Engagement Policy Implementation Statement ("EPIS")

Magnox Electric Group of the Electric Supply Pension Scheme ("the Group")

Group Year End – 31 March 2023

The purpose of the EPIS is for the Group Trustee ("Magnox Electric Group Trustee Company Limited") of the Magnox Electric Group of the Electric Supply Pension Scheme, to explain what it has done during the year ending 31 March 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP") of each Section. It includes:

1. How policies in the SIPs about asset stewardship (including both voting and engagement activity) in relation to the Group's investments have been followed during the year; and

2. How voting rights have been exercised or how these rights have been exercised on behalf of the Group Trustee, including the use of any proxy voting advisory services, and the 'most significant' votes cast over the reporting year.

Our conclusion

Based on the activity carried out over the year by the Group Trustee, its investment advisers, and its investment managers, the Group Trustee is of the opinion that its stewardship policy has been implemented effectively in practice.

The Group Trustee notes that most of the Group's investment managers were able to disclose adequate evidence of voting and/or engagement activity, that the activities completed by managers align with its stewardship expectations, and that its voting policy has been implemented effectively in practice.

However, the Group Trustee notes that some investment managers did not provide complete information in respect of engagement activity. The Group Trustee expects investment managers to be able to provide specific engagement examples and for disclosures to improve over time in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the Group through considered voting and engagement.

The Group Trustee will continue to use its influence to drive positive behaviour and change among the investment managers that it has invested with and other third parties that the Group Trustee relies on such as its investment adviser. The Group Trustee will monitor, assess and ultimately hold them to account to ensure that the assets of the Group are appropriately invested.

How voting and engagement policies have been followed

The Group is invested mostly in pooled funds, and so the responsibility for voting and engagement is delegated to the Group's investment managers. The Group also holds segregated mandates with Robeco and Ruffer. Voting rights are attached to some of the underlying funds held with Ruffer. However, the mandate held with Robeco comprises predominantly corporate bonds, which have no voting rights attached. The Group Trustee reviewed the stewardship activity of the Group's most material investment managers (defined in the "Data Limitations" section later in report) carried out over the Group year and is of the view that most of the investment managers were able to disclose adequate evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Group's investment managers can be found in the following sections of this report.

Ongoing monitoring
Investment monitoring takes place on a quarterly basis with monitoring reports being provided to the Group Trustee by its investment adviser. The Group Trustee expects its investment adviser to proactively highlight any areas of concern and provide clear advice where action is required – this includes, but is not limited to, matters in relation to responsible investment.

The Group Trustee regularly invites its managers to provide updates at its meetings. These updates will include, among other things, information on performance, stewardship and Environmental, Social and Governance ("ESG") factors.

In-depth ESG-focused meetings
In addition to the ongoing monitoring, the Group Trustee has also completed an in-depth ESG-focused meeting with each of its investment managers. Following the in-depth meetings, the Group Trustee has assessed and compared each manager, noting that while all managers engaged and provided the information requested, some asset classes were able to disclose more data than others (in particular, the Group Trustee noted that information was less available for private market assets). The Group Trustee intends to follow-up with managers on ESG issues as part of its ongoing monitoring of managers.

Climate risk management
The Group Trustee continued to work towards meeting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The TCFD is an initiative that developed some best practice guidance for climate-risk reporting.

The Group's first report covered the period 1 October 2022 to 31 March 2023 and has now been published on its website. The Group Trustee will continue to publish a report annually within seven months of the Group year end.

Updating the Stewardship Policy
The Group Trustee has been proactive to ensure its Stewardship policy has remained up to date with recent regulatory requirements and also reflects its views and beliefs.

The Group Trustee has recently reviewed its SIPs and updated these to make sure they consider latest guidance issued by The Pension Regulator. The latest version of the SIPs clarify that the Group Trustee accepts responsibility for how each manager stewards assets on its behalf, as well as indicating how the

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Group Trustee reviews the suitability of the Group's investment managers and other considerations relating to voting and methods to achieve its Stewardship policy.

The Group’s stewardship policy can be found in the SIP: https://my-magnox-pension.com/library/scheme-documents

Managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Group's investments is an important factor in deciding whether a manager remains the right choice for the Group.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Group's equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Voting statistics

The table below shows the voting statistics for each of the Group's funds with voting rights for the year to 31 March 2023.

Manager	Fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Ruffer	Segregated Mandate	713	95.8%	3.9%	0.1%
Schroders	Diversified Growth Fund	5,374	93.0%	9.0%	0.0%
Lindsell Train	UK Equity Fund	353	100.0%	0.0%	0.5%

Source: Managers

The Group Trustee discussed with investment managers where managers voted against or abstained from voting on resolutions. The investment manager's responses are summarised below.

Ruffer:
Ruffer has criteria for mandatory voting which concentrates voting activity on the most material/important holdings in the portfolio. Two holdings did not meet the criteria during the year and therefore Ruffer did not vote at the annual meetings of these companies. The abstained votes placed during the year were equivalent to votes against management for the particular votes in question as shareholders were only allowed to vote 'for' or 'abstain'. Most votes against management were in relation to remuneration and the tenor of directors.

Schroders:
Schroders did not abstain from any votes. Where Schroders voted against management proposals, often this was due to reasons such as excessive auditor tenure, improving board diversity and to encourage better performance-based targets. While Schroders attempted to vote on all resolutions, it was not always able to due to share blocking (trading of shares around meeting dates) and issues with power of attorney / other paperwork.

Lindsell Train
Lindsell Train's concentrated portfolio of 'best in class' companies and long-term investment approach generally leads to Lindsell Train being supportive of company management. Lindsell Train did not vote against management over the year but did abstain on one vote. Lindsell Train noted that the abstention was for Mondelez in relation to an 'Advisory vote on Executive compensation'. Lindsell Train does not believe that the company's

compensation policy is aligned with the long-term best interests of the shareholders and has been engaging with the company on this matter over a number of years.
Prior to 2020, Lindsell Train had voted against Mondelez compensation resolutions, however over the past three years Mondelez management have made a significant effort to explain to their investment team the rationale for their policies during their various engagements with them. Whilst Mondelez's policy has not responded to Lindsell Train's feedback, the abstention vote indicates Lindsell Train's intent to support Mondelez management in the event that they do amend their policy to align more closely with Lindsell Train's views on compensation, and also rewards Mondelez management's active engagement with Lindsell Train.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay, and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Group's managers, in their own words, use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

	Description of use of proxy voting advisers
Ruffer LLP	Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS). We have developed our own internal voting guidelines, however we take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares. Each research analyst, supported by our responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer. As discussed above, we do use ISS as an input into our decisions. In the 12 months to 31 March 2023, of the votes in relation to holdings in the Magnox Electric Group - NNL Section we voted against the recommendation of ISS 4.39% of the time.
Schroders	Institutional Shareholder Services (ISS) act as our one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform, Proxy Exchange. Schroders receives recommendations from ISS in line with our own bespoke guidelines, in addition, we receive ISS's Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.
Lindsell Train	We appointed Glass Lewis (GL) during Q1 2020 to aid the administration of proxy voting and provide additional support in this area. It is important to stress however that the portfolio managers maintain final decision-making responsibility, which is based on their detailed knowledge of the companies in which we invest, as this forms an important part of our investment process and proactive company engagement strategy. For clarity, we do not default to GL's advice/suggested vote, but rather we vote in line with LT's proxy voting policy and may consider GL's recommendation and/or research to improve the inputs to our decision making.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Group's equity-owning investment managers to provide a selection of what they consider to be the most significant votes in relation to the Group's funds. A sample of these significant votes can be found in the appendix.

Managers’ engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Group’s material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the fund invested in by the Group.

Manager	**Funds**	**% of Group assets**	**Number of engagements**		**Themes engaged on at a fund-level**
			Fund specific	**Firm level**	
Ruffer	Segregated Mandate	0.1%	17	44	Environment - Climate change, Pollution, Waste, Natural resource use/impact (e.g., water, biodiversity) Social - Conduct, culture and ethics (e.g., tax, anti-bribery, lobbying), Human and labour rights (e.g., supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Governance - Board effectiveness – Diversity, Independence or Oversight, Leadership - Chair/CEO, Remuneration Strategy, Financial and Reporting - Capital allocation, Reporting (e.g., audit, accounting, sustainability reporting), Financial performance, Strategy/purpose
Schroders	Diversified Growth Fund	0.1%	1,193	>2,800	Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Human and labour rights, Human capital management Governance - Board effectiveness – Diversity, Independence or Oversight and others, Leadership - Chair/CEO, Remuneration, Shareholder rights Strategy, Financial and Reporting - Capital allocation, Reporting, Financial performance, Strategy/purpose,
Lindsell Train[1]	UK Equity Fund	0.2%	11	33	Environment - Climate change, Natural resource use/impact Social - Human and labour rights, Conduct, culture and ethics Governance - Leadership - Chair/CEO, Remuneration, Shareholder rights Strategy, Financial and Reporting - Capital allocation, Strategy/purpose, Risk management (e.g., operational risks, cyber/information security, product risks) Other - Positive impact & animal cruelty
Robeco	Segregated Mandate	6.3%	13	252	Environment - Climate change, Pollution, Waste Social - Human and labour rights Governance – Remuneration Other - SDG Engagement
Arcmont	BlueBay European Direct Lending Fund III	2.5%	5	*Not provided*	Environment - Climate change Social - Human capital management, Public health Strategy, Financial and Reporting - Reporting

Manager	Funds	% of Group assets	Number of engagements		Themes engaged on at a fund-level
			Fund specific	**Firm level**	
Hayfin	Direct Lending Fund III	2.7%	18	18	Environment - Climate change Social - Conduct, culture and ethics, Human and labour rights, Human capital management Governance - Board effectiveness - Independence or Oversight Strategy, Financial and Reporting - Strategy/purpose
Chorus Capital[1]	Credit Fund IV	4.0%	*Not provided*	13	Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Human and labour rights, Human capital management, Public health Governance - Board effectiveness - Independence or Oversight or others, Leadership - Chair/CEO Others - Concerns around borrowers operating in jurisdictions where governance and sanction risks were high.
Innisfree	PFI Continuation Fund, PFI Secondary Fund	8.0%	*Not provided*		
IFM	Global Infrastructure Fund	4.1%	*Not provided*		
M&G Investments	Inflation Opportunities Fund 3	7.3%	4	157	Environment – Climate change, Pollution, Waste Social – Human and labour rights Governance – Board effectiveness – Others
CBRE	Global Investors UK Property PAIF	4.3%	*Not provided*		Environment – Natural resource use/impact, Social – Inequality, Human capital management
CBRE	Long Income Investment Fund	3.1%			Environment - Climate change
LGIM	UK Build to Rent Fund	3.1%	20	1,224	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste Social - Human and labour rights, Human capital management, Inequality, Public health Governance - Board effectiveness - Independence or Oversight, Leadership - Chair/CEO Strategy, Financial and Reporting - Capital allocation, Reporting, Financial performance, Strategy/purpose
Invesco[1]	Real Estate UK Residential Fund	3.1%	*Not provided*	183	Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human and labour rights, Human capital management Governance - Board effectiveness – Diversity or others, Leadership - Chair/CEO, Remuneration Strategy, Financial and Reporting - Capital allocation, Reporting, Risk management

Source: Managers.
[1]These managers did not provide fund level themes; themes provided are at a firm-level.

Data limitations

The Group Trustee has concentrated on summarising the stewardship activities of material holdings where there is meaningful scope for engagement. With this in mind, the EPIS does not disclose stewardship information in relation to:

- Funds representing less than 2% of the Group's total assets and any AVC investments held at 31 March 2023 on the grounds of materiality, except for the investments held with Lindsell Train, Ruffer & Schroders given the managers have allocations to listed equities; and
- The Group's LDI holdings with CTI (c.41% of total Group assets), annuity held with Canada Life (c.1% of total Group assets) and cash held with BlackRock (c.2% of total Group assets) as the Group Trustee deems the scope for engagement to be very limited.

At the time of writing, the following managers did not provide all the information we requested:

- Arcmont did provide fund level engagement information but not in line with the best practice industry standard ICSWG guide.
- Innisfree and IFM Global did not provide fund or firm level engagement examples.
- Chorus Capital and Invesco did not provide fund level engagement examples.

The Group Trustee will engage with the managers, to encourage improvements in reporting.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Group's managers. For the purpose of the EPIS, we have assumed that the Group Trustee considers a significant vote to be one which the voting manager deems to be significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the managers' own words:

Ruffer LLP **–** Segregated Mandate	**Company name**	BP Plc
	Date of vote	12 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	3.2%
	Summary of the resolution	Environmental - Approve Shareholder Resolution on Climate Change Targets
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	We engaged with the company ahead of the AGM.
	Rationale for the voting decision	We voted in line with ISS and management. We have done extensive work on BP's work on the energy transition and climate change, and we think they are industry leading. We support management in their effort to provide clean, reliable and affordable energy and therefore we voted against the shareholder resolution.
	Outcome of the vote	The resolution failed with 85.1% votes against.
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will monitor how the company progresses and improves over time and continue to support credible energy transition strategies and initiatives which are currently in place, and will vote against shareholder resolutions which deem as unnecessary.
	On which criteria have you assessed this vote to be "most significant"?	We believe this vote will be of particular interest to our clients. We support management in their effort to provide clean, reliable and affordable energy.

Schroders **-** Diversified Growth Fund	**Company name**	Rio Tinto Limited
	Date of vote	05 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	*Not provided*
	Summary of the resolution	Approve Climate Action Plan
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	We may tell the company of our intention to vote against the recommendations of the board before voting, in particular, if we are large shareholders or if we have an active engagement on the issue. We always inform companies after voting against any of the board's recommendations.
	Rationale for the voting decision	We were concerned that were unable to ascertain whether the company was engaging sufficiently with its customers and other stakeholders on its scope 3 emissions to support its climate action plan.

	Outcome of the vote	The resolution passed.
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We monitor voting outcomes - particularly if we are large shareholders or if we have an active engagement on the issue. If we think that the company is not sufficiently responsive to a vote or our other engagement work, we may escalate our concerns by starting, continuing, or intensifying an engagement. As part of this activity, we may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.
	On which criteria have you assessed this vote to be "most significant"?	Consider all votes against management significant.
Lindsell Train **-** UK Equity fund	**Company name**	Unilever
	Date of vote	05 Apr 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	7.8%
	Summary of the resolution	Various Elections of Executive Members
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	*N/A*
	Rationale for the voting decision	We continue our engagement with the management of Unilever and spoke to the Chair, Nils Andersen, in June. This follows two engagements earlier in the year, related to capital allocation (following news of the failed bid for GSK's consumer healthcare division) and animal testing. In this instance, our engagement centered on the recent news of the appointment of activist investor, Nelson Peltz of Trian Fund Management, to its board as a non-executive director, after his purchase of 1.5% of Unilever's shares. As Trian's objectives are ostensibly in line with our own, we had no objection to the appointment despite being somewhat surprised at the low ticket-price to get a seat at the table. We did however take the opportunity to urge the board to resist any proposals that merely boost short-term value. Andersen confirmed that the board remain committed to their long-term strategy and are focused on protecting the strategic value of Unilever's assets.
	Outcome of the vote	Approved
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	*N/A*
	On which criteria have you assessed this vote to be "most significant"?	We have engaged with management on capital allocation and board appointments this year and concluded post these engagements to support the board in their decisions.

Source: Managers