

Urenco UK Pension Scheme

Defined Benefit Section Annual Implementation Statement – 5 April 2025

This Statement has been prepared by the Trustee of the Urenco UK Pension Scheme (“the Scheme”), and sets out how, and the extent to which, the policies of the Statement of Investment Principles (“SIP”) relevant to the Defined Benefit Section of the Scheme have been followed during the year to 5 April 2025 (“the Scheme year”). This Statement also includes a summary of the voting activity that was carried out on behalf of the Trustee over the Scheme year by the Scheme’s investment managers.

In summary, it is the Trustee’s view that the policies in the SIP have been followed during the Scheme year.

1. Statement of Investment Principles

The SIP was updated in July 2024 to reflect the separation of the DB Section SIP and the DC Section SIP into two distinct documents. In November 2024 the SIP was updated again to reflect changes to the investment strategy. A copy of the latest agreed and Company consulted SIP is available on request or from <https://www.urengo.com/careers/life-at-urengo>. This Implementation Statement considers activity relative to the SIP dated November 2024 which can be found at https://www.urengo.com/cdn/uploads/supporting-files/SIP_November_2024_clean_vf.pdf

2. DB Section

2.1. Investment Objectives

The objectives of the DB Section, as stated in the November 2024 SIP, are as follows:

- *Invest the Section’s assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest between them and the Principal Company, in the sole interest of the members and beneficiaries. In doing so the Trustee pays due regard to the Principal Company’s position with respect to the size and incidence of employers’ contribution payments.*
- *The Trustee has an investment objective that targets full funding by 2026 on a low risk basis (gilts flat p.a.). The purpose of this objective is to reduce the reliance on the covenant of the Principal Company.*

2.2. Assessment of how the policies in the SIP have been followed for the Scheme year

The information provided in the following sections highlights the work undertaken by the Trustee during the Scheme year for the DB Section and sets out how this work followed the Trustee’s policies in the SIP. In summary, it is the Trustee’s view that the policies in the SIP for the DB Section have been followed during the Scheme year.

Strategic Asset Allocation

Policy	How the policy has been met over the Scheme year
1 Kind of investments to be held and the balance between different kinds of investments (Section 2.3 of SIP)	<ul style="list-style-type: none"> The Trustee continued to review its journey plan throughout the Scheme year. Changes made to the Scheme's investments over the period included: <ul style="list-style-type: none"> A full redemption notice for the M&G Secured Property Income Fund was placed in December 2023 for instruction on the 2 April 2024 dealing date. A series of redemption payments were subsequently made by M&G during the Scheme year, with the majority of proceeds invested in a liquidity fund, subsequently reflected in the November 2024 SIP. In April 2024, the RLAM Corporate Bonds mandate was terminated, with the proceeds used to incept a new a Global Buy and Maintain Corporate mandate managed by Insight.
2 Risks, including the ways in which risks are to be measured and managed (Section 2.4 of SIP)	<ul style="list-style-type: none"> As part of their regular quarterly risk dashboard and investment performance monitoring, the Trustee monitored changes in the Scheme's exposure to various risks, including asset versus liability, active management and manager-related risks. The Trustee manages interest rate and inflation risk by investing in Liability Driven Investment ("LDI") assets. Over the year the Trustees reviewed the hedge ratios. The interest rate and inflation hedge ratios were increased to 95% from 90% on the gilts +0% basis. These changes reduce the mismatch risk between assets and liabilities. The Trustee also kept LDI collateral risk under review as part of quarterly monitoring. The move of the corporate bond holding from RLAM to Insight assists in managing collateral risk.
3 Expected return on investments (Section 2.3 of SIP)	<ul style="list-style-type: none"> The Trustee reviewed the expected return on investments to allow for changes in market conditions. The resulting expected return from the assets was sufficient to meet the Trustee's objectives. As part of the quarterly investment performance reports, the Trustee monitored actual performance for each investment manager, and at a total Scheme level, relative to their respective benchmarks, and monitored their adviser's view on each manager's ability to meet their return targets via Mercer's manager ratings.

Investment Mandates

Policy	How the policy has been met over the Scheme year
4 Securing compliance with the legal requirements about choosing investments (Section 1 of SIP)	<ul style="list-style-type: none"> The Scheme's investment advisors provided updates on Scheme performance and, where required, ongoing appropriateness of the funds used, as well as advice on asset allocation and investment risks, during the Trustee and ISC meetings and via the quarterly investment reports. Day-to-day management of assets is delegated to investment managers who are authorised and regulated by the relevant financial regulators.

Policy	How the policy has been met over the Scheme year
5 Realisation of investments (Section 2.6 of SIP)	<ul style="list-style-type: none"> Any disinvestments made over the year to meet cashflow requirements were implemented in line with the Trustee's cashflow policy. Cashflow requirements arising from the LDI portfolio were met from the other investments managed by Insight. <ul style="list-style-type: none"> As part of the review of the investment arrangements, the Trustee is aware that the M&G Secured Property Income Fund is only, in typical market conditions, realisable on a quarterly basis. Following redemption requests received from other clients, M&G implemented their redemption deferral mechanism, in line with the Fund's legal documentation. The Trustee placed a full redemption notice in December 2023 for instruction on the 2 April 2024 dealing date. A series of redemption payments were subsequently made by M&G with the final payment made post Scheme year end in June 2025. The Ruffer Absolute Return Fund is weekly-dealt. All other assets are daily-dealt.
6 Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments (Section 2.4 and Section 4 of SIP)	<ul style="list-style-type: none"> The investment performance reports were reviewed by the Trustee on a quarterly basis, which included Mercer's investment and ESG research ratings for each fund. The Trustee remained comfortable with the ratings applied to the managers, and continues to closely monitor any significant developments for the managers. During the Scheme year, the Trustee reviewed how each manager's ESG rating compared with other managers in the same asset class. Over the year, the Trustee terminated the RLAM Buy & Maintain Credit Fund, with the sale proceeds used to incept the Insight Buy & Maintain Bond Fund. Non-financial matters have not explicitly been taken into account with regards to in the selection, retention and realisation of investments.

Monitoring the Investment Managers

Policy	How the policy has been met over the Scheme year
7 Incentivising investment managers to align their investment strategies and decisions with the Trustees' policies (Section 4.1 of SIP)	<ul style="list-style-type: none"> The Trustee used the information set out in the quarterly investment reports, including manager performance and Mercer's investment ratings, to review their manager appointments over the Scheme year. The ISC met with Insight in Q4 2024 to discuss their performance and fund positioning.
8 How the arrangement incentivises the investment manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term (Section 4.1 of SIP)	<ul style="list-style-type: none"> Over the year, the Trustee monitored how each investment manager chooses assets for investment and embeds ESG into their investment process, via changes in the investment and ESG ratings assigned by Mercer. Over the Scheme year, Mercer's ESG ratings remained unchanged across all of the Scheme's mandates. The Trustee has access to key voting and engagement information from the managers, which is summarised in the Voting and Engagement section that follows. Based on the information provided to them over the year from the managers and their investment adviser, the Trustee remains satisfied that managers are choosing investments based on their medium to long-term financial and non-financial performance and are engaging appropriately with issuers of debt and / or equity on factors that will affect the issuer's long-term performance, such as ESG considerations.

Policy	How the policy has been met over the Scheme year
9 Evaluation of the investment manager's performance and the remuneration for asset management services (Section 4.2 of SIP)	<ul style="list-style-type: none"> The Trustee received, and considered, performance reports produced on a quarterly basis, which presented performance information and commented on the funds they invest in over various time periods. The Trustee reviewed absolute performance and relative performance against a suitable index used as a benchmark and / or against the managers' stated target performance on a net of fees basis. The ISC met with Insight in Q4 2024 to discuss their performance and fund positioning.
10 Monitoring portfolio turnover costs (Section 4.3 of SIP)	<ul style="list-style-type: none"> The Trustee received, where applicable, MiFID II reporting from the investment managers, but does not currently analyse the information. The Trustee assessed investment performance net of the impact of costs and fees. The Trustee continues to monitor industry improvements concerning the reporting of portfolio turnover costs.
11 The duration of the arrangement with the investment manager (Section 4.4 of SIP)	<ul style="list-style-type: none"> Over the Scheme year, the Trustee redeemed the Scheme's holdings in RLAM's Buy & Maintain Credit mandate. Post Scheme year end, the final redemption payment from the M&G Property fund was made. The Trustee continues to take a long term view with managers but within the journey plan they are targeting.

ESG, Stewardship and Climate Change

Policy	How the policy has been met over the Scheme year
12 Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters) (Section 3 of SIP)	<ul style="list-style-type: none"> The Trustee delegated engagement activities with companies to the investment managers. All of the Scheme's investment managers (where relevant), have confirmed they are signatories of the 2020 UK Stewardship Code. The Trustee monitored the investment and ESG ratings assigned to each manager by Mercer. The ISC reviewed the ESG ratings of the portfolio against the Universe of ratings in July 2024. Insight presented at the October 2024 ISC meeting, mainly on their LDI funds. Information on how ESG issues were integrated into Insight's decision making were also discussed as were a number of specific examples.

Voting Disclosures

Policy	How the policy has been met over the Scheme year
13 The exercise of the rights (including voting rights) attaching to the investments (Section 3 of SIP)	<ul style="list-style-type: none"> The Trustee delegated voting activities to the investment managers. Given the investment held, the only voting rights are from the equity holdings in the Ruffer Absolute Return Fund. The information received is summarised in Sections 2.4 and 2.5 of this Statement.

2.3. Engagement Activity Examples – DB Section

A number of these engagement examples may not be directly relevant to the investments held by the Scheme but are illustrative of the actions being taken by the investment manager at an overall organisation level.

Ruffer - Engagement in Practice
<i>Ruffer engage with Reckitt</i>
<p>Ruffer met with Reckitt (a British multinational consumer goods company) to continue prior engagement on board structure / effectiveness and discuss carbon emissions reduction and the product life cycle. We outline details of one aspect of Ruffer's engagement below.</p> <p>Ruffer aimed to understand Reckitt's engagement with CO2 AI for estimating Scope 3 emissions and its application in sustainability strategies. CO2 AI is a sustainability management platform that helps companies to measure their environmental impact and to identify strategies for emissions reduction through AI-powered solutions. Reckitt engaged CO2 AI for four main reasons:</p> <ol style="list-style-type: none"> 1. To mine Carbon Disclosure Project responses for insights into sustainability trends, strategies, risks and opportunities. 2. To estimate CO2 footprints at the ingredient and substance level. 3. To gather data to aid commercial discussions with suppliers. 4. To prioritise and set emissions reduction targets based on Scope 3 contributions. <p>Going forward, Ruffer aim to explore how Reckitt directs its research & development spending to optimise between product innovation, potential litigation risk and sustainability performance. Ruffer are also keen to investigate why Reckitt are lagging targets in plastics and water usage, and also to understand Reckitt's approach to further carbon emissions reduction, carbon pricing and nature / biodiversity strategy.</p> <p>Source: https://ruffer.foleon.com/responsible-investment/2025-q1-ri-report/engagements-in-focus</p>
Insight - Engagement in Practice
<i>Insight engage with Volkswagen AG</i>
<p>Insight met with Volkswagen AG (a global automobile manufacturer) to continue prior engagement on its supply chain due diligence and human rights practices. Insight previously placed a restriction on holding securities issued by Volkswagen in their Responsible Horizon funds due to weak ESG-related performance. Volkswagen has faced ongoing scrutiny regarding a past controversy involving alleged forced labour at a plant operated with a local partner under a joint venture in Xinjiang, China. Although an audit found no evidence of forced labour and the plant has since been sold, Insight's concerns remain about human rights risks in Volkswagen's broader supply chain and the company's limited reporting on these issues.</p> <p>Insight engaged again with Volkswagen in Q1 2025 on several factors, one of which was to understand how it plans to evolve its approach for due diligence under the EU's Corporate Sustainability Due Diligence Directive ("CSDDD"). The company did not provide assurance that it would enhance its due diligence processes ahead of CSDDD implementation.</p> <p>Going forward, Insight will maintain restrictions on Volkswagen in their Responsible Horizons funds due to ongoing concerns about human rights due diligence practices. Insight's views on best practice relating to human rights were communicated to Volkswagen and Insight will monitor for further updates to the company's approach.</p> <p>Source: Insight</p>

M&G - Engagement in Practice

ESG and Net Zero Commitments

M&G has regular discussions with Anglo American regarding additional net zero initiatives following redevelopment of their Global HQ in 2021. This is already a best in class office asset with initiatives including: air source heat pumps, solar photovoltaic panels and rain water harvesting. Further initiatives include: additional photovoltaic cells, further use of hydrogen on site and reviewing water usage.

Furthermore, M&G is also supporting David Lloyd in rolling out solar photovoltaics across its entire portfolio to meet its ambitious 2030 net zero carbon target. David Lloyd is funding the initiative given the energy cost saving benefit for them.

M&G is also supporting rolling out electric car charging points across the Atlas hotels, David Lloyd and Bannatyne ground rent portfolios. In addition, they have been involved in supporting a number of social for underlying tenants e.g. a 'Helping Kids Achieve' initiative for the Youth Hostels Association.

Source: M&G

2.4. Voting Activity during the Scheme Year

A summary of the voting activity for the Scheme's DGF mandate with Ruffer is set out below. Over the 12 months to 31 March 2025, the Trustee has not actively challenged the investment managers on their voting activity. The Trustee does not use the direct services of a proxy voter, however Ruffer use Institutional Shareholder Services as proxy-voting adviser.

Votes "for / against

management" assess how active managers are in voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur.

Some proposals were abstained – reasons include selling the stock during the period between the record date and AGM date, and conflicts of interest.



100% Proposals voted on where eligible
 97% Votes with management
 3% Votes against management
 0% Abstentions

Source: Ruffer. Figures may not sum to total due to rounding.

2.5. Voting Activity during the Scheme Year

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest

was the definition of a “significant vote”. The most material change was that the Statutory Guidance provides an update on what constitutes a significant vote and that trustees were required to include details on why a vote is considered significant and rationale for the voting.

The Trustee’s stewardship priorities are based on climate change, with a specific focus on disclosure of carbon emissions, particularly availability of scope 3 emissions. The Trustee defines a significant vote to be any vote where the manager holds more than 3% of the available voting stock (in the UK, 3% of voting rights is the threshold when an investor must inform the company a holding has been accrued). The Trustee will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustee did not inform the managers of its definition of a significant vote in advance of voting.

Ruffer did not hold voting stock in excess of 3% for any company. As such there are no votes meeting the Trustee’s significant vote definition.