

TM Pension Plan - Implementation Statement for the year ended 31 March 2024

Welcome to the Trustee's Statement of how they implemented the policies and practices in the Plan's Statement of Investment Principles during the year ended 31 March 2024.

This statement covers the DC section of the Plan.

Introduction

This is the Trustee's statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Plan's Stewardship Policy during the period from 1 April 2023 to 31 March 2024 and other policies and practices within the Statement of Investment Principles. As noted on page 3 of this statement, the assets of the DC section of the Plan were transferred to the Aviva Master Trust on 14 August 2024.

Defined Contribution (DC) Section

Why do the Plan's investments matter to me?

The DC section of the Plan provides you with benefits on a defined contribution ("DC") basis (sometimes called money purchase benefits). This means that the size of the benefits paid to you when you retire will depend on how much the funds where your savings are invested grow over the years.

What is the Statement of Investment Principles ('SIP')?

The SIP sets out the investment principles and practices the Trustee follows when governing the Plan's investments. It describes the rationale for the investment options which you can choose (including the default arrangement if you don't make a choice), explains the risks and expected returns of the funds used and the Trustee's approach to responsible investing (including climate change).

As at 31 March 2024, the last review of the Plan's SIP was completed on 13 October 2023. The next review will take place no later than October 2026, or sooner if there are changes to the investment options. The following changes were made to the SIP in October 2023:

- Updated risk commentary, including introduction of "factor-based investing risk"
- Introduction of additional factors considered when choosing the default arrangement.

If you want to find out more, you can find a copy of the Plan's SIP (and the Plan's Chairs Statement) at: <https://www.tmpensions.co.uk/media/hw2brsbc/231013-tm-pension-plan-dc-sip-website-version.pdf>

What is this Implementation Statement for?

Every year from 2020, the Trustee is required to prepare an Implementation Statement, which sets out how they have complied with the Plan's SIP relating to DC benefits during the last year.

Overall, the Trustee is satisfied that:

- The Plan's DC investments have been managed in accordance with the SIP; and
- The provisions in the SIP remain suitable for the Plan's DC members.

How the Plan's investments are governed

The Trustee has overall responsibility for how the Plan's investments are governed and managed in accordance with the Plan's Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations.

The Trustee has delegated day-to-day investment decisions, such as which investments to buy and sell, to the fund manager State Street Global Advisors Limited ("SSGA").

From 14 June 2023, the Plan moved to a professional sole corporate trusteeship with Independent Trustee Services Limited (ITS), therefore the majority of training is carried out in-house, and professional standards and knowledge are maintained by ITS. This is supported by additional training from the Trustee's investment advisers as necessary.

The Trustee undertook the following additional training during the last year to ensure that their knowledge of investment matters remains up to date:

Date	Topic	Aim	Trainer
11 September 2023	Diversified growth funds	Trustee Directors received training on different types of diversified growth funds	Hymans Robertson LLP
7 February 2024	Master Trust suitability	Trustee Directors better understanding the offering of Aviva Master Trust and how this compares to the existing approach	Hymans Robertson LLP

The Trustee monitors how well their investment advisers meet the objectives agreed with them. Following the requirements from the Competition & Markets Authority to establish investment adviser objectives, the Trustee has agreed to monitor the investment advisers against the following objectives:

- Deliver an investment approach for the default option that maximises risk-adjusted real returns for members (noting that the concept of risk can change throughout a member's career);
- Provide advice in relation to self-select range that incorporates sufficient choice for members to meet their own needs in terms of investment return, investment risk and retirement choices, reflecting member feedback where relevant;
- Deliver cost efficient implementation of new strategies, as required;
- Ensure the investment strategy offers value for money given its investment size and membership characteristics;
- Issue relevant and timely advice;
- Develop Trustee knowledge and understanding of investment matters;
- Providing support for ongoing governance which is proportionate and competitive in terms of costs relative to other advisors;
- Develop the Trustee's policies and beliefs, including those in relation to Responsible Investment;
- Ensure advice reflects the Trustee's own policies and beliefs, including those in relation to Responsible Investment; and

- Ensure advice complies with relevant pensions regulations, legislation and supporting guidance.

The Trustee carried out a review in November 2023 and agreed that the investment consultants had met the agreed objectives.

The Trustee is satisfied that during the last year:

- **The Plan's DC governance structure was appropriate;**
- **The Trustee has maintained their understanding of investment matters; and**
- **Their investment advisers met the agreed objectives.**

How the default arrangement and other investment options are managed

The objectives and rationale are set out in the SIP on page 2 for the default arrangement and for the other investment options on pages 3 to 4.

The Trustee regularly reviews the performance of each fund in which the Plan invests against its stated performance objective. The Trustee receives an investment performance monitoring report on a quarterly basis.

The Trustee monitors the suitability of the objectives for the default arrangement and for the other investment options and performance (after the deduction of charges) against these objectives at least every three years and without delay after any significant change in: (i) investment policy; or (ii) the demographic profile of the membership.

The Trustee last reviewed the suitability of the default arrangement and other investment options in November 2021, to ensure they remain suitable for most members. This involved:

- Reviewing the demographic profile of the Plan's membership, members' investment choices and what choices of benefits they make when they retire;
- Considering implications of current market conditions;
- Average age of the membership profile and the implications on investment options;
- Deciding whether any changes to the default arrangement's and other investment options' objectives are necessary;
- Monitoring the investment performance and fees charged for each fund;
- Considering whether the design of the default arrangement and other investment options, as well as the funds they use, still meet their investment objectives;
- Considering whether the default arrangement and other investment options still represent good value for members.

In 2024, the Trustee received a proposal to transfer the DC Section of the Plan to the Aviva Master Trust. Taking into consideration ongoing costs; governance implications and fund offering, the Trustee concluded that the Aviva Master Trust represented a suitable vehicle for the Plan's membership. In August 2024, 57 members with a Defined Contribution benefit entitlement were transferred to the Aviva Master Trust. The settlement was completed on 16 August 2024.

The Trustee's investment beliefs

The Trustee has developed a set of investment beliefs which are set out in the SIP on page 9 which they use as a guide when making investment decisions.

During the last year the Trustee, with the help of their investment adviser, reviewed their compliance with their established stewardship policies.

The Trustee reviewed its stewardship policies during the last year and confirmed that no changes were necessary.

The expected risks and returns on your savings in the DC Plan

The investment risks relating to members' DC benefits are described in the SIP on pages 5 to 6 and the expected returns from each type of investment are set out in the SIP on page 7 to 8.

The Trustee's views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation for the Plan's lifestyle option (which gradually change the funds in which your savings are invested as you approach retirement). The Trustee receives investment performance monitoring reports on a quarterly basis and is satisfied that all the funds have achieved returns in line with objectives.

The Trustee's views on the long-term mix of investments for the Plan's lifestyle option including the default arrangement did not change during the last year.

The Trustee believes that the main investment risks members face described in the SIP have not changed materially over the last year. In October 2023, the Trustee updated the list of investment risks facing the Plan to include factor-based investing risk.

The Trustee is satisfied that the current expected rates of investment return for the types of funds described in the SIP are still reasonable relative to the risks that members face.

Fund manager

The Trustee monitors the performance of the funds used by the DC section of the Plan by:

- Comparing the performance of each fund in which the Plan invests against its stated performance objective;
- Receiving an investment performance monitoring report on a quarterly basis; and
- Annually reviewing investment as part of the Chair's Statement and Value for Members.

Over the medium-term of three and five years all the funds have achieved returns in line with objectives. There have been no changes to the funds during the last year.

The Trustee is satisfied that the funds used by the Plan remain appropriate.

Ability to invest / disinvest promptly

It is important that your investments can be sold promptly when you want to change where they are invested, transfer your pension pot to another scheme or your benefits are due to be paid out when you retire.

The Trustee ensures this happens by monitoring the service levels and standards of the investment and disinvestment processes completed by the Plan's administrators Hymans Robertson. The

The Trustee is satisfied that money can be invested in and taken out of the Plan's funds without delay as set out in the SIP.

Trustee is satisfied that over the year, there were no issues with investing and disinvesting money from the funds.

Changes in where funds are invested

The Trustee monitors the volume of buying and selling of the assets in which each fund is invested that is carried out by the funds' managers.

Short-term changes in the level of turnover of the assets in which a fund is invested may be expected when a fund manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover or the time the fund invests in an asset might indicate a shift in the amount of risk the fund manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustee.

The Trustee has monitored the performance for the funds on a quarterly basis and discussed performance with the Plan's investment advisors. The Trustee has not identified any instances of material deviation in performance, which would warrant further investigation into portfolio turnover.

Security of your savings in the Plan

In addition to the normal investment risks faced when investing in funds, the security of your savings in the Plan depend upon:

- The financial strength of the fund manager; and
- The legal structure of the funds the Plan invests in.

The financial strength of the fund manager has a bearing on the risk of losses to the Plan's DC members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds' assets are "ring-fenced" from the rest of the fund managers' business in the unlikely event that the manager becomes insolvent.

There have been no changes to the structure of the funds used by the Plan during the last year. The Trustee is not aware of any material changes in the financial strength of the fund manager in the last year.

Manager incentives

As described on page 9 of the SIP, the Trustee seeks to ensure that the fund managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives.

The remuneration policy for SSGA is calculated as a flat policy charge based on assets under management. There is no outperformance fee applied to any of the mandates which ensures that the managers are not incentivised to take excessive amounts of risk to deliver excess return. This ensures that SSGA act in accordance with the interests of the Plan's members.

Furthermore, SSGA have agreed to provide a breakdown of charges on a quarterly basis. This provides the Trustee with the necessary transparency on all costs and charges borne by members.

This enables the Trustee to assess whether the members are receiving good value for money and whether the investment managers are acting in line with the interests of the Plan's members.

The Trustee is satisfied that the fund managers are suitably incentivised to deliver good outcomes for the Plan's members.

Responsible Investment

The Trustee believes that responsible investing covers both sustainable investment and effective stewardship of the assets the Plan invests in.

The SIP sets a high standard of focus on the Trustee's approach to stewardship, and obligations to monitor and engage with their investment managers.

Sustainable Investment

The Trustee believes that investing sustainably is important to control the risks that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (called "ESG" factors) can have on the value of the Plan's investments and in turn the size of your retirement benefits.

The Trustee has considered the length of time members' contributions are invested in the Plan when choosing and reviewing the funds used in the investment options.

The Trustee periodically reviews the fund manager's approach to sustainable investing. On a quarterly basis, as part of the investment monitoring report, the Trustee discusses whether the Plan's mandates have been managed in accordance with their stated investment philosophies. With the support of their investment advisor, the Trustee is satisfied that all mandates followed the agreed sustainable investing approach over the past 12 months.

The All World Equity Climate Balanced Multi Factor fund utilises a climate overlay which aims to reduce exposure to companies with worse-than-average carbon emissions whilst increasing exposure to companies which are successfully generating revenue from the green transition. Additionally, the Sterling Non-Gilts Bond All Stocks Screened Index fund excludes controversial weapons companies and violators of United Nations Global Compact Principles. In December 2023, State Street began applying additional screens to the Sterling Non-Gilts Bond All Stocks Screened Index, to exclude certain securities related to tobacco and thermal coal.

The Trustee is satisfied that during the last year the Plan's investments were invested in accordance with the policies on sustainable investing set out in the SIP.

Investment stewardship

As described on pages 11-12 of the SIP, the Trustee believes it is important that the fund manager as shareholder or bond holder takes an active role in the supervision of the companies in which it invests, both by voting at shareholder meetings and engaging with the management on major issues which affect a company's financial performance (and in turn the value of the Plan's investments).

The Trustee:

- Chooses fund managers whose voting policy are consistent with the Plan's objectives;
- Expects fund managers to vote in a way which enhances the value of the funds in which the Plan invests; and
- Monitors how the fund managers exercise their voting rights.

How does the Trustee monitor this?

The Trustee periodically reviews the fund manager's approach to stewardship including voting and engagement policies. The Trustee receives periodic reports on how the fund manager has voted at shareholder meetings and what topics have been discussed with the companies in which they invest.

DC funds – State Street Global Advisors (“SSGA”)

The funds with voting rights attached that are available to members as part of the default fund range or the self-select fund range are listed below along with summary voting statistics for each fund.

- SSGA All World Equity Climate Balanced Multi-Factor Index Sub-Fund
- SSGA Dynamic Diversified Sub-Fund

Year to 31 March 2023	All World Equity Climate Balanced Multi-Factor Index Sub-Fund	Dynamic Diversified Sub-Fund
No. of meetings eligible to vote at	1,056	6,859
No. of resolutions eligible to vote on	14,709	68,925
% of resolutions voted	97.08%	95.07%
% of resolutions voted with management	91.78%	84.66%
% of resolutions voted against management	8.22%	15.34%
% of resolutions abstained	0.43%	1.12%
% of meetings with at least one vote against management	52.19%	55.50%

Please note that votes of abstain can be counted both as a vote of abstain but also a vote against management. This explains why vote with management, vote against management and abstain from voting does not add up to 100%.

The Trustee also considers how the fund managers voted on specific issues and has asked SSGA to report on the most significant votes cast within the portfolios they manage on behalf of the Trustee. SSGA was asked to explain the reasons why votes identified were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. SSGA identifies votes to be significant based on following criteria:

- All votes on environmental related shareholder proposals.
- All votes on compensation proposals where we voted against the company management's recommendation.

- All against votes on the re-election of board members due to poor ESG performance of their companies.
- All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies.
- All against votes on the re-election of board members due to a lack of gender diversity on board.

Based on the significant votes reported by SSGA, the Trustee has identified those which are related to areas of focus, such as ESG issues, and those companies which make up a comparatively larger proportion of the fund.

The most significant shareholder votes and how the fund managers voted during the last year were:

Date	Company	Subject	Vote	Rationale
03 May 2023	Unilever Plc	Executive officers' compensation	Against	The manager voted against this proposal due to concerns around linking executive pay to performance.
06 May 2023	Berkshire Hathaway Inc.	Report on climate change	For	The manager voted for the proposal that the company to report on the Audit Committee's oversight of climate risks and disclosures. SSGA believes the company's climate-related disclosures could be improved.
24 May 2023	Amazon.com Inc.	Facility safety	For	The manager voted for the proposal to commission a third-party audit on working conditions. SSGA believes Amazon's disclosures related to facility safety could be enhanced.
08 February 2024	Tyson Foods, Inc.	Deforestation	Against	The manager voted against the proposal to accelerate efforts to eliminate deforestation from the company's supply chains. SSGA believes the company's disclosures in relation to this are broadly in line with market standards.

Use of a proxy adviser

In their management of the Plan's equity assets SSGA made use of the voting information data extracted from third-party proxy-voting provider ISS in the period to 31 March 2024. SSGA makes all voting decisions and does not outsource the strategic decisions to ISS. Over the last 12 months, SSGA voted contrary to the recommendation of their proxy adviser on 7.2% of occasions within the Dynamic Diversified Fund and 6.2% of occasions within the All World Equity Climate Balanced Multi-Factor Index Sub-Fund.

The Trustee is satisfied that the fund managers' voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP.

Ethical Investing

The Trustee recognises that some members will have strong views on where their pension savings should be invested. Nevertheless, the Trustee recognises that it is not possible to cater for everyone's views on non-financial/ethical matters.

The Trustee monitors developments in ethical investing funds which could be appropriate to the Plan's members.

The Trustee's approach to ethical investing has not changed during the last year.

Communication and member engagement

The Trustee's approach to communicating the Plan's investment options and investment governance have not changed during the last year.

The Trustee's current policy on member engagement is in outline:

- Effective member engagement will help develop suitable investment options;
- Member engagement is actively encouraged through a variety of means.

During the last year, the Trustee followed all the policies and practices described in the SIP.

More information

We hope this statement helps you understand how the Plan's investment of your savings for retirement has been managed in the last year.

If you have any questions or feedback, please contact TMsharedmailbox@hymans.co.uk