

Implementation Statement, covering the Scheme Year from 6 April 2024 to 5 April 2025 (the “Scheme Year”) - defined benefit (DB)

The Trustee of the Airbus Group UK Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (“SIP”) during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-9 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“[DWP’s guidance](#)”) in June 2022.

This Statement is based on the SIP dated May 2024 between the start of the Scheme year and April 2025 and the SIP dated 4 April 2025 which was in place before the end of the Scheme year. This Statement should be read in conjunction with said SIP which can be found [here](#).

1. Introduction

The SIP was reviewed and updated during the Scheme Year to reflect:

- DWP’s new guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement
- changes to the Scheme’s liquid credit allocation;
- updates to the collateral management plan for the LDI portfolio;
- updates to the Scheme’s strategic allocation.

Further detail and the reasons for these changes are set out in Sections 3 and 5. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed all of the policies in the Scheme’s SIP during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

The Trustee’s objectives are:

- to maintain a portfolio of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with contributions from members and the employers, the cost of current and future benefits which the Scheme provides as set out in the Trust Deed and Rules;
- to limit the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives; and
- to maintain full funding on the agreed Technical Provisions basis.

3. Investment strategy

The Trustee, with the help of its investment advisers and in consultation with the sponsoring employer, reviewed the investment strategy over December 2023 and January 2024 (the previous Scheme year) following the results of the 2023 actuarial valuation.

As part of this review, the Trustee made sure the Scheme’s assets were adequately and appropriately diversified between different asset classes.

The Trustee monitored the asset allocation on a quarterly basis and compared this to the strategic asset allocation.

In June 2024, the Trustee disinvested c£44m from the IFM Infrastructure Fund. These monies, alongside excess cash received through a number of distributions from Beach Point and Alcentra, were invested across the CTI LDI Sub-Fund and the CT Credit Sub-Fund to rebalance the Scheme's assets back towards the strategic allocation. In total, c£70m was invested. In November 2024, an additional c£34m was switched from the CTI LDI Sub-Portfolio to the CT Credit Sub-Fund.

In February and March 2025, following formal appointment advice from its investment adviser, the Trustee implemented its initial investment in the Aegon European ABS Fund. In total, £55m was transferred from the Scheme's holdings in the CTI Credit Sub-Fund. The SIP was updated to reflect this change in February 2025.

In March 2025, the Trustee reduced the Scheme's strategic allocation to UK equities as a proportion of the Scheme's overall equity allocation. The funds were switched into the Scheme's international equity holding. The SIP was updated to reflect this change in April 2025.

The Trustee continues to monitor the Scheme's assets with the help of its investment advisor and will look to amend its strategic allocation if the need arises.

4. Considerations in setting the investment arrangements

The Trustee last reviewed the DB investment strategy over December 2023 and January 2024. As part of the review, it considered the investment risks set out in Section 4.1 of this Statement. It also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The expected returns of each asset class are set out in section 4.4 of the SIP. The Trustee also considered the need for diversification and specific circumstances of the Scheme (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant). Consistent with this policy on expected return, the Trustee has agreed on an investment strategy that looks to generate excess returns above gilts from a variety of asset classes.

The Scheme's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of regarding the Scheme's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification in the fund.

The Trustee monitors the performance of the Scheme's investment managers on a quarterly basis, using a monitoring report prepared by the investment adviser. The report shows the performance of whole Scheme over the quarter, one year, three years and five years (where applicable). Performance is considered in the context of the cumulative benchmark. The report also includes the quarterly performance of each fund, compared to each fund's benchmark or target. The Trustee monitors its funds' responsible investment capabilities using scores provided by its investment adviser, at least once a year as part of the standard monitoring reports. Every two years, the Trustee also formally reviews its investment managers' responsible investment capabilities, based on information provided by its investment adviser.

4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register which is discussed at quarterly meetings and reviewed at least annually.

The Trustee considers that there are several different types of investment risk that are important to manage and monitor. The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Scheme's investment adviser or information provided to the Trustee by the Scheme's investment managers. These include strategic risk, the risk of inadequate returns, credit risk, equity risk, currency risk, collateral adequacy risk and ESG (including climate) risks. The Trustee's implementation of its policy for these risks during the year is summarised below.

Strategic risk is the risk that the performance of the Scheme's assets and liabilities diverge in certain financial and economic conditions. This risk has been taken into account in the Trustee's investment strategy review, and will be monitored by the Trustee on a regular basis. The Trustee has taken advice from the Scheme Actuary and the investment adviser to ensure that the investment strategy is suitable for the Scheme. The Trustee will review the Scheme's investment strategy at least every three years in light of the various risks faced by the Scheme.

With regard to the risk of inadequate returns, the required return for the Scheme to maintain full funding on a Technical Provisions basis is considered in setting the investment strategy.

Investment manager risk is the risk that the investment managers fail to meet their respective investment objectives. Prior to appointing each investment manager, the Trustee undertook an investment manager selection exercise. The Trustee will receive quarterly reports from the investment managers and meet with their representatives on a regular basis to review investment performance. The Trustee may also request annual independent reports of the investment performance figures. Through this process of regular reporting and annual review, the Trustee aims to ensure that the investment managers are performing competently.

The Scheme's hedging levels are monitored on an ongoing basis in the quarterly monitoring report. Following the latest strategy review, the Trustee adjusted the Scheme's target hedging levels provided by the LDI portfolio to increase interest rate hedging to around 80% and inflation hedging to around 75%, to reflect the impact on the liabilities of the 2023 actuarial valuation. The Trustee estimates some additional interest rate and inflation hedging is provided by the Scheme's holdings in illiquid assets.

With regard to the counterparty risk, it is the risk that one party to a contract (such as a derivative instrument) causes a financial loss to the other party by failing to discharge a contractual obligation. This risk applies in particular for those contracts that are traded directly between parties, rather than traded on a central exchange. In particular CTI makes use within its LDI fund of derivative and gilt repos contracts and this fund is used by the Trustee to match efficiently a portion of the Scheme's liabilities. Counterparty risk is managed within the fund through careful initial selection and ongoing monitoring of trading counterparties, counterparty diversification and a robust process of daily collateralisation of each contract, to ensure that counterparty risk is limited, as far as possible, to one day's market movements.

With regard to collateral adequacy risk, the LDI manager may from time to time call for additional cash to be paid to the LDI portfolio in order to support a given level of leverage. Collateral adequacy risk is the risk that the Trustee when requested to do so will not be able to post additional cash to the LDI fund within the required timeframe. A potential consequence of this risk is that the Scheme's interest rate and inflation hedging could be reduced and that the Scheme's funding level could suffer subsequently as a result. In order to manage this risk, the Trustee has in place a leverage management plan which sets out the assets directly available to support the Scheme's LDI arrangements and the approach that is expected to be taken with regards to selling down any other assets to support the LDI arrangements. As at 5 April 2025, the CTI LDI portfolio held more than enough sufficient capital to support the hedging mandate.

Credit risk is the risk that a borrower will cause a financial loss for the other party by failing to meet required payments for a contractual obligation. The Scheme is subject to credit risk because it invests in asset backed securities and bonds via pooled funds. The Trustee manages its exposure to credit risk by having a diversified exposure to different credit issuers. The Scheme is also subject to credit risk through its bespoke pooled mandate with CTI. The Trustee manages this through instructing CTI to invest the vast majority in corporate bonds classified as "investment grade".

Equity represents (part) ownership of a company. Equity risk is the risk that the value of this holding falls in value. The Trustee believes that equity risk is a rewarded investment risk, over the long term. The Trustee considers exposure to equity risk in the context of the Scheme's overall investment strategy and believes that the level of exposure to this risk is appropriate.

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge currency exposure or implement separate currency hedging arrangements.

Together, the investment and non-investment risks give rise generally to funding risk. The Trustee formally reviewed the Scheme's funding position as at 5 April 2023, during the previous Scheme year, as part of its triennial actuarial valuation. The Trustee also informally monitors the funding position more regularly, on a quarterly basis at Trustee meetings. In addition, the Trustee monitors the overall 1 year 95% Value at Risk of the funding position on a quarterly basis and the Trustee remains comfortable with this level of risk.

The quarterly reports reviewed during the year showed that the majority of the managers have produced performance broadly in line with expectations over the long-term.

The following risks are covered further in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

5. Implementation of the investment arrangements

The Trustee has limited influence over managers' investment practices because the majority of the Scheme's assets are held in pooled or bespoke pooled funds, but it encourages its managers to improve their practices within the parameters of the fund they are managing.

Over the Scheme year, the Trustee instructed the appointment of Aegon to manage its ABS allocation. Before instructing the appointment of Aegon, the Trustee received information on the investment process and philosophy, the investment team and past performance. The Trustee also considered Aegon's approach to responsible investment and stewardship, including the Trustee's stewardship priorities (as set out in Section 8 of this Statement). The Trustee obtained formal written advice from its investment adviser, LCP, before investing in the fund and made sure the investment portfolio of the fund was adequately and appropriately diversified. The Trustee relies on its investment adviser's research to understand managers' investment approaches, and ensure they are consistent with the Trustee's policies prior to any new appointment.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives. Section 8 provides more detail on the activities carried out over the year.

During the Scheme Year, the Trustee assessed the investment managers' fees. Overall, the Trustee believes the investment managers provide reasonable value for money.

6. Realisation of investments

The investment managers have discretion over the timing of realisation of investments of the Scheme and in considerations relating to the liquidity of investments. When appropriate, the Trustee, on the administrators' recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment managers of any liquidity requirements.

The Trustee reviews the Scheme's net current and future cashflow requirements on a regular basis. The Trustee's policy is to have access to sufficient liquid assets in order to meet any outflows whilst maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

Over the Scheme Year, the Trustee used cashflow to help rebalance the Scheme's assets towards the strategic asset allocation.

The Trustee receives distributions from the Alcentra Strategic Credit Fund II, Beach Point Opportunities Offshore Fund IV and M&G Illiquid Credit Opportunities Fund. This cash is generally retained in the Trustee's bank account and used towards paying benefits, or reinvested if the cash is not required to meet benefit cashflows.

7. Financially material considerations, non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations). The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) within the parameters of the mandates they are set. The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

The Trustee reviews, LCP's responsible investment (RI) scores for the Scheme's existing managers on a quarterly basis at the Trustee meetings. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The manager scores are based on LCP's Responsible Investment Survey 2024.

Managers are scored across five categories (ESG foundations, net zero, engagement, systemic stewardship and voting – where applicable). The Trustee continues to engage with any investment manager where there are areas for improvement. Further details of the Trustee's monitoring of and engagement with managers to improve ESG practices is included in Section 8 below.

8. Voting and engagement

The Trustee believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. The Trustee did not inform its managers which votes it considered to be most significant in advance of the votes detailed in Section 9. Instead, the Trustee has retrospectively created a shortlist of most significant votes. However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustee set stewardship priorities for the Scheme. The chosen priorities were climate change, human rights and corporate transparency. The Trustee selected these priorities as market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for the Scheme's members. The Trustee has communicated these priorities to its managers.

The Trustee regularly invites the Scheme's investment managers to present at Trustee meetings, seeing each manager approximately once every two years. When the Scheme's investment managers presented to the Trustees during the Scheme Year, the Trustee asked questions about voting and engagement practices and were satisfied with the answers they received. Over the Scheme Year, the Trustee met with Columbia Threadneedle Investments, SSGA and Aegon to discuss the Scheme's DB investments.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

9. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- SSGA Emerging Markets Screened Index Equity Sub-Fund
- SSGA International (Developed 50% Hedged) Screened Index Equity Sub-Fund
- SSGA UK Screened Index Equity Sub-Fund.

In addition to the above, the Trustee contacted the Scheme's asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities or engagement opportunities over the Scheme Year. Commentary provided from these managers is set out in Section 9.4.

9.1 Description of the voting processes

State Street Global Advisors ("SSGA")

State Street Global Advisors' Asset Stewardship Team is responsible for developing and implementing its Voting and Engagement Policy, the implementation of third-party proxy voting guidelines where applicable, case-by-case voting items, issuer engagement activities, and research and analysis of corporate governance issues and proxy voting items. The Asset Stewardship Team's activities are overseen by SSGA's internal governance body, State Street Global Advisors' Global Fiduciary and Conduct Committee ("GFCC"). The GFCC is responsible for reviewing State Street Global Advisors' stewardship strategy, engagement priorities, the Voting and Engagement Policy, and for monitoring the delivery of voting objectives.

In order to facilitate the execution of SSGA's proxy votes, SSGA retains Institutional Shareholder Services Inc. ("ISS"). SSGA utilizes ISS to:

- act as a proxy voting agent (providing SSGA with vote execution and administration services),
- assist in applying the Voting and Engagement Policy,
- provide research and analysis relating to general corporate governance issues and specific proxy items. SSGA does not follow the voting recommendations of any policy offered by ISS or any other proxy voting policy provider in implementing the Policy.

SSGA conducts engagements with individual issuers to communicate the principles set forth in the Voting and Engagement Policy, and to learn more about companies' strategy, board oversight and disclosure practices. SSGA does not seek to change or influence control of any portfolio company through these engagements. In addition, SSGA encourages issuers to increase the amount of direct communication board members have with shareholders. SSGA believes that direct communication with executive board members and independent non-executive directors is critical to helping companies understand shareholder concerns.

State Street's voting policies are set out in the following link: [Global Proxy Voting and Engagement Policy](#)

9.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below.

Manager name	SSGA		
Fund name	UK ESG Screened Equity Index Sub-Fund	International (Developed 50% Hedged) ESG Screened Index Equity Sub-Fund	Emerging Markets ESG Screened Index Equity Sub-Fund
Total size of fund at end of the Scheme Year	£1,379.2m	£65.9m	£5,413.8m
Value of Scheme assets at end of the Scheme Year (£m)	£37.3m	£52.2m	£8.0m
Number of equity holdings at end of the Scheme Year	365	2,306	2,065
Number of meetings eligible to vote	679	2,559	4,482
Number of resolutions eligible to vote	9,657	30,791	35,779
% of resolutions voted	99.4%	98.1%	98.1%
Of the resolutions on which voted, % voted with management	94.0%	90.6%	85.8%
Of the resolutions on which voted, % voted against management	6.0%	9.4%	14.2%
Of the resolutions on which voted, % abstained from voting	0.1%	1.3%	3.4%
Of the meetings in which the manager voted, % with at least one vote against management	65.0%	50.0%	43.2%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	6.0%	6.9%	5.4%

Votes of abstain can be counted both as a vote of abstain but also as a vote against management and hence vote with management, vote against management and abstain from voting may add up to more than 100%.

Voting data as at 31 March 2025. The investment manager provides its reporting on a quarterly basis and is therefore unable to provide as at 5 April 2025. Value of Scheme assets at the end of the Scheme year are as at 4 April 2025.

9.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria¹ for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that:

- align with the Trustee's stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial; and
- the Scheme or the sponsoring company may have a particular interest in.

The Trustee has reported on one of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

The asset managers' voting behaviour, a summary of which was provided to us by the managers as per DWP's guidance and contained an array of votes deemed significant by the managers, was broadly in line with the Trustee's stewardship priorities. The votes have been selected primarily to match the Trustee's stewardship priorities because Trustee thinks these would be of high interest to the members of the Scheme.

SSGA UK ESG Screened Equity Index Sub-Fund.

- **Shell Plc., 21 May 2024**

Summary of resolution: Advise Shell to align its medium-term emissions reduction targets covering the greenhouse gas (GHG) emissions of the use of its energy products (scope 3) with the Goal of the Paris Climate Agreement.

Relevant stewardship priority: Climate change.

Approx size of the holding at the date of the vote: 7.9%

Why this vote is considered to be most significant: This vote was considered significant as it is related climate change – one of the Trustee's stewardship priorities.

Company management recommendation: Against. **Fund manager vote:** Against.

Rationale: This proposal did not merit support as, in SSGA's view, the company's climate-related disclosures are reasonable.

Was the vote communicated to the company ahead of the vote: No.

Outcome of the vote and next steps: The resolution did not pass. Where appropriate, SSGA will contact the company to explain its voting rational and conduct further engagement.

¹ [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](https://plsa.co.uk/guidance-for-trustees). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

SSGA International (Developed 50% Hedged) ESG Screened Index Equity Sub-Fund

- **Novo Nordisk A/S, 27 March 2025**

Summary of resolution: Approve a proposal regarding regulated working conditions at construction sites.

Relevant stewardship priority: Human Rights.

Approx size of the holding at the date of the vote: 0.3%

Why this vote is considered to be most significant: This vote was considered significant as it is related human rights – one of the Trustee's stewardship priorities.

Company management recommendation: Against. **Fund manager vote:** Against.

Rationale: A vote against was cast because, in SSGA's view, the proposal did not merit support as the company's disclosures related to facility safety are reasonable.

Was the vote communicated to the company ahead of the vote: No.

Outcome of the vote and next steps: The resolution did not pass. Where appropriate, SSGA will contact the company to explain its voting rational and conduct further engagement.

SSGA Emerging Markets ESG Screened Index Equity Sub-Fund

- **Saudi National Bank, 1 May 2024**

Summary of resolution: Amend Remuneration and Annual Compensations Policy of Board Members and Its Committees

Relevant stewardship priority: Corporate transparency.

Approx size of the holding at the date of the vote: 0.4%.

Why this vote is considered to be most significant: This vote was considered significant as it is related corporate transparency – one of the Trustee's stewardship priorities.

Company management recommendation: For. **Fund manager vote:** Against.

Rationale: A vote against was cast because, in SSGA's view, there were problematic modifications to the Policy.

Was the vote communicated to the company ahead of the vote: No.

Outcome of the vote and next steps: The resolution passed. Where appropriate, SSGA will contact the company to explain its voting rational and conduct further engagement

9.4 Votes in relation to assets other than listed equity

The following comments were provided by the Scheme's asset managers which don't hold listed equities, but invest in assets that had voting opportunities during the Scheme Year:

Aegon Active Beta Property Fund

Over the year, there was a total of 9 meetings with 18 resolutions in all. In accordance with our policies, votes were instructed in respect of all (100%) of these resolutions. Votes against the proposed resolution were cast in 3 (17%) of instances. We did not abstain on any resolutions.

Alcentra Strategic Credit Fund II

As a credit manager, proxy voting is not material within the context of Alcentra's activities. The number of occasions when Alcentra will be engaged in proxy voting will be limited. It is most likely to occur with high yield bond investments, where an allocation may take on formal voting rights. In such instances, Alcentra uses the opportunity to vote on matters concerning governance and corporate responsibility, applying consistent policies and processes for voting across all instruments and geographies.

Alcentra generally will not be called upon to vote for proxies for its syndicated loan and private credit investments because of the nature of the instruments involved in the investment strategy (i.e. loans rather than securities). An exception is when Alcentra may hold loan investments which could be converted to voting securities. Proxy votes are also not generally conducted for corporate bonds. In addition, proxy votes may take place from time to time on structured credit investments where our fund holds the equity tranche.

When engaged by a client to provide discretionary advisory services, Alcentra is typically delegated the responsibility to vote on matters considered at portfolio companies' shareholder meetings, usually by means of a proxy ballot ("proxy voting"). In these instances, Alcentra has a duty to monitor corporate events and to vote proxies in the best interest of its client and not subrogate the interests of its clients to its own interests. This generally means voting with a view toward enhancing the economic value of the investment.

When it has voting responsibility, Alcentra will make every attempt to vote when given an opportunity to do so. However, there may be instances when the firm is unable or unwilling to vote because of legal or operational difficulties or because it believes the administrative burden and/or associated cost exceeds the expected benefit to a client. Alcentra reviews the circumstances for each vote to determine which stance would best serve its clients and votes accordingly.

Loan and bond investments generally do not confer creditors voting rights unlike for equity holders. Where Alcentra has minority equity interests in deals it frequently is not asked to vote as the corporate documents are set-up so that the sponsor can pass any shareholder resolutions needed without Alcentra's participation in any event. Alcentra's rights are usually limited to certain minority protections. Where Alcentra owns companies, it exercises control by including language in the deal documentation requiring the board to seek investor consent for matters that Alcentra wants to approve as the manager. This is usually done via the Alcentra investor representative on the board (where relevant) rather than having a formal shareholder vote.

The fund may hold equity positions in stressed and distressed issuers. Alcentra's analysts are in close contact with these firms and closely monitor their respective situations. Alcentra will use its voting rights to push through its support all initiatives that benefit the end investors. Any such initiative will be in accordance with the spirit and the letter of the various ESG initiatives, such as UN PRI or TCFD, to which Alcentra is a signatory.

On a select few investments, Alcentra has board representation, with positions including Chairman of the Board, Chairman of the Audit Committee and a Remuneration Committee Member. From these positions, Alcentra representatives then regularly engage with the credit analysts to provide them with the benefit of their experiences to help with transparency and commerciality across a number of ESG factors and best practices. Alcentra finds this particularly beneficial when dealing with company management teams and board members.

Outlined below are typical board matters that Alcentra may vote on when holding a board position – it will have voted in favour of several of the below in the ordinary course of business, but are not able to cite specific examples.

- appoints or removes any operational director of the Group, any officer or any member of the executive management committee;
- institutes, engages in, settles or takes any material decision in relation to any legal proceedings;
- appoints any external advisor where the fees of such external adviser are anticipated to exceed a certain threshold;
- makes any public announcement other than in the ordinary course of trading;
- incorporates any new company within the Group;
- appoints any committee of the Board, establishes its terms of reference and regulation of proceedings, or appoints any member to such committee;
- approves the annual consolidated financial accounts of the Group;
- incur any new borrowings (or modifies the key terms thereof) or enters into foreign exchange contracts, in excess of a certain threshold;
- commences an Exit process (including selection of advisers);
- makes any material changes to the nature or long-term strategy of the business or enters into a new business line;
- approves or amends the Annual Budget;
- makes any material amendment to the capital structure of any Group Company.

Beach Point Opportunities Offshore Fund IV

Beach Point's Operations Department is ultimately responsible for ensuring that all proxies and corporate action notices are voted or acted upon in a timely and consistent manner across all portfolios. Although many proxy proposals can be voted in accordance with Beach Point's established guidelines, it recognises that certain

proposals may require special consideration, which may dictate that Beach Point make an exception to its general guidelines.

Where a proxy proposal or corporate action raises a material conflict of interest between Beach Point and one or more clients, the Firm will: (1) disclose the conflict to the relevant clients and obtain their consent to the proposed vote prior to voting the securities; (2) vote the securities based on the recommendation of an independent third party; or (3) take such other actions as may be appropriate given the particular facts and circumstances.

IFM Global Infrastructure Fund

While the primary focus of the IFM Global Infrastructure Fund (GIF) is to provide investors with exposure to a diversified portfolio of unlisted infrastructure assets, there are times where an opportunistic hold of a listed entity is an attractive complement to the unlisted portfolio. The acquisition of listed positions is generally motivated by gaining long-term strategic positions, with significant equity ownership, in attractive core infrastructure assets.

Currently listed exposures are confined to Atlas Arteria, Vienna Airport and Naturgy Energy, and these assets represent only three of out of a total of 23 portfolio investments as at 31 March 2025.

With regards to the voting and engagement activities between GIF and the underlying portfolio companies, the underlying holdings of GIF are private equity investments rather than public market listed equities. IFM's influence on such investments is made directly by IFM through IFM's Board representation on the underlying portfolio companies rather than through any form of proxy voting. Even for the listed assets in GIF, IFM hold board seats. Consequently, IFM do not need to vote its shares to influence the board; a senior executive in IFM's Infrastructure Team is on the board. This ensures IFM follow an active ownership style.

Example of IFM's engagement with the fund's underlying holdings:

Veolia Energia Polska ("VEP")

- **Relevant stewardship priority:** Climate change.
- **Engagement:** "IFM is targeting Net Zero across all asset classes, including GIF by 2050.

IFM engages with our assets through our active management approach, either at the Board level via our Board seats, or through frequent direct interactions with management.

Through our active management, Veolia Energia Polska has committed to transitioning away from coal, and in doing so, seeks to support Poland's transition towards a cleaner energy mix.

Veolia Energia Polska's strategy sees an estimated 40% reduction in tonnes of CO₂e by 2030. The strategy focuses on future-proofing energy generation assets for use with lower emissions fuels, while increasing output to support a lower coal energy mix".

- **Outcome and next steps:** "The development of the new gas-fired combined heat and power plants at Poznan and Lodz are progressing well. Upon completion, these new power plants will replace existing coal facilities. In Veolia Poznan, a new single-cycle gas turbine ("SCGT") plant commenced operations on 1 March 2025, marking a key milestone in the Phase 1 decarbonisation plan.

The project was delivered a few months ahead of schedule, under budget and without any health and safety accidents. It will result in the removal of approximately one-third of Veolia Energia Polska's coal exposure and allow for significant efficiency and flexibility gains due to the automation of the gas units and the ability to operate in electricity-only mode during summer.

Additionally, Veolia Lodz issued a notice to proceed with the construction of a new gas SCGT plant in January 2025. Veolia Energia Polska will leverage its experience working with Siemens as an EPC (engineering, procurement, and construction) contractor on the Poznan gas project as the team remains the same".

CTI LDI Private Sub-Fund

Columbia Threadneedle Investments (“CTI”) believes that companies can reduce risk while protecting and enhancing investor value by managing environmental, social and governance (ESG) risks effectively. By promoting responsible management of ESG issues, CTI’s Responsible Investment team contributes to its investment philosophy of creating long-term value and reducing business risks.

CTI engages companies with a view to improve their governance, manage their impacts on the environment and society, and enhance their business performance. Engagement targets are achieved and recorded when a company responds to engagement by adopting new policies and strategies in line with CTI’s recommendations. CTI also engages on macroeconomic issues that could impact the investment climate of the funds, including emerging regulatory or industry standards on ESG issues. In all cases, CTI uses its influence as an investor to deliver long-term value to its clients.

Columbia Threadneedle Investment’s engagement programme focuses on the following seven themes:

- Corporate Governance
- Climate Change
- Business Conduct
- Human Rights
- Labour Standards
- Public Health
- Environmental Stewardship

The summary below details a snapshot of all company engagement and milestones achieved within the Airbus bespoke credit portfolio during the 12 months to 5th April 2025.

Engagement Statistics	Number
Total engagements	94
Companies engaged	52
Milestones achieved	13
Countries covered	12

Note: Some engagement events covered multiple themes.

Engagements by Issue	Number
Climate Change	57
Environmental Stewardship	27
Business Conduct	13
Human Rights	19
Labour Standards	23
Public Health	3
Corporate Governance	32
Total	174

Engagement milestones

CTI identifies specific objectives for its engagement with investee companies. It records specific outcomes where objectives are achieved as “milestones” and reports these to clients. Each milestone is rated on a three-star scale related to the extent to which CTI assesses it to protect and enhance investor value.

*** rating: Highest potential impact on investor value

** rating: Medium potential impact

* rating: Lower potential impact, that nevertheless will contribute to investor value

In the twelve months to 5th April 2024 CTI recorded 13 milestones. CTI records milestones based on engagement themes. CTI notes that individual companies can achieve more than one milestone in a given reporting period. Further details of milestones are available upon request.

Milestones Achieved by Issue	Number	* Rating	** Rating	*** Rating
Climate Change	7	2	4	1
Environmental Stewardship	3	1	1	1
Business Conduct	0	0	0	0
Human Rights	0	0	0	0
Labour Standards	1	0	1	0
Public Health	0	0	0	0
Corporate Governance	3	2	0	1
Total	14	5	6	3