Thorn Lighting Pension Fund

Annual Implementation Statement – Fund year ending 31 March 2025

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1. Introduction

This document is the Annual Implementation Statement (the "Statement") prepared by the Trustee of the Thorn Lighting Pension Fund (the "Fund") covering the Fund year (the "year") to 31 March 2025. The purpose of this Statement is to set out:

- How, and the extent to which, in the opinion of the Trustee, the Fund's engagement policy has been followed during the year; and
- A description of voting behaviour (including the "most significant" votes made on behalf of the Trustee) and any use of proxy voting services during the year.

The Fund makes use of a wide range of investments; therefore, the principles and policies in the Statement of Investment Principles ("SIP") are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact.

To ensure that the investment policies set out in the SIP are undertaken only by persons or organisations with the skills and resources necessary to take them effectively, the Trustee delegates some responsibilities. In particular, the Trustee has appointed a Fiduciary Manager, Towers Watson Limited ("TWL", "WTW"), to manage the Fund's assets on a discretionary basis. The Fiduciary Manager's discretion is subject to guidelines and restrictions set by the Trustee. So far as is practicable, the Fiduciary Manager considers the policies and principles set out in the Trustee's SIP.

A copy of this Statement has been made available on the following website: Thorn Lighting Pension Fund - Isio

<u>Review of and changes to the SIP</u>

The version of the SIP in place at the start of the Fund year was dated September 2023. The SIP was reviewed and updated during the course of the Fund year. The version in place as at the end of the year was dated June 2024. The main update was to remove CACEIS Bank as a custodian of the Fund's assets as this was no longer applicable following a change to one of the Fund's investment manager appointments. As the key policies in the 2023 version are also included in the 2024 version, this statement focusses on the policies outlined in the later version dated June 2024.

2. Adherence to the SIP: voting and engagement

As set out above, the Trustee has delegated responsibility to the Fiduciary Manager to implement the Trustee's agreed investment strategy, including making certain decisions about investments (including asset allocation and manager selection/deselection) in compliance with Sections 34 and 36 of the Pensions Act.

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a potential impact on investment returns, particularly over the long-term. As a result, the Trustee believes that the incorporation of ESG factors is in the best long-term financial interests of its members. The Trustee has appointed a Fiduciary Manager who shares this view and seeks to embed the consideration of ESG factors in its processes. The Trustee incorporates an assessment of how the portfolio aligns with the principles and beliefs (including ESG) outlined in its SIP as part of its overall assessment of the Fiduciary Manager's performance.

The Fiduciary Manager's process for selecting, monitoring and de-selecting managers includes an assessment of a manager's approach to SI (recognising that the degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and exposures). Where ESG factors are considered to be particularly influential to outcomes, the Fiduciary Manager engages with investment managers to improve their processes.

Manager level engagement undertaken by the Fiduciary Manager

Engaging with asset managers is one of the Fiduciary Manager's key stewardship activities. The three main priorities that currently define their asset manager engagement activities are:

- Sustainable investing (SI), including climate change
- Culture
- Diversity, equity and inclusion (DEI)

Consistent with the Fiduciary Manager's net zero goal for its in-scope assets, include the Fund's portfolio, climate risk management has been a key topic during the year, working with investment managers to communicate expectations re the need to:

- be able to measure, report and manage climate risk, and
- use their influence to undertake stewardship that supports a Paris aligned climate transition

The following case study discusses the engagement which WTW took with one of the underlying credit managers in the Fund's portfolio during the year.

CASE STUDY – FIDUCIARY MANAGER ENGAGEMENT

Category of issue identified	Key issue	Actions and progress
Environment – climate issue	This manager is an underlying exposure that sits within the Fund's active equity strategy. There has been good evidence of improvement from the manager over the year on key components previously engaged with. However, the focus of the engagement was on key outstanding issues, namely around impact, broader governance, and voting, where the strategy has returned neutral scores. Addressing these issues will be crucial for further progress and ensuring the effectiveness of the manager's overall strategy.	The manager has made significant progress in several areas, including Task Force on Climate-Related Financial Disclosures (TCFD) alignment, where they now report in line with the TCFD framework and provide climate-related metrics at the fund level. They have further developed their sustainability policy, planning to track carbon reduction objectives from 2025 and improving coverage across most strategies. In terms of voting, the manager has implemented a new process to track every vote and its rationale, along with a new voting policy. Additionally, they have developed a firm-wide ESG data tool for immediate access to ESG/SI research for analysts. However, the manager still faces challenges in implementing a modern slavery policy and impact measurements due to difficulties in obtaining disclosures in the Japanese market. They are working to track progress in this area, and it will be closely monitored. Engagement on the Governance/Stewardship policy review process has also taken place, with a preference for annual reviews. A follow-up meeting is scheduled to review the strategy and check progress on these points.

As mentioned in the SIP, the Fiduciary Manager has partnered with EOS at Federated Hermes (EOS) for a number of years to enhance its stewardship activities. This includes engagement with investment managers, companies and public policy level engagement and guidance on voting for some of the Fund's equity managers. As an example of some of this work, WTW engaged with an investment manager responsible for a reinsurance strategy to protect the portfolio against potential extreme losses from the 2024 US hurricane season, following unusually strong early warnings from climatology experts. Through early discussions, stress testing, and scenario analysis, a protection strategy was implemented. While the season proved less intense than forecasted and the protection policy was not triggered, the engagement is viewed as a prudent risk management step to guard against severe tail events.

In addition to manager-specific engagement conversations, WTW also identifies common issues across groups of asset managers and engages with them in different ways, such as running group events and publishing papers. One example of this in 2024 was WTW's global series of Manager Ideas Exchange (MiX) events which served as an important mechanism for engaging with groups of managers at once. These events focussed on a number of issues including engaging with managers and included presentations on, among others, our approach to climate, quantifying climate risks, and a climate deep dive panel discussion

<u>Company level engagement and rights attached to investments (including voting):</u>

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Fiduciary Manager, and in turn to the Fund's investment managers. The day-to-day integration of stewardship activities (including consideration of all relevant matters, voting and engagement) is delegated to the Fund's investment managers.

Through the engagement undertaken by the Fiduciary Manager, the Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital as applicable to their mandates. The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG and stewardship both at the appointment of a new manager and as part of its regular review process. The Fiduciary Manager engages with managers to improve their practices and may terminate a manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no managers were terminated solely on these grounds during the year.

Voting activity undertaken by the Fund's investment managers

The Trustee has delegated the exercise of voting rights to its investment managers. Voting activity was undertaken in line with the voting policy of the investment managers. The Fiduciary Manager has assessed the investment managers' voting policies as part of its overall assessment of the investment managers' capabilities. The Fiduciary Manager considered the policies to be appropriate for the mandates, and consistent with the Trustee's policies and objectives in aggregate and ultimately, therefore in the best financial interests of the members.

The Fund is invested across a diverse range of asset classes which carry different ownership rights, for example, fixed income whereby these holdings do not have voting rights attached. Therefore, voting information was only requested from the Fund's direct equity exposure and the equity component of the multi-asset diversified growth managers as here, there is a right to vote as an ultimate owner of a stock.

Of the votes exercised in the responses received from investment managers, the ones deemed most significant by the Trustee have been provided below based on balancing the following criteria (not all criteria will apply for every significant vote identified):

- The manager deems the vote to be notable
- The vote is in one of the stewardship priority areas identified by the Trustee (human and labour rights, and climate).
- The size of the company holding related to the vote
- It was a vote against company management
- The vote provides representation of the stewardship activity across different types of investment manager and mandates
- The total number of votes identified and reported by the Trustee is at a proportionate level

Further information on the voting of the managers is provided in the tables below. During the year, the Fund's equity holdings were invested across two pooled funds:

1. Towers Watson Investment Management ("TWIM") Global Equity Focus Fund - an active global equity fund managed by the Fiduciary Manager which invests in number of underlying managers
2. Towers Watson Investment Management ("TWIM") Core Diversified Fund – a multi-asset diversified growth fund managed by the Fiduciary Manager which invests in number of underlying managers

Additional oversight on some of the Fund's investments is provided through the Fiduciary Manager's partnership with EOS at Federated Hermes (see below). Where EOS is employed in the mandate, they also monitor voting against the guidance by EOS. They engage with or challenge the underlying asset manager where necessary. Throughout this process the Fiduciary Manager pays particular attention to ESG related resolutions, especially on the topic of climate given this is identified as a key topic for the Fiduciary Manager.

1. Towers Watson Global Equity Focus Fund

Portfolio structure	Voting activity (12 months to March 2025)
Pooled multi-manager equity fund	Number of meetings at which the manager was eligible to vote: 162 Number of resolutions on which manager was eligible to vote: 3,181 Percentage of eligible votes cast: 99.3% Of the votes cast, percentage of votes with management: 87.5% Of the votes cast, percentage of votes against management: 12.2% Of the votes cast, percentage of votes abstained from: 0.3% Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 56.8% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 9.6%
The manager has appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all of the clients. EOS provides voting recommendation to enhance engagement and help achieve responsible ownership. EOS's voting recommendations are informed by its extensive research and experience in the area of stewardship as well as its long-term engagement activities with companies. The underlying managers use ISS's 'ProxyExchange' electronic voting platform to electronically vote investors' shares. The manager also uses EOS at Federated Hermes for voting recommendation services (via the ISS platform) to enhance engagement and support responsible ownership. The underlying managers are ultimately responsible for the votes.	

Size of holding within GEFF	Voting example
5.5%	<u>**Company: Alphabet**</u> **Date of vote: 7 June 2024** **Resolution**: Adopt targets evaluating YouTube child safety policies **Relevant stewardship priority**: Human rights **How the manager voted**: For shareholder proposal, against management recommendations **Where vote was against management, was it communicated in advance**: The voting decision was communicated to management. **Rationale for the voting decision:** The company has come under scrutiny for harmful content on YouTube. The proponent cites various legislation that will affect how the company monitors content. The request for additional annual information on how the company is managing risks related to child safety does not appear to be overly burdensome and would provide shareholders with additional information on its management of related risks. **Trustee rationale for being considered a significant vote**: Consistent with the Trustee's stated stewardship priorities, the manager voted against management recommendations, and size of the position **Outcome of the vote**: Resolution failed to pass

	Implications of the outcome e.g. lessons learned / further activity or escalation expected: The manager expressed disappointment in the vote outcome and expects to vote for similar proposals in the future.
3.2%	**<u>Company: Amazon</u>** **Date of vote: 22 May 2024** **Resolution**: Commission a third-party audit on working conditions **Relevant stewardship priority:** Human and labour rights **How the manager voted**: For shareholder proposal, against management recommendation **Where vote was against management, was it communicated in advance**: No **Rationale for the voting decision:** Promotes transparency on warehouse working conditions **Trustee rationale for being considered a significant vote**: Human and labour rights is one of the stewardship priorities. It is also a vote against management and size of position. **Outcome of the vote**: Resolution failed to pass **Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:** The manager will continue to consider proposals on worker safety environment.
2.8%	**<u>Company: Meta Platforms, Inc.</u>** **Date of vote: 15 May 2024** **Resolution**: Report on child safety and harm reduction **Relevant stewardship priority:** Human rights **How the manager voted**: For shareholder proposal, against management recommendation **Where vote was against management, was it communicated in advance**: No **Rationale for the voting decision:** The manager supported the enhanced disclosure regarding how the company measures and monitors key metrics related to child safety and harm reduction across its platforms. Increased transparency in these areas would enable shareholders—and society at large—to better assess the company's approach to managing these risks. **Rationale for being considered a significant vote**: The manager voted against the management recommendations and size of position **Outcome of the vote**: Failed the resolution **Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:** The manager expressed disappointment in the voting outcome. In their view, child safety and self-harm are areas of particularly acute controversy where greater transparency would serve to build confidence in the company's efforts to better manage these areas of concern. As proposed, an annual report would provide quantitative metrics whereby the company's performance could be measured. The manager will vote FOR similar proposals in the future.

1.2%	**<u>Company: HCA Healthcare, Inc.</u>** **Date of vote: 25 April 2024** **Resolution**: Report on maternal health outcomes **Relevant stewardship priority:** Human rights **How the manager voted**: For shareholder proposal, against management recommendation **Where vote was against management, was it communicated in advance**: No **Rationale for the voting decision:** The manager voted in favour of regular reporting to shareholders regarding the company's progress in reducing maternal morbidities and eliminating racial and ethnic disparities in pregnancy-related outcomes **Trustee rationale for being considered a significant vote**: Consistent with the Trustee's stated stewardship priorities. The manager voted against management recommendation and size of the position **Outcome of the vote**: Resolution failed to pass **Implications of the outcome e.g. lessons learned / further activity or escalation expected:** The manager will share these best practices with other portfolio companies
0.9%	**<u>Company: Berkshire Hathaway</u>** **Date of vote: 4 May 2024** **Resolution**: Report on efforts to measure, disclose and reduce greenhouse gas emissions associated with underwriting, insuring, and investing **Relevant stewardship priority:** Climate change **How the manager voted**: For shareholder proposal, against management recommendation **Where vote was against management, was it communicated in advance**: No **Rationale for the voting decision:** The manager voted in favour of climate risk disclosure, prioritizing leadership on the issue despite minor compliance costs. Given the company's 90% emissions disclosure and strong ethical reputation, the manager deemed waiting for SEC guidance an inadequate delay. **Trustee rationale for being considered a significant vote**: Consistent with the Trustee's stated stewardship priorities. The manager voted against management recommendation **Outcome of the vote**: Resolution failed to pass **Implications of the outcome e.g. lessons learned / further activity or escalation expected:** The manager expressed disappointment in the voting outcome and urged the CEO to prioritize climate risk transparency, advocating for proactive leadership rather than waiting for policy guidance.

Within the Global Equity Focus Fund (GEFF), the managers exercise active stewardship in respect of stocks they own to enhance or protect the value of those securities, and this is supplemented by engagement carried out by EOS. EOS measures and monitors progress on all engagement, setting clear objectives and specific milestones for more intensive engagements. In selecting companies for engagement, EOS takes account of their ESG risks, their ability to create long-term shareholder value and the prospects for engagement success. Intensity of engagement with companies is escalated over time, depending on the nature of the challenges the companies face and the attitude of the board towards dialogue. Engagements vary in length, some involving one or two meetings, while others entail multiple meetings over several years. In 2024, EOS engaged 488 issues and objectives with companies held in the GEFF portfolio, covering a range of ESG, strategy, risk and communication issues and objectives. An example of engagement which EOS undertook in relation to one of the investment managers in the GEFF over the year is shown in this case study.

CASE STUDY – EOS ENGAGEMENT WITH INVESTMENT MANAGER

As an example of some of this work, WTW through their partnership with EOS engaged with an underlying manager in the TWIM Global Equity Focus Fund in relation to concerns around the company’s human and labour rights. EOS highlighted that the manager had lacked sufficient evidence that it was collecting and using forward-looking data and qualitative techniques to reduce workforce health and safety incidents. Across multiple engagement meetings, EOS encouraged the company to perform a human rights impact assessment (HRIA) to identify its most salient human rights risks and demonstrate that it planned to manage them. EOS also requested meaningful evidence that the company is complying with its commitment to respect freedom of association. Since EOS started engaging with the manager, the manager disclosed continued improvement of its total recordable incident rate (TRIR), which has improved by 30% over the past four years, and its lost time incident rate (LTIR), which has improved by 60% over the past four years. Further, the manager performed human rights impact assessments covering some but not all of its operations and its supply chain.

2. Towers Watson Investment Management Core Diversified Fund

Pooled multi-manager diversified growth fund	Number of meetings at which the manager was eligible to vote: 2,856 Number of resolutions on which manager was eligible to vote: 38,335 Percentage of eligible votes cast: 98.7% Of the votes cast, percentage of votes with management: 86.0% Of the votes cast, percentage of votes against management: 14.0% Of the votes cast, percentage of votes abstained from: 0.0% Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 67.9% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 2.5%
Use of proxy voting	We have appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all of our clients. EOS provides voting recommendation to enhance engagement and help achieve responsible ownership. EOS's voting recommendations are informed by its extensive research and experience in the area of stewardship as well as its long-term engagement activities with companies. The underlying managers use ISS's 'ProxyExchange' electronic voting platform to electronically vote investors' shares. TWIM also uses EOS at Federated Hermes for voting recommendation services (via the ISS platform) to enhance engagement and support responsible ownership. The underlying managers are ultimately responsible for the votes.

Size of holding within CDF	**Voting example**
0.8%	**Company: Amazon.com, Inc** **Date of vote:** 22 May 2024 **Resolution**: Disclose all material scope three greenhouse gas emissions **Relevant stewardship priority:** Climate change **How the manager voted**: For shareholder proposal, against management **Where vote was against management, was it communicated in advance**: No **Rationale for the voting decision:** The shareholder proposal promotes better management of social, environmental and ethical opportunities and risks. **Trustee rationale for being considered a significant vote**: Climate change is one of the stewardship priorities. **Outcome of the vote**: Failed **Implications of the outcome e.g. lessons learned / further activity or escalation expected:** The manager had none to report

0.1%	**<u>Company: Walmart Inc.</u>** **Resolution**: Commission a third-party audit on workplace safety and violence **How the manager voted**: For shareholder proposal, against management **Rationale for the voting decision:** The shareholder proposal promotes better management of social, environmental and ethical opportunities and risks. **Rationale for being considered a significant vote**: Human and labour rights is one of the stewardship priorities. It is also a vote against management. **Outcome of the vote**: Failed **Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:** Manager did not have anything to report
0.3%	**<u>Company: Berkshire Hathaway</u>** **Date of vote: 4 May 2024** **Resolution**: Report on efforts to measure, disclose and reduce greenhouse gas emissions associated with underwriting, insuring, and investing **Relevant stewardship priority:** Climate change **How the manager voted**: For shareholder proposal, against management recommendation **Where vote was against management, was it communicated in advance**: No **Rationale for the voting decision:** The manager voted in favour of climate risk disclosure, prioritizing leadership on the issue despite minor compliance costs. Given the company's 90% emissions disclosure and strong ethical reputation, the manager deemed waiting for SEC guidance an inadequate delay. **Trustee rationale for being considered a significant vote**: Consistent with the Trustee's stated stewardship priorities. The manager voted against management recommendation **Outcome of the vote**: Failed **Implications of the outcome e.g. lessons learned / further activity or escalation expected:** The manager expressed disappointment in the voting outcome and urged the CEO to prioritize climate risk transparency, advocating for proactive leadership rather than waiting for policy guidance.
0.4%	**<u>Company: Eli Lilly and Company</u>** **Date of vote: 6 May 2024** **Resolution**: Adopt a Comprehensive Human Rights Policy **Relevant stewardship priority:** Human and labour rights **How the manager voted**: For shareholder proposal, against management **Where vote was against management, was it communicated in advance**: No **Rationale for the voting decision:** Shareholder proposal promotes better management of Social, Environmental and Ethical opportunities and risks. **Trustee rationale for being considered a significant vote**: Human and labour rights is one of the stewardship priorities. **Outcome of the vote**: Failed **Implications of the outcome e.g. lessons learned / further activity or escalation expected: T**he manager had none to report

0.1%	<u>**Company: Walmart**</u> **Date of vote: 5 June 2024** **Resolution**: Commission a Third-Party Audit on Workplace Safety and Violence **Relevant stewardship priority:** human and labour rights **How the manager voted**: For shareholder proposal, against management **Where vote was against management, was it communicated in advance**: No **Rationale for the voting decision:** Shareholder proposal promotes better management of Social, Environmental and Ethical opportunities and risks. **Trustee rationale for being considered a significant vote**: Human and labour rights is one of the stewardship priorities. **Outcome of the vote**: Failed **Implications of the outcome e.g. lessons learned / further activity or escalation expected: T**he manager had none to report
1.3%	<u>**Company: Alphabet**</u> **Date of vote: 7 June 2024** **Resolution**: Adopt Targets Evaluating YouTube Child Safety Policies **Relevant stewardship priority: H**uman rights **How the manager voted**: For shareholder proposal, against management **Where vote was against management, was it communicated in advance**: The voting decision was communicated to management either before or after the meeting. **Rationale for the voting decision:** Alphabet has come under scrutiny for harmful content on YouTube. The proponent cites various legislation that will affect how Alphabet monitors content. The request for additional annual information on how the company is managing risks related to child safety does not appear to be overly burdensome and would provide shareholders with additional information on its management of related risks. **Trustee rationale for being considered a significant vote**: Human and labour rights is one of the stewardship priorities. Size of holding. **Outcome of the vote**: Failed **Implications of the outcome e.g. lessons learned / further activity or escalation expected:** The Manager was disappointed in the vote outcome, but expect similar proposals in the future, which they will vote FOR.
0.4%	<u>**Company: Apple Inc**</u> **Date of vote: 25 February 2025** **Resolution**: Report on Child Safety Online **Relevant stewardship priority:** human rights **How the manager voted**: For shareholder proposal, against management **Where vote was against management, was it communicated in advance**: No **Rationale for the voting decision:** Shareholder proposal promotes better management of ESG opportunities and risks **Trustee rationale for being considered a significant vote**: Human and labour rights is one of the stewardship priorities.

	Outcome of the vote: Failed **Implications of the outcome e.g. lessons learned / further activity or escalation expected: T**he manager had none to report

Industry wide / public policy engagement:

One element of the Fiduciary Manager's partnership with EOS is undertaking public policy engagement on behalf of its clients (including the Trustee). This public policy and market best practice engagement is done with legislators, regulators, industry bodies and other standard-setters to shape capital markets and the environment in which companies and their investors operate, a key element of which is risk related to climate change. The Fiduciary Manager represents client policies/sentiment to EOS via the Client Advisory Council, of which its Head of Stewardship currently chairs. It utilises EOS' services, from public policy engagement to corporate voting and engagement, for several of its funds. Some highlights from EOS' activities over 2024:

- 994 companies engaged across regions on 4,267 issues and objectives
- 62 companies in their core programme featured engagements with the CEO or chair
- Making voting recommendations on 143,075 resolutions at 14,701 meetings, including recommended votes against 25,070 resolutions
- Participation in a range of global stewardship initiatives

The Fiduciary Manager participated in a range of industry initiatives over the year to seek to exercise good stewardship practices. Please refer to their latest UK Stewardship Code for more information: https://www.wtwco.com/en-gb/solutions/services/sustainable-investment

3. Conclusion

The Trustee considers that all SIP policies and principles were adhered to during the year.