



ANM Group Ltd Pension & Life Assurance Fund

July 2025

Background and Implementation Statement

Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their Statement of Investment Principles (SIP) and demonstrate adherence to these policies in an implementation report.

Statement of Investment Principles (SIP)

The SIP can be found online at the web address

<https://www.anmgroupp.co.uk/wp-content/uploads/sites/2/2023/05/20230516-ANM-Group-Ltd-Pension-Life-Assurance-Fund-Final-SIP-Signature-removed-for-website-1.pdf>

Any changes to the SIP over the year are detailed on the following pages.

Implementation Report

This implementation report is to provide evidence that the Fund continues to follow and act on the principles outlined in the SIP. The Implementation Report details:

- actions the Trustees 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 managers on managing ESG risks
- the extent to which the Trustees 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 Fund including the most significant votes cast by the Fund or on its behalf

Summary of key actions undertaken over the Fund reporting year

- At the December Trustee Meeting it was agreed to fully redeem the BlackRock Long Lease Property holding.
- The Trustees will consider options for replacing the mandate in due course once proceeds are received.

Implementation Statement

This report demonstrates that ANM Group Ltd Pension & Life Assurance Fund has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed

Position **Authorised Signatory**

Date **11/7/2025**

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 Fund assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 80% of these risks (on the Technical Provisions basis) in the Fund's liabilities caused by changes in interest rates and inflation expectations.	The Trustees reviewed the LDI hedge in May 2024 and agreed to increase to 80%. Post year-end the Trustees agreed the hedge to increase further to 90%.
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.	Over the Fund year, the Trustees have received multiple updates from the investment consultant on the liquidity position of the Fund. The Trustees have agreed a formal policy for meeting any cashflow requirements.
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 Trustees made no changes to the investment strategy over the Fund year.
Credit	Default on payments due as part of a financial security contract.	<ol style="list-style-type: none"> 1. To remain appropriately diversified and hedge away any unrewarded risks, where practicable. 2. To diversify this risk by investing in a range of credit markets across different geographies and sectors. 3. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Fund for the risk of default. 	The number of credit managers and breadth of market exposure remained broad over the period, continuing to provide increased diversification of default risk.

<p>Environmental, Social and Governance</p>	<p>Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Fund’s investments.</p>	<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 Trustees monitor the managers on an ongoing basis.</p>	<p>The Trustees are scheduled to review the ESG policies of their underlying investment managers, and the actions taken, over the next 12 months.</p> <p>The Trustees receive quarterly updates on Isio’s ESG rating that they have applied to managers.</p>
<p>Currency</p>	<p>The potential for adverse currency movements to have an impact on the Fund’s investments.</p>	<ol style="list-style-type: none"> 1. The Fund’s current mandates hedge all the currency risk back to Sterling. 2. Any active currency positions taken by managers i.e. DGF, DCF, are risk managed and at the discretion of the managers. 	
<p>Non-financial</p>	<p>Any factor that is not expected to have a financial impact on the Fund’s investments. This includes the extent to which the views of Fund members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Fund in the selection, retention and realisation of investments.</p>	<p>Non-financial matters are not taken into account in the selection, retention or realisation of investments.</p>	

Changes to the SIP

There were no changes made to the SIP in 2024. The last changes made to the SIP were in May & November 2023.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Fund’s policy with regards to ESG as a financially material risk.

Risk Management	<ol style="list-style-type: none"> 1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Fund 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustees
Approach / Framework	<ol style="list-style-type: none"> 3. The Trustees should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies’ debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	<ol style="list-style-type: none"> 6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore, the Trustees will receive training as required to develop their knowledge. 8. The role of the Fund’s asset managers is prevalent in integrating ESG factors; the Trustees will, alongside the investment advisor, monitor ESG in relation to the asset managers’ investment decisions.
Voting & Engagement	<ol style="list-style-type: none"> 9. The Trustees will seek to understand each asset managers’ approach to voting and engagement when reviewing the asset managers’ approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	<ol style="list-style-type: none"> 11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

ESG summary and actions with the investment managers

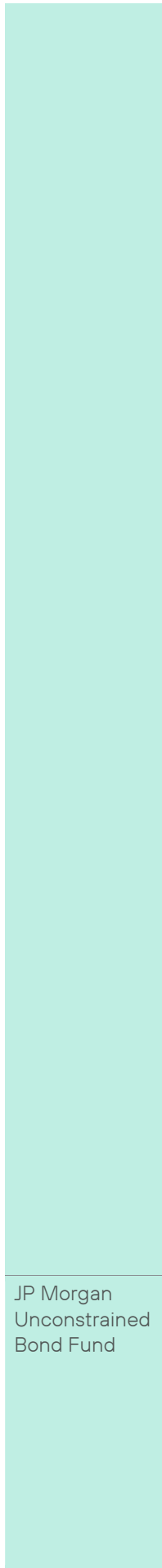
As the Fund invests via fund managers, the managers provided details of their engagement actions including a summary of the engagements by category for the 12-month period to 31 December 2024.

Engagement

As the Fund invests via pooled funds managed by various investment managers, each manager has provided details on their engagement activities, including a summary of the engagements by category over the Fund’s reporting year. BlackRock currently only report engagement and voting data for equity investments, and as such, an engagement summary for the BlackRock Long Lease Property Fund has not been included below.

Fund name	Engagement summary	Commentary
LGIM World Equity Index Fund (passive)	Total engagements: 1833 Environmental: 1108 Social: 365 Governance: 277 Other: 83	LGIM currently do not provide examples of their engagement activities at Fund level. LGIM has a dedicated and well-resourced team focused on key ESG issues. However, there is limited scope to adapt the investment approach to ESG in the passive equity range.
BlackRock Dynamic Diversified Growth Fund	Total engagements: Environmental: 828 Social: 832 Governance: 2027 Number of individual companies engaged: 1370 Number of companies with multiple engagements: 481	Blackrock have strong firm-wide ESG policies, large, dedicated ESG teams and uses a wide range of internal and third-party data sources all to support and implement its sustainable approach to investing. However, there is less detailed evidence of these ESG objectives being monitored and measured against at a fund level, and the outcomes of any ESG analysis, ratings, and engagement i.e. included to be part of regular reporting at a fund level. Examples of significant engagement: Nestle S.A. – BlackRock Investment Stewardship (BIS) engaged with Nestlé.

		<p>assessing the company's focus on healthier products and nutritional transparency. BIS voted against a shareholder proposal to amend Nestlé's Articles of Association to emphasize healthier foods, deeming it overly prescriptive and noting Nestlé's already robust disclosures and strategic commitments.</p> <p>Shell plc – BlackRock Investment Stewardship (BIS) engages with Shell on board composition, corporate strategy, and climate-related risks. BIS supports Shell's Energy Transition Strategy, voting for management's proposals, and voted against overly prescriptive shareholder proposals, prioritizing Shell's leadership in setting and implementing strategies for long-term financial returns.</p>
<p>BlackRock Long Lease Property Fund</p>	<p>BlackRock currently do not provide details of their engagement activities due to the nature of the Fund.</p>	<p>BlackRock have a robust firm wide ESG process that is well integrated within its Real Assets platform. Each asset within the portfolio is reviewed from an ESG standpoint and is monitored throughout the lifecycle of an investment. Despite their limited control over properties, they expect to place a greater emphasis on engaging with tenants going forward.</p>
<p>Apollo Total Return Fund</p>	<p>Total engagements: 236</p> <p>Environmental: 11</p> <p>Environmental, Governance: 1</p> <p>Environmental, Social: 8</p> <p>Environmental, Social & Governance: 198</p> <p>Governance: 15</p> <p>Social: 3</p>	<p>Apollo have a central ESG team, including a sub-team that is dedicated to ESG Credit. These teams work in partnership with credit investment professionals. ESG considerations are integrated into the Fund's risk management framework and due diligence process. Their internal ESG ratings system incorporates sector-specific scoring.</p>



Examples of significant engagements include:

AP GRANGE HOLDINGS, LLC – During the investment due diligence process, Apollo engaged with Intel to understand how Fab 34 contributes to Intel's decarbonization goals. Intel shared information on the Fab's use of extreme ultraviolet (EUV) lithography technology, heat recovery, renewable energy, waste recycling, and water restoration/conservation efforts to reduce its environmental footprint. Intel provided a copy of the Fab 34 LEED Gold scorecard to verify these claims. Intel has a track record of voluntary sustainability-related disclosures, and Apollo plans to engage with Intel for additional information on an ongoing basis.

Windstream Escrow LLC/ Windstream Escrow Finance Corp– Apollo engaged with the Company in a general business catch-up, emphasizing the importance of governance and disclosure practices. Apollo advised that the Company should have issued a special press release for the significant share capital increase in 4Q23, rather than solely relying on Financial Statements, due to its critical impact on investor confidence.

<p>JP Morgan Unconstrained Bond Fund</p>	<p>Total Engagements: 140 Environmental: 74 Social: 58 Governance: 74</p>	<p>J.P. Morgan has well-developed ESG and stewardship policies, including a Firm-level commitment to net-zero greenhouse gas emissions by 2050. They have dedicated significant resource to their central Sustainable Investing Team and it's programmes, as well</p>
--	---	---

as engaging in wide ranging industry collaboration.

BP PLC – BP was flagged for underperforming on toxic air emissions. JPM engaged with them to encourage reductions due to health and ecosystem impacts and potential fines for non-compliance. BP acknowledged the health impacts and importance of air quality, particularly in southeast Asia and India, but prioritises GHG emissions reductions. Significant air quality improvements have resulted from GHG initiatives,

JPM asked BP to quantify whether air emission improvements were due to operational enhancements or asset sales/retirements, but BP couldn't provide this detail. They anticipate the new EU CSRD and ESRS disclosure requirements will enhance reporting on air pollutants.

GOLDMAN SACHS GROUP INC – JP Morgan had concerns about the human capital management, workplace culture and changes impacting women in the workplace. JPM met with the senior executives at Goldman Sachs for the steps taken to effectively manage their workforce.

Despite women not leading revenue-producing roles, progress includes the most gender-diverse 2022 partner class. Female partner attrition was lower than male partners in 2023. The company said they are committed to fostering an inclusive environment and have a number of programs in place to support employee development and engagement.

LGIM Sterling
Liquidity Fund

Total engagements: 32

Climate change: 5

Activism: 0

Board Composition: 0

Capital Management: 6

Climate Impact Pledge: 19

Green and Sustainability-

Linked Bonds: 1

Regulation: 1

LGIM is one of the more advanced asset managers in relation to ESG integration, with a well-defined firm ESG policy and net zero commitment. LGIM also collaborates with a range of industry participants to influence a range of ESG topics. For cash funds, there are no fund-specific ESG objectives within the investment approach. However, LGIM have a strong stewardship process and provide quarterly ESG reporting for its cash funds.

Voting (for equity/multi asset funds only)

The Trustees have acknowledged responsibility for the voting policies that are implemented by the (Fund's) investment managers on their behalf.

The (Fund'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 managers also provided examples of any significant votes.

Fund name	Voting summary	Examples of significant votes	Commentary
LGIM World Equity Funds (passive)	<p>Resolutions eligible to vote: 2,912</p> <p>Resolutions voted on: 99.7%</p> <p>Resolutions voted with management: 79.3%</p> <p>Resolutions voted against management: 20.4%</p> <p>Resolutions abstained from: 0.3%</p>	<p>Microsoft Corporation</p> <ul style="list-style-type: none"> - Date of vote: 10/12/2024 - Approximate size of the mandate's holding: 4.1% - Summary of the resolution: The company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models. - LGIM voted For the resolution - LGIM voted in favour of the resolution as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. - The outcome of the vote: Fail - LGIM will continue to engage with the company and monitor progress. - LGIM considers this vote to be significant as it was a high-profile meeting, and the level of support received. 	<p>LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. For more details, please refer to the Voting Policies section of this document.</p> <p>14.9% of resolutions on which LGIM voted were contrary to the recommendation of their proxy adviser.</p>
BlackRock Dynamic Diversified Growth Fund	<p>Meetings eligible to vote: 523</p> <p>Resolutions eligible to vote: 6,705</p>	<p>Amazon. Com, Inc</p> <ul style="list-style-type: none"> - Date of vote: 22/05/2024 - Summary of the resolution: Report on Efforts to Reduce Plastic Use. - BlackRock voted Against the resolution - BlackRock did not support Amazon's further reporting as 	<p>BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holding directors accountable and supporting shareholder proposals. Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against</p>

Resolutions voted on: 94%	they believed the company already provides sufficient disclosure and/or reporting regarding this issue or is already enhancing its relevant disclosures.	the re-election of the directors responsible to express this concern.
Resolutions voted with management: 94%	- BlackRock will continue to engage with the company to further assess progress.	
Resolutions voted against management: 5%		
Resolutions abstained from: 1%		

www.isio.com

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.