

Implementation Statement (“IS”)

Spirit (Legacy) Pension Scheme (the “Scheme”)

Scheme Year End – 30 June 2024

The purpose of the Implementation Statement is for us, the Trustee of the Spirit (Legacy) Pension Scheme, to explain what we have done during the year ending 30 June 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. A summary of any review and changes made to the SIP over the year.
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Scheme’s material DB investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations.

We delegate the management of some of the Scheme’s DB assets to Aon Investments Limited ('Aon') to manage on a fund of funds basis. We believe the activities completed by our fund of fund manager to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

At the time of writing, the Scheme’s DC investment manager did not provide us with all requested information to allow us to review the engagement activity carried out on our behalf.

There are areas where the requested data is still outstanding for which we would like to see additional details, as set out in our engagement action plan.

Changes to the SIP during the year

We have a SIP that covers both the DB and DC Sections of the Scheme. We undertake a review of the SIP at least triennially or after any significant change in investment strategy. The SIP is being updated following the Scheme year covered by this statement.

The Scheme's latest SIP can be found here:

<https://pensioninformation.aon.com/spiritgroup/fileviewer.aspx?FileID=12921&FileName=SLPS%20SIP%20February%202022.pdf>

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 Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

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

How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP.

Joint DB and DC Policies

Environmental, Social and Governance ("ESG") considerations	<p>During the year, we received Quarterly Investment Reports (QIRs) which included Aon's rating of the Scheme's investments. The monitoring included underlying ratings of sub-categories, such as ESG, which we reviewed and considered. Where appropriate, we would question the managers on their ESG practices and, if necessary, change the investment arrangements.</p> <p>We are comfortable that the ESG policies and objectives have been met over the year.</p>
Stewardship	<p>We expect the Scheme's investment managers to, where appropriate, engage with investee companies and to exercise voting rights in relation to the Scheme's assets.</p> <p>Via Aon, we maintain an active dialogue with the Scheme's investment managers and regularly review the continuing suitability of their appointment. This review includes consideration of stewardship matters and the managers' exercise of voting rights. We are supported in this review by Aon.</p> <p>Details of the managers' stewardship activities over the year are provided at the end of this statement, including information on their voting behaviour, significant votes cast and the use of the services of a proxy voter.</p>
Members views	<p>In line with our policy, over the year, we have not explicitly taken into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters.</p>

	<p>That said, we are mindful of developments in this area and review this position as appropriate. Where a member does make a decision to share their views with us, we will note and discuss and minute any subsequent course of action.</p>
Arrangements with asset managers	<p>We are supported by Aon in the monitoring the activity of its investments. As noted, we receive QIRs, which include Aon's ratings of the investments.</p> <p>Aon is responsible for researching, rating and monitoring asset managers across all asset classes. This includes some aspects on the manager's alignment with our policies generally; for example, whether the manager is expected to achieve the performance objective and a review of their approach to ESG issues.</p> <p>For the DB arrangements, the investment sub-committee (ISC) aims to meet with each manager annually to receive an update on the investments performance, market outlook and positioning, ESG policies and how ESG is incorporated into the investment decision making process.</p> <p>We are comfortable the investment strategy and decisions of the asset managers are aligned with our policies and that our policies in this area have been adhered to over the year.</p>
Costs, transparency and the monitoring of performance and remuneration	<p>For the DB arrangements, we gather cost information on our investments annually, to provide a consolidated summary of all the investment costs incurred. The cost report includes a breakdown of the costs into their various component parts, including the costs of buying and selling assets (transaction costs) incurred by the underlying managers.</p> <p>During the year, Aon monitored portfolio turnover among the investment managers and had no material concerns. Additionally, the QIRs provided to us during the year consider the performance of the investment managers after costs and management fees costs; no concerns were identified by the Trustee during the year.</p> <p>For the DC arrangements, we provide cost information on our investments annually within the Chair's Statement in the Trustee Report & Accounts. We reviewed the data which included both explicit and implicit costs and charges. Aon also reviewed the member borne costs and none appeared to be unreasonable in their view.</p>
DB Specific Policies	
Investment Risks	<p>During the year, we received QIRs from Aon, monitoring the valuation of all investments held, the funding level, the performance the Scheme, performance of the investments against their respective benchmarks. The QIRs included details of any significant issues with the investments that may impact their ability to meet the performance targets.</p> <p>We are comfortable this policy has been met over the year.</p>
Flight Plan	<p>During the year, we received QIRs from Aon, monitoring the Scheme's funding level against the flight plan triggers. If a funding level trigger is achieved, a corresponding increase in the matching component allocation would be proposed at the meeting, or as soon as is reasonably practical thereafter.</p> <p>We continue to monitor the Scheme's funding level on a quarterly basis and are currently working to agree a revised Flight Plan. As a result, the previous trigger framework has been suspended. We expect this revised plan to have been implemented by the next year end, although we recognise that it is a material piece of work which will require consultation with the sponsor.</p>

DC Specific Policies

For members who do not wish to take an active role in managing their investment choices, three Lifestyle strategies are available as low-involvement options targeting Income Drawdown, Annuity or Cash at retirement. The primary default strategy for members is the Drawdown Targeting Lifestyle Strategy.

The default strategies manage risk automatically by moving from higher to lower risk funds as members approach their selected retirement age.

In addition to the three Lifestyle strategies, we make available to members a range of self-select funds which provide members with a diversified range of investment options covering the main asset classes, ranging from low to high risk / return options.

The Investment Strategy

With the help of Aon, we agreed the triennial investment strategy review of the DC section on 10 March 2022. **The next investment strategy review is due to take place by March 2025.**

Based on the advice we received as part of the most recent strategy review and subsequent updates from Aon during the year, we are comfortable that the Scheme provides a suitable range of investments and that, following the implementation of the agreed changes, the default strategies are aligned with our objectives and are expected to meet the needs of members.

Risks

Based on advice and updates provided by Aon, we are comfortable that the agreed investment strategy appropriately manages the various key risks associated with DC investments.

Our Engagement Action Plan

Based on the work we have done for the IS, we have decided to take the following steps over the next 12 months:

1. While Legal and General Investment Management did provide a comprehensive list on fund level engagements, which we find encouraging, it did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group (“ICSWG”) best practice industry standard. We will request our fund of fund manager meets with LGIM to better understand its voting and engagement practices and discuss the areas which are behind those of its peers.
2. Standard Life Investments did not provide engagement information for the data requested in the industry standard template. The manager also did not provide voting example for Vanguard FTSE UK All Share Index Pension Fund. We will request our investment manager meet with Standard Life Investments to better understand its voting and engagement practices and discuss the areas which are behind those its peers.
3. We will invite our fund of fund manager to a meeting to get a better understanding of how it is monitoring voting practices and engaging with underlying managers on our behalf, and how these help us fulfil our Responsible Investment policies.
4. We will undertake an annual review of our investment managers’ Responsible Investment policies to ensure they are in line with our own.

Our fund of fund manager's engagement activity

We invest some of the Scheme's DB assets in Aon Diversified Liquid Credit Strategy. This is a fund of funds arrangement, where Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report, and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

Our 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 Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

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

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 30 June 2024.

Section	Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	LGIM - Developed Factor Index Fund Hedged and Unhedged	11,793	99.6%	21.0%	0.4%
	Standard Life Investments - Vanguard Emerging Markets Stock Index Pension Fund	25,541	99.0%	10.0%	1.0%
DC	Standard Life Investments - Vanguard FTSE UK All Share Index Pension Fund	2,347	100.0%	0.0%	0.0%
	Standard Life Investments - Vanguard FTSE Developed World ex UK Pension Fund	26,584	98.0%	3.0%	0.0%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

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 Scheme's manager uses proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
LGIM	LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS) '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.
Standard Life Investments	Vanguard Investment Stewardship utilises the ISS ProxyExchange platform for the execution of our votes. We have developed a robust custom policy that ISS has implemented on our

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

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.

behalf along with rigorous controls and oversight mechanisms to ensure the accurate application of the Vanguard policy.

Source: Managers.

Significant voting examples

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

Our 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 Scheme's material managers. The managers have provided information for the most recent calendar year available.

Section	Funds	Number of engagements		Themes engaged on at a fund level
		Fund level	Firm level	
DB	Aegon (held within the Aon Diversified Liquid Credit Fund) - European Asset Backed Securities	127	528	Environment - Climate Change Governance - Board Effectiveness; Leadership - Chair/CEO; Remuneration Other - General Disclosure
	Janus Henderson (held within the Aon Diversified Liquid Credit Fund) - Asset Backed Securities Strategy	52	1,065	Environment - Climate Change Social - Human Capital Management; Inequality Strategy, Financial & Reporting - Reporting Other - Climate Risk Analysis
	LGIM - Developed Factor Index Fund Hedged and Unhedged	296	2,500	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity; Income Inequality Governance - Remuneration; Board Composition
DC	Standard Life Investments - Vanguard Emerging Markets Stock Index Pension Fund			<i>Not provided</i>
	Standard Life Investments - Vanguard UK Investment Grade Bond Index Pension Fund			<i>Not provided</i>
	Standard Life Investments - SLI Absolute Return Global Bond Strategies Pension Fund			<i>Not provided</i>
	Standard Life Investments - Vanguard FTSE UK All Share Index Pension Fund			<i>Not provided</i>
	Standard Life Deposit and Treasury Fund			<i>Not provided</i>
	Standard Life Investments - Vanguard UK Inflation Linked Gilt Index Pension Fund			<i>Not provided</i>
	Standard Life Investments - Vanguard FTSE Developed World ex UK Pension Fund			<i>Not provided</i>

Source: Managers.

Data limitations

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

- LGIM did provide fund level engagement information but not in the industry standard Investment Consultants Sustainability Working Group (“ICSWG”) template.
- Standard Life Investments did not provide engagement information for the data requested as the underlying manager do not break it down on a fund-by-fund basis. While they have provided an engagement report, it is not in the industry standard template.

This report does not include commentary on certain asset classes such as gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. We consider a significant vote to be one which the manager considers 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 managers' own words:

LGIM - Developed Factor Index Fund Hedged and Unhedged	Company name	Canadian National (CN) Railway Company
	Date of vote	26 April 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.04
	Summary of the resolution	Resolution 6: Management Advisory Vote on Climate Change
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: A vote FOR is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal. CN's climate transition plan includes clear and approved science-based targets, specific actions, and governance framework.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature of such votes, LGIM deems such votes to be significant, particularly when LGIM votes against the transition plan.

**Standard Life Investments -
Vanguard Emerging Markets
Stock Index Pension Fund**

Company name	Reliance Industries Ltd.
Date of vote	20 June 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
Summary of the resolution	2 Re-elect Yasir Othman H. Al Rumayyan as Director
How you voted?	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	<i>Not provided</i>
Rationale for the voting decision	Concern regarding director attendance at board meetings.
Outcome of the vote	Pass
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
On which criteria have you assessed this vote to be most significant?	<i>Not provided</i>

**Standard Life Investments -
Vanguard FTSE Developed
World ex UK Pension Fund**

Company name	Pioneer Natural Resources Company
Date of vote	7 February 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
Summary of the resolution	2 Advisory Vote on Golden Parachutes
How you voted?	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	<i>Not provided</i>
Rationale for the voting decision	Concern regarding compensation/remuneration plan structure.
Outcome of the vote	Fail
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
On which criteria have you assessed this vote to be most significant?	<i>Not provided</i>

Source: Managers.

Manager has not provided voting example for Standard Life Investments - Vanguard FTSE UK All Share Index Pension Fund.