

Engagement Policy Implementation Statement (“EPIS”)

Magnox Electric Group of the Electric Supply Pension Scheme (“the Group”)

Group Year End – 31 March 2024

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 2024 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 the Group’s most material investment managers (defined in the “Data Limitations” section later in report) 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.

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 its policies are appropriately carried out.

How voting and engagement policies have been followed

The Group Trustee last reviewed the policies set out in the Statement of Investment Principles (SIP) for each Section in 2023. No changes were made to the SIPs over the reporting year and the latest policies can be found on the Group's website.

<https://my-magnox-pension.com/library/scheme-documents>

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 held segregated mandates with Robeco and Ruffer over the reporting year, with the Ruffer mandate being terminated in December 2023. Voting rights are attached to some of the underlying shares and funds held with Ruffer. However, the mandate held with Robeco comprises predominantly corporate bonds, which have no voting rights attached.

The following activities were undertaken over the reporting year:

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.

There were no material ESG issues to disclose during the reporting year as part of this ongoing monitoring.

Climate risk management

The Group Trustee continues to meet the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

The Group's second report covered the period 1 April 2023 to 31 March 2024 and is now available on its website (see link above). The Group Trustee will continue to publish a report annually within seven months of the Group year end.

Engagement Action Plan

The Group Trustee reviewed the stewardship activity of the Group's most material investment managers (defined in the "Data Limitations" section later in report) over the reporting year and is of the view that 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.

The Group Trustee will continue to monitor its investment managers and investment adviser to ensure its policies are appropriately carried out.

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

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. The Group Trustee believes that good stewardship is in the members' best interests. This means promoting best practice and encouraging investee companies to access opportunities, managing risk appropriately, and protecting 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.

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 2024.

Manager	Fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Ruffer*	Segregated Mandate	455	82.6%	5.32%	3.99%
Schroders	Diversified Growth Fund	14,566	93.9%	10.7%	0.40%
Lindsell Train	UK Equity Fund	330	98.5%	0.0%	0.60%

Source: Managers

*the Ruffer segregated mandate was terminated in December 2024 and therefore only represents part of the reporting period.

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

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 predominantly abstained from votes where it had exited the position after the record date but before the vote date, hence was not a holder at the time the votes were cast. The remaining abstained votes concerned the election of directors. While Ruffer was content with the make-up of the Board, the directors' tenure exceeded the Ruffer policy and therefore Ruffer chose to Abstain on their re-election.

Schroders:

Schroders votes against management proposals were typically due to reasons such as excessive auditor tenure and concerns in relation to board diversity as well as 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' – further information is included in the appendix.

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 on the following page 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	<p>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.</p> <p>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.</p>
Schroders	<p>In Q4 2023 we switched vendor from ISS to Glass Lewis (GL) who act as our one service provider for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from GL in line with our own bespoke guidelines, in addition, we receive GL'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.</p>
Lindsell Train	<p>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.</p>

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.

Funds	Group exposure (% of assets at 31 March 2024)	Number of engagements		Themes engaged on at a fund level
		Fund level	Firm level	
Arcmont - Direct Lending Fund III	2.5	5	21	Environment – Climate Change Social – Human Capital Management Strategy, Financial and Reporting – Reporting; Risk Management
Chorus - Capital Credit Fund IV	3.7	<i>Not provided</i>	12	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Conduct, Culture and Ethics; Human and Labour Rights Governance – Board effectiveness, leadership – Chair/CEO and independence and oversight
CBRE - UK Property Fund	4.4	<i>Unable to provide summary information but provided some specific examples of engagement, some of which are included in the appendix</i>		
CBRE - Long Income Fund	3.3			
Hayfin - DLF Fund III	2.6	26	~20	Environment - Climate Change; Pollution, Waste Social - Human Capital Management; Inequality; Conduct, Culture and Ethics Governance – Board effectiveness relating to independence/oversight.
IFM - Global Infrastructure Fund	4.6	<i>Unable to provide summary information but provided some specific examples of engagement, some of which are included in the appendix</i>		
Innisfree - PFI Continuation Fund	1.9	11	45	Environment – Climate Change, Natural Resource Use/Impact, Pollution, Waste Social – Conduct, Culture and Ethics, Human Capital Management
Innisfree - PFI Secondary 2 Fund	5.7	23		Governance – Board Effectiveness / Diversity Strategy, Financial & Reporting – Reporting, Financial Performance, Risk Management.
Ruffer LLP - Segregated Mandate	0.0	<i>Not provided</i>	134	Environment – Climate Change Governance – Board diversity, Data disclosure
Invesco - Real Estate UK Residential Fund	3.2	<i>Not provided</i>	206	Environment - Climate Change Social - Human and Labour Rights Governance - Remuneration; Leadership - Chair/CEO Strategy, Financial & Reporting - Risk Management
LGIM - UK Build to Rent Fund	3.3	20	2,500	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Human and Labour Rights Governance - Leadership - Chair/CEO
M&G - Inflation Opportunities Fund	7.6	33	297	Environment - Climate Change Social - Human Capital Management Governance - Remuneration; Board Effectiveness / Diversity Other - Multiple Topics

Funds	Group exposure (% of assets at 31 March 2024)	Number of engagements		Themes engaged on at a fund level
		Fund level	Firm level	
Robeco - Global Credits	6.7	<i>Not provided</i>	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Shareholder Rights Other - SDG Engagement
Schroders - Diversified Growth Fund	0.3	1,402	6,724	Environment - Minimising Emissions; Climate Risk, Oversight, Carbon capture and removal, Climate adaptation, Climate risk and oversight Deforestation Social – Communities, Customers and consumers, Health, safety and wellbeing and Value chain diversity and inclusion Governance - Executive Remuneration, Board diversity and inclusion, Relationship with shareholders; Boards and Management
Lindsell Train - UK Equity Fund	0.2	14	40	Social - Human and Labour Rights Governance - Remuneration; Leadership - Chair/CEO Strategy, Financial & Reporting - Capital Allocation; Strategy/Purpose

Source: Managers.

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 2024 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 (<1% 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:

- Chorus, Invesco, Robeco and Ruffer only provided engagement at a firm level, rather than at a fund and firm level.
- CBRE and IFM only provided some specific examples of engagement and were not able to provide summary information.

Appendix – Engagement Examples

The table below summarises some significant engagement examples provided by IFM and CBRE – the two investment managers who were unable to provide summary engagement information for the table on page 6.

IFM - Global Infrastructure Fund	Name of entity	Naturgy
	Average portfolio weight	5.30%
	Topic	Environment - Climate change
	Rational	<p>"Naturgy represents c.30% of IFM's 2030 decarbonisation target of 2.02m tCO₂e across infrastructure equity, including the IFM Global Infrastructure Fund.</p> <p>As a reminder, IFM is targeting Net Zero across all asset classes, including GIF, by 2050."</p>
	Action taken	<p>"A 11% stake in Naturgy was acquired in October 2021, growing to c.14% today.</p> <p>IFM engages with Naturgy through its active management approach, either at the Board level where it has one seat, or through frequent direct interactions with Naturgy management.</p> <p>Naturgy has set targets so that by 2025, Naturgy is targeting to reduce its Scope 1 and 2 emissions by 48% compared to a 2017 baseline and transition to a 60% renewable energy generation mix.</p> <p>As of 2022, Naturgy has reduced emissions by 29% compared to 2017. This reduction has been primarily achieved through the closure of coal-fired energy generation facilities which has been widely recognised externally.</p> <p>As part of its long-term climate strategy, the company is seeking to increase the installed capacity of renewable generation, supporting the development of biomethane and green hydrogen as new products, developing storage systems and improving value chain energy efficiency."</p>
	Outcome and next steps	<p>"Following on from the above, IFM continues to work closely with Naturgy on the following initiatives:</p> <ol style="list-style-type: none"> 1. IFM believes the development of new renewable capacity will allow the gradual decarbonisation of Naturgy's energy generation mix. In 2022, Naturgy owned a renewable portfolio of 5.5GW (c. 34% of total installed power generation capacity) across wind, solar and hydroelectric plants and has an announced a pipeline of 24.5GW of additional capacity, targeting 14GW of installed renewable capacity by 2025. 2. IFM believes the development of biomethane and green hydrogen as a product will provide a new energy product, which in its view can replace natural gas, but with lower or no additional CO₂ emissions than would otherwise be generated. In 2021, Naturgy became the first company in Spain to inject biogas into the gas distribution network. To date, 95% of Naturgy's gas distribution networks are already prepared for use of this future fuel. It is Naturgy's strategy to inject more than 1TWh into Spain's gas grid by 2025. 3. Linked to the dismantlement process at the closed coal sites, Naturgy has devised an alternative plan for the sites giving priority to technologies which make power generation more efficient, with lower emissions. Reconversion plans for the development of green

hydrogen at the closed coal sites are on-going at three locations for a total estimated production of c. 30,000 tH₂/year in a first phase.

4. Naturgy is working on a transition that minimises depopulation and decapitalisation in territories affected by the closure of installations. The reconversion plans are developed under the "Agreement on a Just Energy Transition for closing thermal plants", which has been signed with the Spanish Government and trade unions. The impact on local employment and the local value chain during this transition stage is estimated to create about 8,000 jobs."

IFM - Global Infrastructure Fund	Name of entity	Anglian Water Group
	Average portfolio weight	2.14%
	Topic	Social - Human capital management (e.g. inclusion and diversity, employee terms, safety)
	Rational	"IFM's Infrastructure team has a strong track record of working closely with investee companies to drive and continuously improve safety performance. To date, IFM's approach has had a meaningful impact, with incident data largely demonstrating a trend of overall improvement after we acquired each asset."
		"A 19.8% stake in Anglian Water Group was acquired in October 2006.
		IFM engages with Anglian Water Group through its active management approach, either at the Board level, or through frequent direct interactions with Anglian Water Group management.
		Since 2019, IMF has hosted safety forums with investee companies in conjunction with its global safety partner Environmental Resources Management (ERM) to share and leverage knowledge across the portfolio. Discussion topics focus on best practices and solutions to mitigate OH&S hazards.
	Action taken	<p>For example, during 2022, IFM hosted roundtables focused on:</p> <ol style="list-style-type: none"> 1. Electricity and energised components, with particular emphasis on administrative and preventive control measures when working with electrical hazards. 2. Hazardous material risk management, with emphasis on storage and handling. <p>IFM continues to work closely with each portfolio company to drive improvements in their approach to health and safety.</p> <p>In IFM's most recent safety risk management performance benchmarking study, a study which commenced in 2019/20 and is facilitated by ERM, which measures IFM's combined Australian and Global Infrastructure portfolios against a composite benchmark on overall employee and contractor safety performance, the results were:</p> <ol style="list-style-type: none"> 1. Lost Time Accidents 50% lower than peer benchmark 2. Fatality rate 30% lower than peer benchmark"
Outcome and next steps	<p>"In 2023, Anglian Water became the first water company to achieve certification for the ISO (45003) standard, which recognises the important work the water company does to support its people's health and wellbeing.</p> <p>The new ISO (45003) standard – awarded by the British Standards Institution (BSi) – shows Anglian Water creates an environment where its people feel safe and supported to be themselves and perform at their best.</p>	

The certification builds on the water company's existing ISO (45001) for occupational health and safety.

IFM continues to work closely with Anglian Water through its active management approach, both at Board level and directly with management, to maintain and improve the business' approach to health and safety."

CBRE - UK Property Fund	Name of entity	All tenants at Overland Park, Leeds
	Average portfolio weight	<i>Not provided</i>
	Topic	Green building certifications
	Rational	Aligns with SDG 11: Sustainable Cities and Communities
	Action taken	With the tenants' collaboration, the Fund submitted for BREEAM New Construction certification for Overland Park in Leeds.
	Outcome and next steps	The asset was awarded an Excellent rating by BREEAM (73.7%)
CBRE - Long Income Investment Fund	Name of entity	All tenants in the UKLIF portfolio
	Average portfolio weight	100%
	Topic	Social: Tenant satisfaction and occupier wellbeing
	Rational	Tenant satisfaction forms a key part of CBRE's social duties as a landlord and investor. Understanding the needs and concerns of tenants enable to improve the overall service CBRE can provide to tenants and building occupier wellbeing.
	Action taken	In 2023, UKLIF undertook Tenant Satisfaction Surveys. These were conducted by the Fund's third-party Property Managers, working in collaboration with the Fund's ESG Consultant. The survey sought feedback from tenants on a variety of different topics and issues, including, but not limited to: <ul style="list-style-type: none"> - Landlord / tenant communication - Satisfaction with property management - Satisfaction with responsiveness when issue raised with property managers - Understanding tenant needs - Value for money. The surveys were distributed to tenants via email.
	Outcome and next steps	All feedback is reviewed by the Property Management team, reported back to CBRE, and any necessary changes are planned and implemented where feasible.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by each of the Group’s managers with equity exposure. For the purpose of this report, we have assumed a significant vote to be one which the voting manager deems to be significant.

Ruffer LLP – Segregated Mandate	Company name	BP Plc
	Date of vote	27 April 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.5%
	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 voted with management
	Rationale for the voting decision	BP has, in our opinion, outlined a credible transition strategy with appropriate decarbonisation targets, that reflects demand for oil & gas energy whilst allocating capital to the 'transition growth engines'. Whilst BP has tightened & reduced its 2025 and 2030 aims, it has retained its 2050 net zero target. Further, it has committed additional capital to the transition which BP argues is uncertain and therefore, locking into one, fixed strategy (through investing or divesting the wrong asset) is not in the best interests of generating shareholder value. This resolution asked for "BP to align its 2030 Scope 3 aims with Paris". Firstly, this would require a wholesale shift in strategy, which we believe is unnecessary given the Board has opined on net zero and published a strategy. Secondly, BP in isolation has no control over what global scope 3 emissions should be under Paris, given the world continues to emit carbon and one would expect the Scope 3 reduction will have to be steeper the nearer society gets to 2030. This burden is unfair, particularly in the context of BP making long-cycle investment decisions.
	Outcome of the vote	The resolution failed with 83.3% 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	Microsoft Corporation
	Date of vote	07 Dec 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.8%

Summary of the resolution	Report on Risks of Operating in Countries with Significant Human Rights Concerns
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)	We may tell the company of our intention to vote against the recommendations of the board before voting 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	Shareholders would benefit from further disclosure on how the company mitigates risks in markets in which it operates where there are significant human rights concerns. We believe how we have voted is in the best financial interests of our clients' investments.
Outcome of the vote	Fail
Implications of the outcome e.g. 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"?	Social

Lindsell Train - UK Equity fund	Company name	Mondelez
	Date of vote	17 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	7.44%
	Summary of the resolution	Advisory vote on Executive compensation
	How you voted	Abstained
	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)	Yes
	Rationale for the voting decision	Lindsell Train pays careful consideration to the compensation policies of the companies in which we invest. In assessing their compensation policies, we focus more on how incentives are structured rather than the actual quantum of compensation. In other words, we can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and our principles. In the case for Mondelez we do not believe that the company's compensation policy is aligned with the long term best interests of the shareholders and have been engaging with the company on this matter over a number of years. Prior to 2020 we had voted against Mondelez compensation resolutions, however over the past three years Mondelez management have made a significant effort to explain to our investment team the rationale for their policies during our various engagements with them.

	Whilst their policy has not responded to our feedback, our vote indicates our intent to support Mondelez management in the event that they do amend their policy to align more closely with our views on compensation, and also rewards management's active engagement with Lindsell Train.
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 engaged with Mondelez's compensation committee before the vote to signal our intention to Abstain.

Source: Managers