Bakkavor Pension Scheme (‘Scheme’)

31 March 2025
Implementation Statement

August 2025

Schroders' Solutions Disclaimer:

The Implementation Statement is a regulatory requirement under the 2018 changes to the Occupational Pension Schemes (Investment) Regulations 2005. It is important that the Trustee of the Scheme understands and considers financially material Environmental, Social and Governance ("ESG") factors and considers its own stewardship obligations. A failure to do this puts the Trustee at risk of breaching its legal duties.

This is a Trustee document and the Trustee must review the Implementation Statement draft, provided by its investment adviser, and confirm that they have considered the content prepared and reviewed any associated documentation such as voting policies.

1. Introduction

The Trustee is required to make publicly available online a statement ("the Implementation Statement") covering the Bakkavor Pension Scheme (the 'Scheme') in relation to the Scheme's Statement of Investment Principles (the "SIP").

The SIP was last reviewed and updated in Q1 2025 to reflect the Trustee's latest approach regarding financially material investment considerations.

This SIP came into force from February 2025. A copy of the current SIP can be found here: https://www.bakkavor.com/pension-trustees-limited/

This Implementation Statement covers the Scheme year from 1 April 2024 to 31 March 2025 (the "Scheme Year"). It sets out:

- How the Trustee's policies on exercising voting rights and engagement have been followed over the Scheme Year;

- The voting by or on behalf of the Trustee during the Scheme Year, including any significant votes cast and use of a proxy voter during the Scheme Year.

A set of guidance ("the Guidance") from the Department for Work and Pensions ("DWP") has been issued with both statutory & non-statutory requirements. They aim to encourage the Trustee of the Scheme to properly exercise its stewardship policy including both voting and engagement which is documented in the Scheme's SIP. This Implementation Statement has been prepared to provide the details on how the Trustee of the Scheme, with the help of the Scheme's Investment Adviser, has complied with the new statutory requirement set by DWP.

The Trustee is responsible for the investment of the Scheme assets. Where it is required to make an investment decision, the Trustee always receives advice from the relevant advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned. The Trustee also sets the investment strategy and general investment policy but has delegated the day-to-day investment of the Scheme's assets, within pre-defined constraints to professional Investment Managers. The Trustee, with advice from their advisers, appoints and monitors the Scheme's Investment Managers.

A copy of this Implementation Statement is available on the following website: https://www.bakkavor.com/pension-trustees-limited/

2. How the Trustee's policies on exercising voting rights and engagements have been followed over the Scheme Year

The Trustee made no material changes to the voting and engagement policies contained in the SIP during the year but intend to keep this under review in future years.

The Scheme's SIP sets out the Trustee's policies in relation to stewardship, corporate governance and Environmental, Social and Governance (ESG) factors.

The Scheme invests in assets with voting rights attached. However, these investments are generally made via pooled investment funds with the Investment Managers where the Scheme's investments are pooled with other investors. Direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is delegated to those underlying Investment Managers.

The Trustee of the Scheme has made the decision to consider the six themes its Investment Adviser believes to be most financially material when setting its engagement priorities. These engagement themes include Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion.

- Climate: Climate risk and oversight, Climate alignment including decarbonising and minimising emissions, climate adaption and carbon capture and removal
- Natural Capital and Biodiversity: Nature-related risk and management, circular economy, pollution and waste, sustainable food and water, deforestation
- Human Rights: Overarching approach to human rights, works and communities, customers and consumers
- Human Capital Management: Corporate culture and oversight, investment in the workforce, engagement and representation, health, safety and wellbeing
- Diversity and Inclusion: Board diversity and inclusion, executive & Workforce diversity and inclusion
- Corporate Governance: Board and management, executive remuneration, relationship with shareholders

The Trustee believes that companies that address those issues, when they are material and relevant, will drive improved financial performance for the Scheme. These issues also reflect expectations and trends across a range of stakeholders and by strengthening relationships with these stakeholders, business models become more sustainable, which ultimately will maximise the value addition to the Scheme's investment hence benefit the Scheme's members and beneficiaries. As a result, the Trustee considers the most significant votes should be defined as the votes in relation to the engagement priorities.

The Trustee has set out in the appendix a set of engagement examples in line with the Trustee's engagement priorities over the Scheme year.

The UK Stewardship Code describes stewardship as "*the responsible allocation, management and oversight of capital to create long-term value … leading to sustainable benefits for the economy, the environment and society.*" Thus, the Trustee's stewardship activities encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement. The Trustee takes responsibility for regularly reviewing the approach and stewardship policies to ensure its aligned with the Trustee's priorities and objectives.

During the Scheme year the Trustee has carried out the following activity in relation to these policies:

- On behalf of the Trustee, monitoring of the Investment Managers' ESG and stewardship policy was carried out through regular investment and operational due diligence reviews and meetings by the Trustee's investment adviser with any important updates communicated to the Trustee over the Scheme Year.
- The Trustee with the help of their investment adviser, monitored the performance of the Investment Managers against their agreed performance objectives at each of the quarterly Trustee meetings during the Scheme Year.
- The Trustee reviewed the operational considerations of the Scheme's investment managers and custodian as part of the annual 'governance review'. The Trustee together with its investment advisor reviewed the suitability of each investment and assessed whether they met the standards required from an operational perspective. ESG factors were also integrated into the research and evaluation of the managers used by the Scheme.
- The Trustee has reviewed the voting and engagement activity carried out by its Investment Managers during the Scheme Year; a summary is provided in the next section.

Following activity during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the Statement of Investment Principles over the Scheme Year.

3. Voting and Engagement Summary

This statement includes information on the underlying investment managers investing in securities with applicable voting rights.

Summary of voting activity – relevant mandates (31 March 2025)

	Marshall Wace – TOPS Environmental Focus (Market Neutral) UCITS Fund
Asset allocation	2.8%
Voting Stats	
Total meetings eligible to vote	164
Total proposals eligible to vote	2512
% did vote with management?	55%
% vote against management?	8%
% abstained	32%
% unvoted, mixed or N/A	4%

Source: All data has been provided by the investment managers.

Note:

- Marshall Wace (MW) has a firmwide proxy voting policy, which supports good governance with emphasis on sustainable corporate practices. Marshall Wace will vote on funds' positions, except in certain circumstances including when voting may block shares from trading.
- Marshall Wace has appointed Glass Lewis as its proxy voting advisor, who manage the operational lifecycle of the vote. MW use the research and advisory services of Glass Lewis to make the initial voting recommendation in line with their policy. However, this may be overridden if the firm's fundamental analysis suggests the policy's recommendation ignores relevant factors and circumstances.
- Marshall Wace is authorised to exercise or refrain from exercising voting rights at its discretion, with the objective of protecting and enhancing long-term client value. MW hold positions in companies in certain jurisdictions through derivatives (i.e. swaps), in which case the fund does not own the share and consequently do not have voting rights.
- MW undertake stewardship and engagement at the firm level and have not provided at strategy level.

Trustee’s conclusions on voting and engagement

The Trustee has considered the voting behaviour along with engagement activity (provided in appendix) that took place on its behalf during the Scheme Year within the growth asset portfolio, cashflow matching credit portfolio and the liability hedging portfolio and is pleased to report that the Investment Managers have demonstrated high levels of voting activity, challenges to management and active engagement on a range of relevant topics.

Specifically, the Trustee noted that:

- Each relevant manager demonstrated high levels of voting rights being acted on, where voting is relevant. Where the voting was irrelevant, the Investment Managers showed they carried out a good level of engagement activities over the Scheme Year.
- Challenge to management was demonstrated through votes by the Investment Managers against management.
- Marshall Wace’s ability to exercise voting rights is subject to their holdings, which are often held for short time horizons and made via derivatives which do not carry voting rights. The Trustee noted MW’s voting focuses on corporate practices, observing that they voted on a wide range of proposals, including, but not limited to, board structure, compensation, audit and financials and capital management. The Trustee considered these as significant votes as they aligned with their Corporate Governance and Human Capital Management engagement priorities.
- Voting is not applicable to PIMCO, Leadenhall and Insight as their strategies focus on asset classes such as fixed income and insurance-linked securities that do not typically carry shareholder voting rights. Hudson Bay prefer not to disclose their investment positions and subsequently do not provide voting activity.
- The ESG data quality provided by the investment managers has improved over the Scheme Year.
- In relation to the cashflow matching credit mandate (18.7% of the Scheme’s asset allocation), the Trustee noted that the selected manager takes a proactive role in ensuring the long-term sustainability of the markets regularly. The manager actively engages with companies and other industry members and supports a number of ESG initiatives.
- In relation to the liability hedging and structured equity mandates (collectively 48.8% of the Scheme’s asset allocation), the Trustee noted that the choice of counterparty (both in terms of the counterparties chosen to be part of the available roster and the choice of which counterparty of these to use when entering into derivative transactions) is driven by a number of factors including credit ratings which take into account ESG factors, and ESG scores for counterparties are regularly monitored.
- The insurance manager, Leadenhall, has a rating system in place for Catastrophe Bond’s which now incorporates ESG factors, this rating system is being expanded out to Leadenhall’s other investments. The rating system is colour coded, black – non-tradable, amber – limited trading/size and green – tradable with criteria size limits. These ratings are discussed and decided by the investment committee. The Scheme submitted a redemption request to the manager in late 2023.
- Although Hudson Bay do not specifically impose ESG policies, many of the Manager’s portfolio managers take ESG considerations into account when investing both from a philosophical perspective as well as to evaluate issuer performance. Additionally, Schroders have set up a separate share class which will replicate the existing strategy but will apply an overlay to account for Schroders ESG policies.

The Trustee is satisfied that the voting and engagement activity undertaken by the Investment Managers are in line with the Trustee's policies contained in the SIP and that no changes are required to these policies at this time. The Trustee will keep the position under review.

Appendix 1 – Examples of engagement carried out by the underlying managers

<u>PIMCO – Global Investment Grade Credit Fund</u>

U.S. Telecommunications Provider

PIMCO has maintained a multi-year dialogue with a U.S. telecommunications provider, focusing on human capital management, diversity and inclusion, and the integration of ESG metrics into corporate governance. The telecoms sector is labour-intensive and faces significant reputational and regulatory scrutiny in relation to workforce management, data privacy, and governance structures. Engagement centred on ensuring that the company's ESG commitments were not only disclosed but also embedded into its governance and incentive frameworks. PIMCO recommended improved transparency around workforce composition, linking ESG performance with executive pay, and ensuring that the company's human capital management approach was fully reflected in its annual sustainability reporting.

Outcomes and Next Steps:

- The company has expanded disclosure on diversity and inclusion, including workforce breakdown by position, gender, and ethnicity.
- These changes align with best practices recommended by PIMCO, improving accountability on workforce issues.
- Future engagement will continue to focus on linking ESG commitments with executive incentives and ensuring the company integrates workforce management into long-term strategic planning.

<u>PIMCO – High Yield Bond Fund</u>

European Bank

PIMCO has engaged with a European universal bank on a broad set of ESG-related issues, including financed emissions, disclosure standards, and human rights risk management. The banking sector plays a central role in financing the energy transition and must therefore demonstrate credibility in its climate-related policies and disclosures. Most recently, PIMCO addressed a UN-related controversy involving both climate change and human rights concerns, urging the bank to provide a public response and to strengthen its approach to ESG risk in client financing. PIMCO reiterated earlier recommendations to set ambitious methane reduction targets for oil and gas clients and to shift towards measurement-based emissions accounting, thereby enhancing credibility and alignment with investor expectations.

Outcomes and Next Steps:

- Following engagement, the bank implemented progress on its oil and gas financing policy.
- It has also set financed emissions reduction targets for six key sectors.
- PIMCO will continue to press for greater transparency and robust responses to controversies, ensuring the bank's commitments align with international climate and human rights standards.

<u>PIMCO – Emerging Markets Bond Fund</u>

European Country – Sovereign Issuer

Over the past two years, PIMCO has actively engaged with a European sovereign issuer to enhance its green bond framework and ensure credibility in its sustainable debt issuance. Sovereign green bonds are increasingly critical to financing national climate strategies, but they require clear standards to maintain investor confidence. PIMCO's engagement focused on improving eligibility criteria for projects, excluding fossil fuel-linked activities, and strengthening impact reporting. For social bonds, PIMCO emphasised the importance of aligning issuance with government policies and addressing the needs of vulnerable populations. The sovereign also consulted PIMCO on potential sustainability-linked bonds, where PIMCO recommended ambitious interim targets, strong historical data, and step-up rather than step-down coupons to reinforce accountability.

Outcomes and Next Steps:

- The sovereign updated its green bond framework to incorporate PIMCO's recommendations, including stronger exclusions and improved disclosure standards.
- PIMCO will continue engaging on social bond issuance and sustainability-linked structures to ensure credibility and alignment with international best practices.
- These steps strengthen the issuer's position in sustainable capital markets and increase investor confidence.

<u>Marshall Wace</u>

ASM International (ASM NA)

Marshall Wace engaged with ASM International, a wafer equipment manufacturer with a relatively low water footprint compared to semiconductor fabrication plants ("fabs"). While ASM withdraws less than 2% of the water used by a typical fab, the company recognises water as a material environmental risk and has developed a strategy centred on conservation, reuse, and responsible discharge. The engagement focused on water management at ASM's R&D sites in Arizona, Italy, and Korea, which account for the majority of its water use, and on how ASM collaborates with supply chain partners to improve practices.

Outcomes and Next Steps:

- ASM confirmed water stress will remain a priority and set a target to maintain constant withdrawal intensity.
- The company continues to work with fabs and supply chain partners to encourage water recycling and reduced withdrawals.
- Marshall Wace will monitor ASM's progress and revisit discussions to track developments in water risk management.

Zalando

Marshall Wace engaged with Zalando, a European e-commerce platform that sells third-party brands and private labels. Engagement discussions focused on Zalando's carbon and water reduction strategies, its use of private labels to pilot sustainability initiatives, and its due diligence requirements for partner brands. The company supports improvement programmes in 19 factories, uses AI to monitor raw material certifications, and has reduced its plastic packaging footprint with 89% now recycled. Marshall Wace encouraged further disclosure and greater integration of climate targets into supply chain practices.

Outcomes and Next Steps:

- Zalando began disclosing data to CDP on water and is setting sustainability targets.
- The company reinforced sustainability expectations for partner brands, supported by customer feedback.
- Marshall Wace will continue monitoring progress on transparency and achievement of carbon and water reduction goals.

The Gap, Inc.

Marshall Wace engaged with Gap Inc., a global apparel retailer, on its water management and cotton sourcing practices. Cotton makes up over half of Gap's material mix, and the company has committed to sourcing 100% sustainably by 2025 through the Better Cotton Initiative. Engagement focused on a new programme using AI acoustic sensors to detect and fix water leaks, piloted in India and being rolled out to other regions.

Discussions also addressed the importance of improved disclosure on cotton sourcing and supply chain transparency.

Outcomes and Next Steps:

- Gap reaffirmed its 2025 target for 100% sustainable cotton.
- The company committed to revisit and strengthen disclosure on cotton sourcing.
- Marshall Wace will reconnect in the autumn to monitor progress on sourcing transparency and expansion of the leak detection programme.

Insight Investment – MBAM 2021-2025

Standard Chartered

In Q1 2025, Insight engaged with Standard Chartered regarding its sustainable finance framework, which at the time was rated Light Green. Engagement discussions focused on tightening eligibility criteria for sectors such as data centres and biomass, and on expanding impact KPIs to improve transparency and comparability. Strengthening the framework was seen as important given the bank's scale and role in emerging markets.

Outcomes and Next Steps:

- Agreed to add new impact KPIs (e.g., real-estate capacity, certification splits) in the next reporting cycle.
- Committed to tighten biomass eligibility criteria to residual feedstock only.
- Indicated willingness to benchmark data-centre efficiency thresholds against EU best practice.
- Insight concluded these commitments will materially strengthen the framework, with a possible upgrade to Dark Green if delivery is evidenced.

Insight Investment – MBAM 2026-2030

Insight engaged with Volkswagen in Q1 2025 to address ongoing ESG concerns that have resulted in a restriction on the issuer within Responsible Horizons funds. The engagement followed controversies relating to a joint venture plant in Xinjiang, China, which was alleged to have used forced labour through a state-sponsored labour-transfer programme. While a December 2023 audit report found no evidence of forced labour and the company has since sold the plant, concerns remain around Volkswagen's human rights due diligence and supply chain practices. The company sources from a wide supplier base, with around 20% of its suppliers operating in high-risk regions, and currently applies stronger controls only to direct suppliers. Its approach to indirect suppliers was viewed as reactive and not aligned with emerging EU Corporate Sustainability Due Diligence Directive (CSDDD) requirements. Insight sought clarity on how Volkswagen plans to strengthen its processes and integrate more robust monitoring across its supply chain.

Outcomes and Next Steps

- Volkswagen confirmed that 79% of its procurement volume is currently rated positively on sustainability metrics, with a target of over 95% by 2040
- A dedicated officer and team have been established to conduct in-depth reviews of sensitive parts of the supply chain.
- Despite these steps, Insight concluded that gaps remain in the coverage of indirect suppliers and in transparency of reporting.
- As a results, Volkswagen remains restricted in the Responsible Horizons funds. Insight communicated best practice expectations on human rights due diligence and will continue to monitor for evidence of stronger supply chain controls and improved disclosures.

Appendix 2 – ESG, Voting and Engagement Policies

Links to the voting and engagement polices for both Investment Advisor and Underlying Investment Managers can be found here:

Investment Advisor & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	schroders-esg-policy.pdf Our sustainable investment policies, disclosures & voting reports (schroders.com) Became a signatory to the *UK Stewardship Code in 2023.*
Leadenhall	Sustainability & ESG - Leadenhall Capital (leadenhallcp.com)
Hudson Bay	https://www.hudsonbaycapital.com/esg
Insight Investment	https://www.insightinvestment.com/investing-responsibly/
Leadenhall	Sustainability & ESG - Leadenhall Capital (leadenhallcp.com)
Marshall Wace	Engagement_Policy.pdf
PIMCO	Proxy Voting Policy and Procedures | PIMCO