-share-one-vote. They expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.
Outcome of the vote	The resolution failed	The resolution failed	The resolution passed
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM views diversity as a financially material issue for their clients, with implications for the	LGIM viewed this shareholder resolution as significant due to the relatively high level of support received.	LGIM views gender diversity as a financially material issue for their clients, with implications for the

	Vote 1	Vote 2	Vote 3
	assets LGIM manage on their behalf.		assets LGIM manage on their behalf.

Source: LGIM.

Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustee. The tables below provide a summary of engagement activities undertaken by each investment manager for the year under review.

Manager	LGIM	M&G	PIMCO
Fund name(s)	UK Equity Index Overseas Equity Index Absolute Return Bond	Total Return Credit Investment Fund	Diversified Income Fund
Does the manager perform engagement on behalf of the holdings of the fund(s)?	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	UK Equity Index: 421 Overseas Equity Index: 2,068 Absolute Return Bond: 392	11	377
Number of engagements undertaken at a firm level in the year	4,060	406	1,517

Source: LGIM, M&G and PIMCO.

Each investment manager has provided an example to illustrate the sort of engagement activities undertaken.

Manager	Example of engagement
LGIM	LGIM has been a member of ShareAction's Chemical Decarbonisation Investor Coalition since 2021, which aims to engage with 13 leading European chemical companies to encourage them to align their decarbonisation strategies with the goal of limiting global warming to 1.5 degrees Celsius. One engagement that took place as part of this was after a three-year engagement, in December 2024, LGIM met with Yara International's (a Norwegian chemical company) CEO through the coalition to discuss their upcoming transition plan and capital expenditure strategy. This followed a shareholder resolution by ShareAction, which LGIM voted in favor of. The objective of the engagement was to continue dialogue with the company to include ambitious scope 3 targets and implementation plans in its upcoming Transition Plan, which is due to be published in 2025. The aim was to clearly convey the coalition's expectations to Yara's leading

Manager	Example of engagement
	executive during a pivotal part of the planning period. LGIM will continue to monitor Yara's progress in this regard and analyse their forthcoming Transition Plan in 2025.
M&G	M&G engaged with Stellantis NV, a Dutch-incorporated global automobile manufacturer, to convey their expectations on board gender diversity and to discuss how the company aims to meet these expectations. Thet also discussed Diversity & Inclusion ("D&I") initiatives and ambitions at the enterprise level as part of the engagement. The company did not meet their expectations of board level gender diversity (27% of the board at the time). However, there is a plan to refresh the board at the conclusion of the current four-year board mandates, which is due to take place in 2025. Following the refreshment the board is expected to have 40% female representation. Although it was pointed out that it's still a new company (formed following the merger between Fiat Chrysler and Peugeot), they demonstrated a clear intention to reach M&G's expectations on board diversity in the coming years and had set appropriate targets at the senior level. M&G will continue to monitor the situation and reassess if further engagement is necessary, with one update being that the company appointed another female director, which meant the company was now meeting M&G's expectations on board diversity.
PIMCO	PMICO previously engaged with a Dutch industrial real estate issuer on a number of climate issues, including green building initiatives, GHG emission reduction strategies, and management of climate risks. PIMCO encouraged the issuer to align its practices with the globally recognised climate reporting and target setting frameworks which were linked to the Paris agreement. In 2024, PIMCO engaged with the company's investor relations to enhance reporting transparency. They also recommended that the issuer align its disclosure processes with the highest standards of data quality and suggested that the company provide a detailed breakdown of its portfolio according to the Building Research Establishment Environmental Assessment Methodology ("BREEAM") certification levels. Following this engagement, the issuer had made notable progress by producing a comprehensive carbon disclosure and TCFD report, incorporating PIMCO's recommendations. They also started detailing their portfolio under BREEAM certification and began to report the shares aligned with sustainability objectives. Additionally, the issuer had improved their data collection processes and were aiming to align their decarbonisation plans with the Science-Based Targets initiative (SBTi), which PIMCO were looking to raise in their engagements with the issuer in 2025.

Summary

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme's policies. The Trustee is supportive of the key voting action taken by the applicable investment managers over the period to encourage positive governance changes in the companies in with the managers hold shares.

Approved by the Trustee of the Rayner & Keeler Limited Pension and Assurance Scheme
April 2025