



SABIC UK Petrochemicals Pension Scheme: Implementation Statement

June 2025

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Statement

The purpose of this Implementation Statement is to provide evidence that the Scheme continues to follow and act on the principles outlined in the Statement of Investment Principles ("SIP").

The SIP can be found online at the web address and will be updated from time to time to reflect the Scheme's latest investment arrangements: [Teesside - Pension](#)

Changes to the SIP are detailed on page 10.

The Implementation Statement details:

- Actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP
- The current policy and approach with regards to ESG and the actions taken with fund managers on managing ESG risks
- The extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- Voting behaviour covering the reporting year up to 31 December 2024 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf (this is relevant to DC only)
- The policies in place to ensure the default strategy remains in the best interest of its members (this is relevant to DC only)

Summary of key actions (DB and DC) undertaken over the Scheme reporting year

The Trustee had previously committed £60m to IFM's Global Infrastructure Equity Fund. The first drawdown was met in early January 2023 using proceeds from the L&G ESG Equity divestment. The second tranche of the drawdown was met in early January 2024 using funds from L&G Sterling Liquidity Fund ("SLF"), where monies had been earmarked previously and surplus cash from the Trustee Bank Account ("TBA").

Over Q1 2024, Alcentra proposed a two-year fund extension of the EDL II fund, delaying the fund maturity to September 2026 – this was driven by Alcentra wanting to realise more value from the remaining investments. Isio were comfortable with the proposed Fund extension and the Trustee approved the proposal. In May 2024, Alcentra confirmed that, following consent from majority of investors, the extension of the Fund to 30 September 2026 was approved.

Throughout 2024, excess monies in the TBA were invested into the Scheme's investment funds (primarily the LGIM SLF). These investments were a consequence of ongoing Company contributions and distributions received from the Scheme's illiquid mandates - Alcentra, Ares, and Oaktree (i.e. the Scheme was cashflow positive).

Given the Scheme's strong liquidity position, the Trustee, including consultation with the Company, agreed to invest in the Aegon Asset Backed Securities ("ABS") Fund using excess cash held with LGIM. The allocation provides diversification benefits to the overall investment strategy, reduces credit risk and adds incremental expected returns to support the Scheme's journey to endgame. Following training and a manager selection exercise, the investment of £63m into the Aegon ABS Fund was successfully completed in August 2024. In line with the Trustee agreement, the Scheme maintains sufficient assets (c.£45m) to withstand at least two capital calls in the collateral waterfall to support the LDI hedging mandate (which is managed automatically by LGIM). The Aegon ABS Fund acts as an external collateral source supporting the LDI mandate.

The SIP and Investment Implementation Document ("IID") have been updated for the new strategic benchmark which reflected the above transition activities and changes to the DC default strategy. Looking ahead, the Scheme's investment strategy will continue to be reviewed.

Post reporting period, the Trustee established a formal Cash Management Policy with regards to cash held in the TBA. The key aim of this policy is to improve the operational efficiency of the current arrangements.

Over 2023, the Trustee decided to change the underlying fund of the SABIC Passive Global Equity Fund that is used in the default strategy in the DC Section of the Scheme. This ad-hoc strategic change was to increase the level of ESG integration and remove an overweight allocation to UK equity. This change took place in January 2024.

During the 2024 Scheme year, the Trustee undertook its triennial review of the default strategy, the SABIC Moderate Risk (Cash or Drawdown) Lifestyle strategy, and the alternative lifestyle options to consider changes to the investment strategy. Following the review of the default and alternative lifestyle investment strategies in Q3 2024, the Trustee decided to make changes to the growth phase, which is the name given to the period that members are invested until 10 years prior to retirement. The changes of the lifestyle strategies are expected improve member outcomes by increasing the allocation to growth assets in the earlier year which is expected to provide members with higher returning investments, albeit with a higher level of risk, thus improving at retirement outcomes. The changes include:

- Medium Risk Lifestyle to change from 50% equity / 50% Diversified Growth Fund (DGF) to 75% equity / 25% DGF. The same changes apply to the alternative annuity lifestyle.
- Lower Risk Lifestyle to change from 0% equity / 100% DGF to 50% equity / 50% DGF. The same changes apply to the alternative annuity lifestyle.
- No changes were made to the allocation of the Higher Risk Lifestyle.

The Trustee also decided to rename the lifestyle options to help avoid member confusion and ensure members are appropriately selecting the lifestyle option most appropriate for their needs. The naming convention applies to both the cash or drawdown lifestyle and annuity lifestyle.

- The SABIC Higher Risk Lifestyle to the 'SABIC Adventurous Lifestyle'
- The SABIC Moderate Risk Lifestyle to the 'SABIC Balanced Lifestyle'
- The SABIC Lower Risk Lifestyle to the 'SABIC Cautious Lifestyle'

The changes to the default strategy and alternative lifestyle options were implemented over January and February 2025.

Implementation Statement

This report demonstrates that SABIC UK Petrochemicals Pension Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed

Position

Date

Managing risks and policy actions (DB)

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 100% of these risks on a Technical Provisions ("TP") basis.	<p>The Scheme maintains a 100% target hedge ratio on the TP basis based on the 31 December 2021 Triennial Valuation assumptions and cashflows. As such, the Scheme is well protected against market volatility as the Scheme's assets and liabilities would move proportionally with each other.</p> <p>Post reporting period, a formal LDI review will be carried out pending the finalisation of the 31 December 2024 Triennial Valuation assumptions and cashflows.</p>
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI mandate.	<p>The Trustee and Isio monitor liquidity of the portfolio on a quarterly basis through the Investment Performance Report.</p> <p>The Scheme has a collateral waterfall arrangement with LGIM, which allows LGIM to automatically disinvest from liquid funds to meet capital calls (if required). In line with Trustee agreement, the Scheme maintains sufficient assets to withstand at least two capital calls in the collateral waterfall to support the LDI mandate.</p> <p>Post reporting period, the Trustee established a formal Cash Management Policy with regards to cash held in the Trustee Bank Account.</p>
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Trustee has undertaken investment strategy changes over time, including for the 12 months to 31 December 2024, which are outlined on page 2 and 3.

Credit	Default on payments due as part of a financial security contract.	<p>To diversify this risk by investing in a range of credit markets across different geographies and sectors.</p> <p>To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.</p>	<p>This is considered as part of the investment strategy work, including the Trustee's decision to have credit asset classes in the strategic benchmark.</p> <p>During the reporting period, the Trustee carried out a manager selection exercise for a new allocation to Asset Backed Securities ("ABS") – a credit asset class. Aegon was successfully appointed as the ABS manager and the investment was completed in August 2024.</p>
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	<p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:</p> <ol style="list-style-type: none"> 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory <p>The Trustee monitor the managers on an ongoing basis.</p>	More details on the ESG policy and how it was implemented are presented on page 11 - 14.
Non-Financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	The Trustee continues to consult with the Company on potential endgame options, including discussions on journey planning and timeframes to full funding.

Managing risks and policy actions (DC)

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Expectations	Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.	Trustee offers a default, alternative lifestyles and self-select fund options to meet the varied requirements of members.	<p>The default is regularly reviewed to check it matches the risk/reward requirements of the Scheme members and preserves the value of capital at retirement.</p> <p>In October 2023, the Trustee agreed to increase ESG integration and lower UK equity bias during the growth phase of the default by replacing the L&G 70/30 Global Equity Fund with the BlackRock ACS Climate Transition World Equity Fund. The change to the default and self-select fund were made on 29th January 2024.</p> <p>In Q3 2024 the Trustee also undertook a triennial default investment strategy review, which included increasing equity exposure during the growth phase for both the Balanced and Cautious cash or drawdown and annuity lifestyles. The above was done to try enhance member outcomes.</p> <p>The Trustee renamed the lifestyle options to avoid member confusion and ensure members are appropriately selecting the lifestyle option most appropriate for their needs. The naming convention applies to both the cash or drawdown lifestyle and annuity lifestyle. This change took place in Q1 2025.</p> <p>The Trustee has continued to keep the default under review as part of its quarterly meetings. They do this in conjunction with their independent investment advisors, by monitoring the performance and appropriateness of the funds within the default investment strategy.</p>
Diverse membership	Risk of the default fund being unsuitable for the requirements of some members.	The Trustee offers alternative lifestyles and self-select fund options for those members who the default may not be appropriate for.	The Trustee formally reviews the ongoing suitability of the investment arrangements on a triennial basis as well as monitoring performance of the funds on a quarterly basis. During the Scheme year, the Trustee decided to increase equity exposure to the Cautious cash or drawdown and annuity lifestyles. This change occurred in Q1 2025 for both Cautious lifestyles, changing allocation from 0% equity / 100% DGF to 50% equity / 50% DGF.

Loss aversion	Risk of loss to a member's fund value from period to period and the subsequent impact on their behaviour.	The default has automatic de-risking for members as they get closer to retirement.	The nature of this de-risking is reviewed within the triennial review process. This was completed in Q3 2024 and whilst a number of changes were made to the underlying assets in the strategy, the length of de-risking was kept the same across all lifestyles within the Scheme.
Fund Manager	The risk a fund manager may not achieve their objectives.	The Trustee receives quarterly investment performance reporting from their investment advisors to assess how the Scheme's investment managers are performing relative to their objectives.	The Trustee continues to monitor all funds on a quarterly basis through performance reporting. As noted above, during the reporting year, the Trustee decided to replace the underlying fund used within the SABIC Passive Global Equity Fund. This was to align the long-term objectives of the fund (ESG and UK home bias) to the Trustee's views.
Operational	The risk of fraud, poor advice or acts of negligence.	<p>The Trustee's Scheme administrator, custodian and fund managers have internal controls in place in order to reduce the risk of fraud.</p> <p>The Trustee reviews its advisors annually, which includes setting annual investment advisor objectives to assess the effectiveness of any advisors to the Scheme.</p>	There have been no changes to the policy and no concerns were raised over the reporting period.
Political	The legislative and tax environment could change from the environment in which the investment strategy was designed.	<p>The Trustee receives regular updates and advice from its legal advisors on regulatory and legislative changes.</p> <p>The Scheme is a UK pension scheme and therefore tax exempt with regards to its investments.</p>	There have been no changes to the policy and no concerns were raised over the reporting period.

Cost	The costs of administering and investing the assets exceeds the anticipated cost.	On an annual basis the Trustee produces a Chair's Statement and carries out a Value for Member assessment that looks to review charges and ensure they remain appropriate for members.	There have been no changes to the policy and no concerns were raised over the reporting period.
Interest rates and inflation	Some of the Scheme's assets are held in bonds via pooled investment vehicles.	Offering members a variety of options to invest and diversifying in the default.	The Trustee makes a range of asset classes available to members within the wider fund range to allow flexibility for members.
Liquidity	Being able to offer daily pricing for members.	Offering funds that limit this risk.	There have been no changes to the policy and no liquidity concerns were raised over the reporting period. All funds available are daily dealt.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable in the default. Allowing for a suitable range of self select options for members to cater for their individual risk and return targets.	The Trustee reviews the performance of the DC Section on a quarterly basis.
Environmental, Social and Governance	Management of the Scheme assets with regards to Environmental, Social and Governance factors, including but not limited to, climate change which can impact the performance of the Scheme's investments.	To appoint managers who account for ESG factors as part of their investment process. The Trustee monitors the managers in this regard on an ongoing basis.	Further detail provided later in this report.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	There have been no changes to this policy over the reporting year.

Changes to the SIP

Over the 12-month period to 31 December 2024, updates were made to the SIP. The main updates are listed below:

- The SIP was updated to reflect a new strategic benchmark for DB investments. This reflects the allocation to a new asset class, Asset Backed Securities, following the completion of a manager selection exercise in Q2 2024 and the subsequent investment during Q3 2024.

DC Policies added to the SIP

Date updated: October 2024

Illiquid Policy

During 2024, the Trustee updated the SIP to include a new policy on their approach to including illiquid assets within the Scheme's investment arrangements. As summary of this policy is included below:

- Illiquid assets have greater fees and transaction costs than liquid assets, which may diminish the net profits for members.
- Illiquid assets may have longer lock-up periods or limited redemption windows, which may not meet the liquidity needs of DC members who want to access their pension pots on demand.
- Illiquid assets may have lower transparency and valuation frequency than liquid assets, making it more difficult for members to monitor their investment performance and risks.

The Trustee intends to consult with its investment adviser about potentially including an allocation to illiquid assets, as well as to review its illiquid investment policy on a regular basis.

Changes to default funds

During the Scheme year, the Trustee also updated the SIP to include the change to the underlying fund for the SABIC Passive Global Equity Fund, which is used in the default strategy for the DC Section of the Scheme.

This was to address two key issues, namely the level of UK equity exposure and inclusion of ESG integration. The previous Fund, the LGIM Global Equity (30:70) – 75% GBP Currency Hedged Fund had a 30% allocation to UK equities which is significantly out of line with market capitalisation weightings. The Fund also did not integrate any ESG considerations, which the Trustee was looking to include into the default. In January 2024, the underlying fund changed to the BlackRock ACS Climate Transition World Equity Fund which addressed both issues.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regards to ESG as a financially material risk. The Scheme agreed a more detailed ESG policy in 2022 which describes how it monitors and engages with the investment managers regarding the ESG policies. This page details the Scheme's ESG policy.

The Trustee's ESG beliefs

The Trustee has considered and discussed ESG issues to establish their own beliefs to help underpin investment decision-making with consideration of an appropriate time horizon for the Scheme.

The Trustee defines Responsible Investment ("RI") in line with the UN-backed Principle for Responsible Investing ("PRI"), which states that RI is an approach to investing that aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long-term returns.

The following statements summarise the ESG beliefs held by the Trustee:

Risk Management	<ol style="list-style-type: none">1. ESG factors are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustee.2. The Trustee believes that ESG integration leads to better risk-adjusted outcomes and will look for opportunities to reflect this in the investment strategy.3. The Trustee will continue to consider the ESG values and priority areas of the sponsoring employer.
Approach / Framework	<ol style="list-style-type: none">4. The Trustee should understand how investment managers integrate ESG considerations into their investment process and in their stewardship activities.5. The Trustee believes that sectors which demonstrate particularly bad ESG characteristics may underperform and will consider this as needed.6. The Trustee believes that where investment managers are underperforming in relation to ESG, it is not necessarily the best option to terminate their appointment. Where possible, engaging with the manager(s) to initiate change is a more effective option.

Reporting & Monitoring	<p>7. ESG factors are dynamic and continually evolving, therefore the Trustee should receive training as required to develop their knowledge.</p> <p>8. The Trustee will seek to monitor key ESG metrics within their investment portfolio to understand the impact of their investments.</p>
Voting & Engagement	<p>9. ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG factors.</p> <p>10. The Trustee should understand the impact of voting & engagement activity within their investment mandates.</p>
Collaboration	<p>11. Investment managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices as well as sign up and comply with common codes such as UNPRI, TCFD and Stewardship Code.</p> <p>12. The Trustee could consider signing up to a recognised ESG framework to collaborate with other investors on key issues in due course.</p>

ESG summaries and actions with the investment managers (DB)

Please note, the Scheme is in the process of disinvesting from the Corbin Fund of Hedge Funds, and the Ares Secured Income Fund is currently in wind-down phase. Due to this, both mandates have been excluded.

Manager and fund	ESG Summary	Actions identified
Aegon – European Asset Backed Securities Fund (“ABS”)	<p>Aegon have Net Zero and interim targets and are signatories to many ESG initiatives. Aegon have a self-standing Responsible Investment (“RI”) team, a firm level ESG policy and tracks all engagements centrally.</p> <p>Aegon integrates ESG using a scorecard approach to exclude issuers below specified limits. However, due to the nature of underlying assets, data collection for ABS is difficult.</p>	<ul style="list-style-type: none"> • Evidence engagement against stewardship priorities. • Provide some level of mandatory firmwide ESG training. • Improve reporting on greenhouse gas emissions. • Model how various climate scenarios may affect fund value. • Develop Climate and Social objectives for the Fund.
Alcentra - European Direct Lending (“EDL”) (EDL II & EDL III)	<p>Alcentra have a Responsible Investment Team who review the output of the quantitative ESG Scorecard and help to integrate ESG into the EDL Funds. ESG metrics are well-integrated into Alcentra’s quarterly reports and dedicated ESG reports are available on an annual basis.</p>	<ul style="list-style-type: none"> • Review the ESG scorecard and risk framework annually. • Report on individual issuer ESG scores rather than a fund-level distribution of scores.
IFM - Global Infrastructure Fund (“GIF”)	<p>IFM comprehensively integrate the firm’s Responsible Investment Charter throughout the Fund’s investment process and have a clear approach for ESG integration. IFM have incorporated sustainable investment factors into the due diligence on new investments.</p> <p>IFM ensures each asset has a net zero transition and an emissions reduction pathway in place.</p>	<ul style="list-style-type: none"> • IFM should review its ESG scorecard on an annual basis. • IFM could provide social and nature-based metrics as part of regular reporting.
LGIM – Absolute Return Bonds (“ARB”) Fund	<p>The Fund has a clear, forward-looking quantifiable ESG objective (decarbonisation target) and aligns with the Net Zero Investment Framework’s guidance on decarbonisation.</p>	<ul style="list-style-type: none"> • Engage with more issuers in the fund on an annual basis (currently <33% of issuers). • Utilise third parties to independently verify ESG data reporting.

LGIM – Liability Driven Investment (“LDI”) Fund	<p>At a firm level, LGIM is strong in their approach to ESG, Stewardship and Collaboration. LGIM are a member of 50+ ESG initiatives and networks.</p> <p>LGIM embeds ESG within their counterparty review process for LDI funds via their Active ESG tool and through engagements with counterparties. However, the LDI funds do not have any explicit ESG objectives.</p>	<ul style="list-style-type: none"> • Consider developing connections with leading academic institutions to develop robust risk management frameworks. • Consider expanding the approach to assessing green gilts to complement a relative value assessment in order to create positive externalities within LGIM LDI funds.
LGIM – Sterling Liquidity Fund (“SLF”)	<p>The Fund captures climate and social risks during due diligence through its Climate Impact Pledge and Future World Protection list.</p>	<ul style="list-style-type: none"> • Introduce a formal ESG training program with defined training priorities. • Increase GHG emissions reporting coverage to above 70%. • Reduce temperature alignment to below 2 degrees.
Oaktree – Opportunities Fund	<p>Oaktree believes engagement with company management on ESG matters can influence positive change, and investment teams conduct stewardship and engagement with companies as part of the investment process. Engagement is handled at the investment level and where an investment is cross-held, investment professionals collaborate as applicable.</p>	<ul style="list-style-type: none"> • Develop their reporting to provide quarterly engagement and voting data. • Introduce ESG scoring of underlying assets.

ESG summaries and actions with the investment managers (DC)

Manager and fund	ESG Summary	Actions identified
BlackRock - ACS Climate Transition Screened and Optimised World Equity	Isio has historically had little to no exposure to BlackRock ACS Climate Transition Screened and Optimised World Equity Fund, therefore no ESG summary and actions were identified during the Scheme's reporting year.	
BlackRock - Market Advantage Fund	<p>BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team.</p> <p>BlackRock collaborate with initiatives and institutions on ESG risks.</p> <p>The Fund aligns with the Paris Agreement including the 1.5°C temperature target and 7% annual decarbonisation. The Fund utilises ESG scorecards as part of the due diligence process.</p>	<ul style="list-style-type: none"> • Introduce formal firm-level stewardship objectives within their ESG policy. • Commit to a Net Zero target, with meaningful interim targets. • Provide better data coverage on ESG metrics within its reports (GHG data, impact reporting). • Include Social, Nature or Bio-diversity related metrics as part of regular ESG reporting.
Schroders - Flexible Retirement Fund	<p>Schroders have strong firm-level policies (e.g. net zero commitment by 2050) and robust stewardship and collaboration priorities that are imbedded in their investment process.</p> <p>They also have a strong approach to Risk Management by partnering with multiple academic institutions to help manage sustainability-related risks in their funds.</p> <p>The Sustainable Investment Team is well resourced, provides oversight and is responsible for ESG integration in the firm. There is strong evidence of engagement in line with stewardship priorities at a fund level.</p>	<ul style="list-style-type: none"> • Increase mandatory sustainability training at firm-level. • Provide case studies to show climate and social risks being captured during due diligence. • Provide GHG emissions data >70-90%+ and social/nature-based metrics in official reporting.

**BlackRock - ICS
Sterling
Liquidity**

BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team.

BlackRock collaborate with initiatives and institutions on ESG risks

BlackRock are limited in their integration of ESG factors due to the asset class involved

- Introduce formal firm-level stewardship objectives within their ESG policy.
- Commit to a Net Zero target, with meaningful interim targets.
- Implement specific ESG objectives.
- Develop an approach for climate modelling and estimating implied temperature in reporting.
- Update ESG scorecard annually (in line with best practice).

Engagement (DB)

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 December 2024.

Please note, the Scheme is in the process of disinvesting from the Corbin Fund of Hedge Funds, and the Ares Secured Income Fund is currently in wind-down phase. Due to this, both mandates have been excluded.

Please note that not all categories sum to the number of total engagements, as some engagements covered multiple ESG areas simultaneously.

Manager and Fund	Engagement summary	Commentary
Aegon – European Asset Backed Securities Fund (“ABS”)	<p>Total engagements: 115</p> <p>Environmental: 26</p> <p>Social: 4</p> <p>Governance: 26</p> <p>Other: 59</p>	<p>Aegon, as active members of initiatives such as CA100+, Platform for living wage and NA100 +, engages directly or collaboratively with issuers, regulators, and relevant stakeholders.</p> <p>As part of Aegon’s bottom-up research process, they actively engage with companies identified as facing specific ESG risks. Aegon systematically engage on ESG themes that are of immediate concern to long-term investment value such as climate change and corporate governance. Before investing in ABS assets, Aegon’s investment team actively engages with the relevant transaction parties such as sellers, sponsors, originators, and other transaction parties.</p> <p>An example of a significant engagement includes:</p> <p>ICG - St Paul's CLO VII – Collateralised Loan Obligations (“CLOs”) are business loans that are pooled and the money that the businesses pay back is distributed to CLO investors. Such pools are, by design, a diversified mix of companies. Aegon’s portfolio managers engaged with ICG (the manager) through the CLO ESG questionnaire and follow-up calls with the aim of improving consumer wellbeing. As a result of the engagement, ICG removed 3 gambling companies from the collateral pool which fits Aegon’s views of the societal benefits in limiting gambling activities.</p>

<p>Alcentra – European Direct Lending (“EDL”) (EDL II & EDL III)</p>	<p>Total engagements: 171 Environmental: 42 Social: 53 Governance: 27 Other: 49</p>	<p>Alcentra, as a signatory to the UK Stewardship Code, follows stewardship standards for asset owners and asset managers. While specific Fund-level stewardship priorities are not in place, Alcentra’s stewardship activities are intended to deliver strong, long-term investment returns for clients.</p> <p>Alcentra’s ESG engagement efforts are aimed at improving disclosures, understanding risks, and encouraging sustainable practices among issuers in its portfolio companies. It is important to note that the ability to make retrospective ESG improvements can be limited for the EDL fund range, given the Funds have invested a large portion of capital and are closed-ended in nature.</p> <p>An example of a significant engagement includes:</p> <p>Company A – Alcentra engaged with this company as part of their plan to transition to a more robust framework of Sustainability Linked Loans (SLL’s) when lending to their borrowers. Alcentra suggested Company A could improve ESG data disclosures and discussed how they can use the collected data during their baseline activities to support the structuring of robust, data backed Key Performance Indicators (“KPI”). Company A is working to incorporate Alcentra’s feedback into their ESG strategy.</p>
<p>IFM – Global Infrastructure Fund (“GIF”)</p>	<p>IFM does not disclose information about the number of engagements related to the Fund. However, IFM is actively engaged, where appropriate, with its underlying portfolio assets, working closely with management to establish specific ESG action plans. IFM also puts in place governance structures that have responsible investment controls to ensure responsible investment practices are followed.</p>	<p>IFM’s Infrastructure Team actively engages with assets held in GIF, focusing on various ESG matters including inclusion, diversity, employee terms, safety, and climate change.</p> <p>An example of a significant engagement includes:</p> <p>Sydney Airport – IFM have engaged with Sydney Airport as they see the airline industry as a key sector that will benefit from decarbonisation initiatives. In Q3 2024, IFM discussed opportunities with Sydney Airport for the use of electric Ground Service Equipment and lower emissions ground taxing support vehicles. The role of renewable diesel in scope 3 decarbonisation was also explored.</p> <p>Naturgy – IFM’s engagement focused on a long-term climate strategy. Naturgy is targeting to reduce its Scope 1 and 2 emissions by 48% compared to a 2017 baseline and transition to a 60% renewable energy generation mix. As part of its long-term strategy, Naturgy is also seeking to increase the installed capacity of renewable generation. In Q4 2024, Naturgy’s total renewable installed capacity reached 6.9 GW, with 1.6 GW of additional capacity under construction. The company is also exploring the development of biomethane and green hydrogen as new products.</p>

<p>LGIM – Absolute Return Bond (“ARB”) Fund</p>	<p>Total Engagements: 392 Environmental: 277 Social: 89 Governance: 92 Other: 168</p>	<p>LGIM strives for effective stewardship through collaborations with companies, regulators, policymakers, peers, and other stakeholders. They integrate financially material sustainability criteria to create client value and drive positive change, focusing on six global stewardship themes: climate, nature, people, governance, health, and digitisation.</p> <p>An example of a significant engagement includes:</p> <p>JPMorgan Chase & Co (“JPM Chase”) – LGIM believe banks have a prominent role to play in financing the global transition to net zero. Given JPM Chase’s position as a leading global financial institution with extensive geographic reach, LGIM has designated the bank as an in-depth engagement target under its Climate Impact Pledge.</p> <p>Throughout 2024, LGIM held discussions with JPM Chase’s ESG teams to advance the bank’s sustainable finance strategy for net-zero alignment. This engagement prompted JPM Chase to disclose its energy supply ratio – a key metric illustrating its financing mix across energy sources. LGIM also progressed ongoing dialogues on executive remuneration structures and board diversity. Formal engagement continued beyond the reporting period (post-31 December 2024).</p>
<p>LGIM – Liability Driven Investment (“LDI”) Fund</p>	<p>Total Engagements: 13 Environmental: 6 Social: 7 Governance: 2 Other: 3</p>	<p>LGIM consider ESG as a core component for all funds, including LDI. Alongside collaborating with regulators and industry peers to address systemic risks, LGIM applies proprietary ESG tools to assess counterparties, ensuring alignment with long-term sustainability goals while managing liability-driven risks.</p> <p>An example of a significant engagement includes:</p> <p>Nestlé SA – As a member of the Access to Nutrition Initiative (ATNI), LGIM collaborates with ShareAction’s Healthy Markets Initiative to push Nestlé, a global food leader, to align business targets with measurable health outcomes. In 2024, LGIM co-filed a shareholder resolution at Nestlé’s AGM, urging:</p> <ul style="list-style-type: none"> • Health-based KPIs for product sales, tied to government-endorsed nutrition models • Timebound targets to increase healthier product sales <p>These requests are intended to address LGIM’s concerns through increasing the proportion of healthier food available in consumer markets.</p> <p>The shareholder resolution received 11.1% support which, reflects a degree of acknowledgement of this issue among some shareholders. LGIM continues to monitor Nestlé’s actions and collaborative engagement remains ongoing.</p>

<p>LGIM – Sterling Liquidity Fund (“SLF”)</p>	<p>Total engagements: 32 Environmental: 28 Social: 2 Governance: 3 Other: 7</p>	<p>LGIM strives for effective stewardship through collaborations with companies, regulators, policymakers, peers, and other stakeholders. hey integrate financially material sustainability criteria to create client value and drive positive change, focusing on six global stewardship themes: climate, nature, people, governance, health, and digitisation.</p> <p>An example of a significant engagement includes:</p> <p>Sumitomo Mitsui Trust Holdings Inc (“the Company”) – As a Japanese financial holding company, one of the governance challenges the Company faces is high levels of cross-shareholding (where one publicly traded company holds a significant number of shares in another). LGIM have been liaising with the Company to discuss several governance-related issues, including the threshold of 20% for cross-holdings. Following discussions, the Company have announced plans to reduce cross-shareholdings to 0% over time. LGIM also engaged with the Company regarding climate change, with a focus on areas such as disclosure of scope 3 emissions from investments, and implied temperature alignment by 2030.</p>
<p>Oaktree – Opportunities Fund</p>	<p>Given the Scheme is invested in an older vintage of the Global Opportunities Fund range, the Fund does not actively track the number of entities it engages with.</p>	<p>Oaktree’s engagement approach with portfolio companies is tailored based on factors such as level of influence, contractual commitments, investment time horizons and potential associated risks/ opportunities.</p> <p>An example of a significant engagement includes:</p> <p>Sitio – As a significant shareholder (~10%), Oaktree leveraged its influence to reshape Sitio’s board into one that is more diverse and representative. This engagement resulted in 5 out of 9 board members now being diverse, including 3 women..</p> <p>Star Bulk – Oaktree engaged extensively with dry bulk shipper Star Bulk on environmental strategy. The company had proactively invested in installing scrubbers (pollution-control devices) ahead of the IMO 2020 emissions regulations. As a major equity holder, Oaktree played a key role in influencing this decision and continues to actively discuss sustainability priorities with management.</p>

Engagement (DC)

As the Scheme invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 December 2024. We have included the funds used in the default as most members and assets will be invested in these underlying funds.

Manager and Fund	Engagement summary	Commentary
BlackRock - ACS Climate Transition Screened and Optimised World Equity	Total engagements: 578 Number of entities engaged: 324	BlackRock Investment Stewardship's five engagement priorities are: board quality and effectiveness; strategy, purpose, and financial resilience; incentives aligned with financial value creation; climate and natural capital; and company impacts on people. The BlackRock Investment Stewardship engagement priorities reflect the themes on which the team most frequently engages companies, where they are relevant, as these can be a source of material business risk or opportunity.
	Environmental: 235 Social: 240 Governance: 545	
BlackRock - Market Advantage Fund	Total engagements: 1,083 Number of entities engaged: 724	<p>Engagement Example 1 (Strategy, Purpose, and Financial Resilience):</p> <p>Walt Disney Company (Disney) - a US-based diversified global entertainment company with operations in three business segments: Disney entertainment, ESPN, and Disney Experiences.</p> <p>Disney faced three shareholder activist campaigns in recent years, each advocating different strategic changes for the company. Two shareholders sought to add dissident director nominees to Disney's board at its April 2024 AGM, proposing alternative candidates to the company's nominees. A third shareholder entered into an information-sharing agreement with Disney in January 2024 and pledged support for their board nominees.</p> <p>Ahead of the AGM, BlackRock engaged with Disney's board and leadership, as well as with the dissident investors, to evaluate how their proposed strategies and board changes could enhance Disney's long-term economic value.</p> <p>BlackRock supported Disney's management-recommended slate of directors, concluding that the board and leadership had taken meaningful steps to rebuild investor confidence, addressed shareholder concerns, and showed progress in</p>
	Environmental: 389 Social: 411 Governance: 1,035	

executing the company's revised strategy. BlackRock determined that the existing directors were best suited to oversee the strategy's implementation and any required governance adjustments. At the April 2024 AGM, shareholders re-elected all management-nominated directors, with the CEO receiving approximately 94% support, reflecting strong investor backing for the board's direction.

The Scheme is comfortable that the manager is aligned with the Scheme's governance stewardship focus, as the engagement example above relates to this focus area. The manager also notes governance (strategy, purpose and financial resilience) as an engagement priority.

Engagement Example 2 (Climate & Natural Capital):

Diageo Plc: Diageo's "Spirit of Progress" strategy targets net zero by 2050, with interim goals like 40% water efficiency improvements by 2030 (15% achieved) and water replenishment in stressed regions by 2026. BlackRock engaged on TCFD-aligned disclosures and water-risk management.

BlackRock endorsed all management proposals at Diageo's September 2024 AGM, noting clear integration of climate / natural capital risks into strategy. Proposals received 90–100% support, reflecting investor confidence in operational resilience and sustainability.

The manager's climate stewardship focus aligns with the Scheme's priorities, with Diageo's progress underscoring material risk management.

Schroders - Flexible Retirement Fund (Wealth Preservation)

The Schroders Flexible Retirement Fund has limited exposure to individual shares or bonds, being primarily invested via other collective vehicles and derivatives. Schroders' voting and engagement system does not have the necessary look through to provide information on voting/engagement for the underlying positions. So, whilst the Fund has equity exposure, the Fund itself did not make any individual votes or engagements.

BlackRock -ICS Sterling Liquidity

Due to the nature of the BlackRock ICS Sterling Liquidity fund, no engagement or voting data is available.

Voting (for equity / multi asset funds only) (DC)

The Trustee has acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.

The Scheme's fund managers have provided details on their voting actions including a summary of the activity covering the reporting year up to 31 December 2024. The Trustee has not set their own stewardship priorities but monitor the activities of managers in line with their ESG policy. The Trustee has adopted the managers definition of significant votes, examples of which are included below.

Only funds used within the SABIC Moderate Risk Lifestyle to the SABIC Balanced Lifestyle have been included as this is where most members will be invested.

Manager and Fund	Voting summary	Examples of most significant votes	Commentary
BlackRock ACS Climate Transition Screened and Optimised World Equity	<p>Votable Proposals: 5,250</p> <p>Proposals Voted: 5,229</p> <p>For 'management' votes: 4,109</p> <p>Against 'management' votes: 1,121</p> <p>Abstain votes: 0</p> <p>Withhold votes: Not provided</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p>	<p>Westlake Corporation</p> <ul style="list-style-type: none"> Date of vote: 09 May 2024 Reasoning for significant vote: n/a Approx. holding size: n/a AUM: n/a Summary of resolution: Report on reducing plastic pollution of the oceans Manager vote: For Vote against management, was intent communicated ahead of the vote: n/a. Voting rationale: Blackrock voted for the report as additional disclosure on Westlake's efforts to manage a possible reduction in the demand for virgin plastics and the associated financial repercussions would allow shareholders to better assess Westlake's related risk management and strategic planning. Outcome of vote: Fail Next steps: n/a 	<p>BlackRock enacted over 167,00 proxy votes over 2024. Through their internal policies, they ensure their vote aligns with their stewardship policy.</p> <p>BlackRock provides details on votes that they abstained from or withheld from, Investment Stewardship BlackRock</p> <p>Manager's voting policy : BIS Global Principles (blackrock.com)</p> <p>For further information on BlackRock's voting and engagement policies, please refer to the following webpage which can be found here</p> <p>For more information on BlackRock's use on proxy services, please refer to the following documents available on their website here.</p>

BlackRock - Market Advantage Fund	<p>Votable Proposals: 22,010</p> <p>Proposals Voted: 21,795</p> <p>For 'management' votes: 20,618)</p> <p>Against 'management' votes: 1,177</p> <p>Abstain votes: 285</p> <p>Withhold votes: Not provided</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p>	<p>Tesla Inc.</p> <ul style="list-style-type: none"> • Date of vote: 13 June 2024 • Reasoning for significant vote: n/a • Approx. holding size: n/a • AUM: n/a • Summary of resolution: Ratify performance-based stock options to Elon Musk • Manager vote: For • Vote against management, was intent communicated ahead of the vote: n/a • Voting rationale: Blackrock voted for the resolution as Elon Musk has achieved all performance milestones (increasing market cap and operational metrics) • Outcome of vote: Pass • Next steps: BlackRock intend to provide feedback on go-forward and future executive compensation practices. 	<p>BlackRock enacted over 167,00 proxy votes over 2024. Through their internal policies, they ensure their vote aligns with their stewardship policy.</p> <p>BlackRock provides details on votes that they abstained from or withheld from, Investment Stewardship BlackRock</p> <p>Manager's voting policy : BIS Global Principles (blackrock.com)</p> <p>For further information on BlackRock's voting and engagement policies, please refer to the following webpage which can be found here</p> <p>For more information on BlackRock's use on proxy services, please refer to the following documents available on their website here.</p>
Schroders - Flexible Retirement Fund	<p>The Schroders Flexible Retirement Fund has limited exposure to individual shares or bonds, being primarily invested via other collective vehicles and derivatives. Schroders' voting and engagement system does not have the necessary look through to provide information on voting/engagement for the underlying positions. So, whilst the Fund has equity exposure, the Fund itself did not make any individual votes or engagements.</p>		

Proxy voting:

BlackRock:

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS). Voting decisions are made by members of the BIS team with input from investment colleagues as required, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock work with proxy research firms, ISS and Glass Lewis, who apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision. However, BlackRock do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

