

Holophane Retirement Benefits Scheme (“the Scheme”)

Annual Engagement Policy Implementation Statement

1. Introduction

This statement sets out how, and the extent to which, the Scheme’s Engagement Policy has been followed during the year running from 1 January 2024 to 31 December 2024 (the “**Scheme Year**”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

This statement:

- sets out how, and the extent to which, in the Trustees’ opinion, the Scheme’s Engagement Policy has been followed during the year to 31 December 2024;

This statement is based on, and should be read in conjunction with the Statement of Investment Principles (“SIP”) dated February 2024 and January 2025 (the latter reflecting changes to the Scheme’s investment arrangements towards the end of the Scheme Year).

A copy of the latest SIP is available at:

<https://www.holophane.co.uk/ProductData/PDFs/Holophane-Retirement-Benefits-Scheme-DB-SIP-January-2025.pdf>

2. Investment Objectives of the Scheme

The Trustees wish to ensure that they can meet their obligations to the beneficiaries both in the short and long term. With this in mind the Trustees primary objective is to identify and implement an investment strategy that maximises the probability of meeting the obligations to the beneficiaries of the Scheme.

The Trustees have also received confirmation from the Scheme Actuary during the process of revising the investment strategy that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

The investment objective for the Scheme has evolved following a significant improvement in the level of funding over 2023 combined with a significant contribution paid to the Scheme by the Sponsoring Employer. As such, the Trustees have determined that there is no longer a requirement to take material investment risk relative to the liabilities.

Over 2024 the Trustees implemented de-risking activity with the aim to secure the accrued member benefits with an insurer (i.e. through a ‘buy-in’ contract). In December 2024, the Trustees secured this

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objective by investing the Scheme's assets with an insurance company ("PIC"). The buy-in policy covers accrued DB benefits for all members. Under this policy, PIC are responsible for meeting the pensions payable to the Scheme's deferred and current pensioner members.

3. Policy on ESG, Stewardship and Climate Change

The Scheme's SIP includes the Trustees' policy on Environmental, Social and Governance ("ESG") factors (including stewardship and climate change). This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. This was last reviewed in January 2025 where wording was adjusted to reflect the Scheme's updated investment arrangements relating to the buy-in policy with PIC. The Trustees keep the policies under regular review with the SIP reviewed every year and/or immediately after any significant change in investment policy, or if required, following a formal strategy review. Post December 2024 given the buy-in policy in place, the responsibility for management of all financial factors including ESG factors has been delegated to the insurer. The Trustees reviewed the insurers' ESG capabilities as part of the insurer selection exercise from their risk transfer advisor.

The following two sections summarise the work undertaken during the Scheme Year relating to the Trustees' policy on ESG factors, stewardship and climate change, and sets out how the Trustees' engagement and voting policies were followed and implemented during the Scheme Year.

4. Assessment of how the engagement policy in the SIP has been followed for Scheme Year

Given the buy-in policy in place by the Scheme Year end, the responsibility for day-to-day management of all financial factors including ESG factors has been delegated to PIC. As noted above, the Trustees reviewed their ESG capabilities as part of the insurer selection exercise.

Prior to the buy-in, the Trustees' policy was to give the appointed investment managers full discretion when evaluating ESG issues, including climate change considerations, and in exercising voting rights and stewardship obligations attached to the Scheme's investments in accordance with their own corporate governance policies and current best practice.

5. Voting Activity & Significant Votes over the Scheme Year

The Trustees also had their own definition of a 'significant vote' based on their engagement priorities, and this document sets out examples of where these arose with respect to the voting carried out on their behalf by the investment managers.

The Trustees defined significant votes as ones which relate to the theme of **Climate Change** and where the **Size** of the holding is >5% of the fund or a vote concerning **Governance**.

Over the Scheme Year and prior to the buy-in, the Scheme had no exposure to investments with voting rights attached. Given this there are no associated 'significant votes' or voting activity to report over the Scheme Year.

6. Key Engagement Activity

The Trustees' investment consultant requested, on behalf of the Trustees, details of relevant engagement activity for the period from each of the investment managers that were in place during the period (until their termination).

The investment managers engaged with companies over the period on a wide range of different issues including ESG matters. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (e.g. those linked to the Paris Agreement). These engagement initiatives are driven mainly through regular engagement meetings with the companies that the investment managers invest in or by voting on key climate-related resolutions at companies' Annual General Meetings.

Noting the buy-in policy was in December 2024 the Trustees received information about the approach of PIC to ESG issues as part of the insurer selection process. Looking towards the next statement the Trustees intend to ask PIC for information/examples of their ESG integration within their operations.