

# **Magnet Group Pension Scheme**

## **Annual Engagement Policy Implementation Statement – October 2025**

### **Introduction**

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 31 October 2025. 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.

### **Investment Objectives of the Scheme**

The Trustee believes it is important to consider the policies in place in the context of the investment objectives that have been set. The objectives of the Scheme included in the SIP are as follows:

- To make sure that the Trustee can meet its obligations to the beneficiaries of the Scheme, principally on an ongoing, i.e. "Technical Provisions" basis.
- To operate funding and investment strategies in a coordinated approach. Variation in the funding position (in particular improvements) may be reflected in the level of risk in the investment strategy.
- To pay due regard to the Scheme Sponsor's interests on the size and incidence of employers' contribution payments and the impact of the Scheme on the Scheme Sponsor's accounts.

Given the nature of the liabilities, the investment time horizon of the Scheme is potentially long-term (i.e. several decades). However, any future opportunities to transfer liabilities (fully or partially) to an insurance company (e.g. through the purchase of bulk annuities with an insurance company) may shorten the Scheme's investment horizon significantly.

### **Policy on ESG, Stewardship and Climate Change**

The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. The policy was last updated in March 2024.

The Trustee is a Professional Corporate Sole Trustee which provides a training programme to its employees and includes Environmental, Social and Governance matters. The Trustee keeps its policies under regular review.

The Trustee is satisfied that its engagement policy was followed during the year. The following summarises how the Trustee's engagement and voting policies were followed and implemented during the year accordingly:

### **Engagement**

- An investment performance report was reviewed by the Trustee on a quarterly basis – these included fund ratings and ESG assessment from the investment consultant. The investment performance reports included how each investment manager was delivering against its specific mandate. Through its investment consultant, the Trustee reviewed the mandates of Apollo Global Management (“Apollo”), MFS Investment Management (“MFS”), Royal London Asset Management (“RLAM”), Ruffer LLP (“Ruffer”) and Mercer Limited (“Mercer”) (together the “Investment Managers”) in relation to ESG factors including climate change.
- All of the Scheme's Investment Managers confirmed that they are signatories of the current UK Stewardship Code.
- The Trustee also received details of relevant engagement activity for the year from the Scheme's Investment Managers, as part of regular reporting.

### **Voting and engagement activity undertaken by the Investment Managers**

The Trustee has delegated its voting rights to the Investment Managers, principally through being invested in pooled funds (noting that in this case votes are cast on behalf of the pooled fund not the Trustee, who does not own the underlying assets directly). The Trustee does not use the direct services of a proxy voter and over the prior 12 months the Trustee has not actively challenged its managers on voting activity.

In Q3 2022, legislation was published by the Department of Work & Pensions (“DWP”), which stated that the Trustee is required to provide a definition of what it considers a “significant vote”.

The Trustee has agreed that its definition of a significant vote is *“a vote that relates to material holdings (a company that represented at least 1% of the year-end market capitalisation of any fund in which the Scheme was invested during the majority of the year), in the areas of climate change (“E”), human rights (“S”) and diversity, equity and inclusion (“G”).”*

Where applicable, Investment Managers are expected to provide voting summary reporting on at least an annual basis. Each manager has been asked to confirm key voting activity on behalf of the Trustee (or in relation to the pooled funds in which the Trustee invests), over the year to 31 October 2025. The votes outlined below have been provided to the investment advisor by the Scheme's Investment Managers and have been tailored to prioritise those in which the underlying theme / topic is one that the Trustee has identified as being significant based on the above definition.

### **MFS – Global Equity**

- MFS used Institutional Shareholder Services, Inc. (“ISS”) to perform various proxy voting-related administrative services, such as vote processing and record-keeping functions. MFS also received research reports and voting recommendations from ISS and Glass,

Lewis & Co., Inc.. MFS analyses all proxy voting issues within the context of the internally-developed MFS Proxy Policies. MFS has due diligence procedures in place to help ensure that the research it receives from its proxy advisory firms is accurate and to reasonably address any potentially material conflicts of interest of such proxy advisory firms.

- There have been 89 votable meetings over the year. In these meetings, there were a total of 1,451 votable items;
- In 94.4% of these votes for proposal, MFS has indicated its support to the companies' managements, while voting against in 4.5% of the proposals and abstaining from voting in 1.1% of the proposals.

### **Significant Votes**

Company (holding size): Goldman Sachs Group Inc (1.30%)

Date of Vote: 23/04/2025

Summary of the resolution: Consider Abolishing DEI Goals from Compensation Inducements

Rationale for the voting decision: MFS voted against this proposal, as management's compensation is not predicated on hiring or promotion goals. Therefore the ask of the proposal is not applicable.

Implication of the outcome: MFS will continue to monitor the company's DEI and non-discrimination practices and look forward to engaging with the company regarding this or other important issues.

Significance: This is a vote for diversity and inclusion, and is aligned with the Trustee's priority in the area of diversity, equity and inclusion ("G").

Company (holding size): Goldman Sachs Group Inc (1.30%)

Date of Vote: 23/04/2025

Summary of the resolution: Report on Clean Energy Supply Financing Ratio

Rationale for the voting decision: MFS voted against this proposal, as it is unclear that the requested data would be of value to shareholders.

Implication of the outcome: MFS will continue to monitor how the company is managing its climate-related risks. MFS embrace opportunities to engage with companies on topics such as this.

Significance: This is a vote for climate change, and is aligned with the Trustee's priority in the area of climate change ("E").

Company (holding size): Goldman Sachs Group Inc (1.30%)

Date of Vote: 23/04/2025

Summary of the resolution: Conduct and Report a Third-Party Racial Equity Audit on Risks Related to Race-based initiatives

Rationale for the voting decision: MFS voted against this proposal, as the board already has effective oversight of related risks, with clear roles delegated to the audit and compensation committees.

Implication of the outcome: MFS will continue to monitor the company's DEI and non-discrimination practices and look forward to engaging with the company regarding this or other important issues.

Significance: This is a vote for diversity and inclusion, and is aligned with the Trustee's priority in the area of diversity, equity and inclusion ("G").

Company (holding size): Canadian Pacific Kansas City Ltd (1.55%)

Date of Vote: 30/04/2025

Summary of the resolution: Management Advisory Vote on Climate Change

Rationale for the voting decision: MFS voted for this proposal, as the company has undertaken various efforts over the last year, including committing to establish an emissions reduction target aligned with 1.5 degree future, and developing an SBTi approved mid-term locomotive GHG emissions reduction target.

Implication of the outcome: As this is an advisory vote, the results are non-binding. However, the vote provides the board important feedback on the company's approach to climate change, including as it continues its ongoing efforts to refine its climate strategy.

Significance: This is a vote for climate change, and is aligned with the Trustee's priority in the area of climate change ("E").

Company (holding size): Canadian National Railway Co (1.20%)

Date of Vote: 02/05/2025

Summary of the resolution: Management Advisory Vote on Climate Change

Rationale for the voting decision: MFS voted for this proposal, as the company's climate disclosures meet market standards, and the company's climate transition plan includes clear and approved science-based targets, specific actions, and governance framework.

Implication of the outcome: As this is an advisory vote, the results are non-binding. However, the vote provides the board important feedback on the company's approach to climate change, including as it continues its ongoing efforts to refine its climate strategy.

Significance: This is a vote for climate change, and is aligned with the Trustee's priority in the area of climate change ("E").

Company (holding size): Alphabet Inc Class A (2.17%)

Date of Vote: 06/06/2025

Summary of the resolution: Publish a Human Rights Impact Assessment of AI Driven Targeted Advertising

Rationale for the voting decision: MFS voted for this proposal, as an independent human rights impact assessment would strengthen the company's ability to address potential risks associated with its AI-driven advertising practices, particularly amid a recent data privacy settlement.

Implication of the outcome: MFS will continue to monitor how the company considers its human rights risks, specifically through targeted AI advertising, and the steps it takes to mitigate any future concerns.

Significance: This is a vote for human rights, and is aligned with the Trustee's priority in the area of human rights ("S").

Company (holding size): Alphabet Inc Class A (2.17%)

Date of Vote: 06/06/2025

Summary of the resolution: Report on Meeting 2030 Climate Goals

Rationale for the voting decision: MFS voted against this proposal. While incorporating certain aspects of the proposal into the company's current disclosures may be beneficial to interested shareholders, it does not appear necessary at this time due to the company's current detailed disclosures on its reduction strategies and initiatives for Scope 1, 2, and 3 emissions and year-over-year emissions data.

Implication of the outcome: MFS will continue to monitor how the company is managing its climate-related risks. We embrace opportunities to engage with companies on topics such as this.

Significance: This is a vote for climate change, and is aligned with the Trustee's priority in the area of climate change ("E").

Company (holding size): Alphabet Inc Class A (2.17%)

Date of Vote: 06/06/2025

Summary of the resolution: Report on Due Diligence Process to Assess Human Rights Risks in High-Risk Countries

Rationale for the voting decision: MFS voted against this proposal, as the company's current level of disclosure is sufficient to allow shareholders to assess how it manages human rights risks.

Implication of the outcome: MFS will continue to monitor how the company considers its human rights risks and the steps it takes to mitigate any future concerns.

Significance: This is a vote for human rights, and is aligned with the Trustee's priority in the area of human rights ("S").

Company (holding size): Linde Plc (1.82%)

Date of Vote: 29/07/2025

Summary of the resolution: Report on Climate Lobbying

Rationale for the voting decision: MFS voted against this proposal, as the company provides sufficient information for investors to be able to determine how its direct and indirect lobbying efforts are consistent with its 2050 climate neutrality ambition and aligned with the Paris Accords.

Implication of the outcome: MFS will continue to monitor the lobbying and disclosure around the topic, and we look forward to engaging with the company regarding this or other important topics.

Significance: This is a vote for climate change, and is aligned with the Trustee's priority in the area of climate change ("E").

### **Engagement Activity Example**

Company: UBS Group AG

Summary of the engagement: MFS discussed Board Structure, Succession, Climate (Transition Risk, Net Zero), Culture, Employees, DEI, Shareholder Rights, Lobbying, Capital Allocation

MFS' multi-year engagement horizon typically allows them to develop strong relationships with their portfolio companies. As a result, they are able to have more candid and insightful discussions as they foster these long-term dialogues. They continue to focus on identifying what swift and measurable changes their portfolio companies can make in direct response to shareholder feedback.

## **Apollo – Multi-Asset Credit**

As debt holders, Apollo does not have equity holder voting rights in general. Voting information is not available for the very small proportion of assets in the portfolio that do have voting rights.

### **Engagement Activity Example**

Company: BIP Pipeco Holdings LLC

Summary of engagement: Apollo engaged with BIP Pipeco Holdings LLC (Kinder Morgan) following an IDP request to discuss the company's emissions strategy and climate positioning. Kinder Morgan explained that it does not plan to set Scope 1 and 2 emissions reduction targets, viewing large-scale engine electrification as prohibitively expensive and operationally risky, and instead prioritizes methane reduction through enhanced LDAR and new technologies, while aligning with the forthcoming DOE Greenhouse Gas Supply Chain MRV Framework rather than OGMP. The company framed capital allocation as driven by shareholder value (with selective exposure to RNG and renewable diesel), noted that a recent shareholder proposal on Scope 1 and 2 targets failed but improved investor dialogue, and expressed a preference for consistent federal rulemaking, expecting the new administration and EPA-led federal standards to be a net benefit for the business.

## **Ruffer – Absolute Return**

- Ruffer uses ISS for proxy voting research in line with internal voting guidelines in order to assist analysts in their assessment of resolutions and identification of contentious issues. Ruffer does not delegate or outsource stewardship activities when deciding how to vote on its clients' behalf.
- There have been 152 votable meetings over the year. In these meetings, there was a total of 2,246 votable items;
- Ruffer has participated in the vote for 2,246 of the 2,246 votable items (i.e. 100% of the votable items). In 97.7% of these votes Ruffer has indicated its support to the companies' managements, while voting against 2.3% of the proposals.

### **Significant Votes**

There were no votes above the 1% threshold related to the Trustee focus areas of climate change ("E"), human rights ("S") and diversity, equity and inclusion ("G").

### **Engagement Activity Example**

Company: Barrick Mining Corporation

Summary of engagement: Ruffer's engagement with Barrick Mining Corporation focused on the company's enhanced climate disclosure in its 2024 Sustainability Report. Barrick now provides a more granular breakdown of its GHG emissions by type (e.g., coal, natural gas, lime neutralisation, lime kilns), by country (with the US the largest contributor), and across Scope 3 categories, giving investors a clearer view of its total emissions profile. In response to prior investor questions, Barrick has also introduced a GHG Reduction

Project Pipeline that, while not a formal McKinsey-style MACC, maps individual decarbonisation projects by expected emissions reduction, total lifecycle cost (to indicate economic viability), and technology maturity, acknowledging that some solutions such as battery-electric haulage are not yet ready for broad deployment at mine sites.

### **RLAM – Fixed Interest Non-Gilts and Currency Hedging**

- There are no equity holdings in the RLAM corporate bond and currency hedging mandates. Therefore, within these mandates RLAM does not have any equity holder voting rights.

#### **Engagement Activity Example**

Company: Centrica Plc

Summary of engagement: RLAM's engagement with Centrica Plc focused on the company's net zero and climate transition strategy, with particular attention to lobbying, physical climate risk, and biodiversity. Centrica's latest climate transition report shows notable improvements in transparency around emissions offsetting, executive remuneration, and decarbonisation plans, directly reflecting prior investor feedback. The company strengthened its approach to lobbying, exiting a controversial trade body in 2023, committing to a new trade association report, assessing memberships against Paris and just transition alignment, and setting a 12-month engagement plan for misaligned associations. On physical climate risk, Centrica now reports in line with TCFD, highlighting relatively low exposure due to asset profile while actively managing extreme weather and sea level rise risks. Biodiversity is treated as an emerging priority: Centrica has action plans to deliver at least a 10% biodiversity net gain on new developments, though current reporting remains mostly climate-focused. RLAM plans a follow-up climate letter to sustain dialogue and encourage deeper integration of biodiversity into Centrica's reporting and strategy.

### **Mercer – Liability Driven Investment (“LDI”)**

- The Mercer LDI funds provide fully and partially funded exposure to fixed and index-linked gilts and cash/liquidity. Therefore, within this mandate Mercer does not have any equity holder voting rights.

The Trustee has not included information in relation to the Scheme's AVC arrangements as these are a small proportion of the Scheme's total assets.