

Implementation Statement – wording for accounts

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Whyte and Mackay Pension Scheme (the "Scheme") continues to follow and act on the principles outlined in the Statement of Investment Principles ("SIP").

The SIP can be found online at the web address: [whyte-and-mackay-sip-march-2025.pdf](https://www.whyteandmackay.com/whyte-and-mackay-sip-march-2025.pdf).

The Implementation Report details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP.
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate.
- voting behaviour covering the reporting year up to 30 September 2025 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

Summary of key actions undertaken over the Scheme reporting year

- The Trustees reviewed the Scheme's LDI collateral framework and discussed an alternative investment strategy in December 2024. The revised investment strategy included a new asset class, introducing Asset-Backed Securities ("ABS") into the portfolio, accessed via the LGIM US Securitised Credit Fund. The Trustees agreed to the revised investment strategy in January 2025 and implemented the new ABS mandate in February 2025, using proceeds from the Scheme's overweight strategic allocations to M&G Multi-asset Credit and L&G Absolute Return Bonds.
- The Trustees agreed to review the Scheme's liability hedging level in 2025. The review is currently ongoing and will be finalised in early 2026.

Implementation Statement

This report demonstrates that the Whyte & Mackay Pension Scheme have adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed: *Trustees of the Whyte and Mackay Pension Scheme*

Date: *11 March 2026*

Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	The Trustees will seek to hedge 100% of this risk and to increase the level of hedging in line with the Scheme's funding level (as measured on a Technical Provisions basis) if this is higher.	The Trustees agreed to review the liability hedging portfolio in early 2026. Any changes will be outlined in the next SIP update.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	At the December 2024 Trustee meeting, the Trustees reviewed the Scheme's LDI collateral framework and agreed to introduce an allocation to Asset-Backed Securities ("ABS") to diversify the Scheme's collateral pool. The Trustees review the Scheme's collateral position regularly as part of quarterly and 6-monthly monitoring and include a 'Collateral Management Policy' in the SIP. The L&G ABS allocation is reflected in the March 2025 SIP update.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable	The Trustees agreed strategic and manager changes over the year in response to market conditions. These changes have been outlined in the previous section. The strategic changes made over the reporting year are

			outlined in the March 2025 SIP.
Credit	Default on payments due as part of a financial security contract.	To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.	The allocation to credit assets remains diversified in terms of number of managers and credit sub-asset classes, providing increased diversification of default risk
Environmental, Social & Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustees monitor the managers on an ongoing basis	No changes over the reporting year.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Mitigate currency risk where applicable to minimise the impact of fluctuating exchange rates.	No changes over the reporting year.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	No changes over the reporting year.

Changes to the SIP

Over the reporting period to 30 September 2025, the Trustees made changes to the SIP.

The updated SIP reflects changes made to the investment strategy over the reporting year. The Trustees revised the strategic benchmark by introducing an allocation to L&G Asset Backed Securities, decreasing the allocation to M&G Multi-Asset Credit and L&G Absolute Return Bonds. The remaining asset classes were rebalanced to reflect changes in market conditions since the previous SIP update. The updated strategic asset allocation is shown below.

Strategic asset allocation split by fund manager:

Fund Manager	%	Asset Class	Manager Benchmark
M&G	20.0	Multi-asset Credit	SONIA
Partners Group	15.0	Direct Lending	SONIA
LGIM	10.0	Corporate Bonds	Markit iBoxx Sterling Non-Gilts (ex-BBB) Over 15 Year Index
	12.5	Absolute Return Bonds	SONIA
	12.5	Asset-Backed Securities	SONIA
	30.0	Liability Driven Investment ("LDI")	The allocation is managed on a passive basis, whereby the objective is to match, rather than exceed the performance of the nominated liability-based benchmark.
Total	100.0		

Notes:

- The Scheme has a legacy holding to a Balanced Property Fund managed by CBRE which is in the process of winding down and returning capital as underlying assets are realised. Therefore, while not part of the strategic asset allocation, the Scheme is expected to hold assets in the Fund until it has fully returned capital.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regarding to ESG as a financially material risk. This page outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Scheme's managers' ESG policies and procedures.

The Trustees intend to review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

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

Engagement

As the Scheme invests via pooled funds managed by various investment managers, each manager has provided details on their engagement activities, including a summary of the engagements by category over the Scheme's reporting year to 30 September 2025.

Fund name	Engagement summary	Commentary
CBRE UK Osiris Property Fund	Total engagements: 3 Number of entities engaged: 3 Environmental: 3	<p>As the Fund is currently winding down, CBRE has limited engagement with the underlying investments in the portfolio.</p> <p>CBRE engaged with the 3 remaining underlying funds in the Osiris portfolio. Following a review of their Sustainability Scorecard, which CBRE use as an internal tool to measure performance relative to other funds, they identified potential areas for improvement. CBRE engaged with the fund managers to understand how they would look to improve performance regarding a variety of ESG-related data points; key topics included: (i) Building Certifications, (ii) NZC Targets, (iii) GRESB Performance and (iv) Utility Data Coverage. All underlying fund managers provided sufficient responses to CBRE regarding what measures they would be undertaking to further improve ESG performance across the funds.</p>
M&G Total Return Credit Investment Fund	Total engagements: 29 Number of entities engaged: 19 Environmental: 21 Social: 5 Governance: 3	<p>M&G have a systematic approach to engagements whereby specific objectives are outlined in advance and results measured based on the outcomes from the engagements.</p> <p>M&G analysts are expected to have a more granular awareness of key ESG risks which impact the individual issues they monitor. Where engagement is deemed to be necessary, analysts engage with issuers supported by M&G's Corporate Finance &</p>

		<p>Stewardship ("CF&S") Team, allowing them to leverage their expertise and sustainability themes.</p> <p>Examples of significant engagements include:</p> <p>Tesco Corporate Treasury Services Plc – M&G engaged with the company to provide an update on their approach to managing modern slavery risk in their supply chain and to provide an update on the Bovaer methane inhibitor trial. The company was flagged by M&G's screening process for engagement on modern slavery due to operating in a high-risk sector, not because of any identified wrongdoing. M&G encouraged stronger disclosure and risk management, and the company confirmed its commitment to leading efforts against modern slavery within its operations and supply chains. After a 2020 strategy review involving key stakeholders, the company strengthened its approach to reflect COVID-19 and Brexit-related labour risks. The company reports progress against its strategy in its annual Modern Slavery Statement, including sharing examples of where it has identified issues and the steps taken to address these. The company closely monitors UK operational risks, supports agency worker training, and promotes helplines. M&G is satisfied with its human rights reporting.</p> <p>Synopsys Inc – M&G engaged with representatives from the company to discuss the objective of returning board level diversity to above the 33% expectation threshold. The</p>
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		<p>company said that it was committed to ongoing director refreshment, with its board seeking to have a broad set of skills, experiences, perspectives, and backgrounds that align with its long-term business priorities represented on the board. The company said that while it was aware of the decrease below the 33% threshold, its refreshment strategy is holistic, and the company planned to continue evaluating candidates based on the criteria mentioned above. The company also confirmed that it would pass on M&G's concerns to the chair of the nomination committee.</p>
<p>Partners Group Private Market Credit Strategies ('PMCS') 2020 Fund</p>	<p>Total engagements: 7 Number of entities engaged: 7 Strategy, Financial and Reporting: 4 Environment, Social and Governance: 3</p>	<p>Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks.</p> <p>Examples of significant engagements include:</p> <p>SCIO Automation GmbH – The Partners Group's Sustainability Investment Team structured an enhanced sustainability-linked loan that incentivized the company to strengthen its ESG framework through expanded emissions reporting, accelerated renewable energy adoption, improved cybersecurity measures, and CSRD-compliant data preparation.</p> <p>Smile Doctors – Partners Group collaborated with the</p>

		company's leadership to implement TCFD-aligned climate reporting for California regulatory compliance, facilitating consultations with climate advisors to develop GHG emissions inventories and assess physical and transitional risks across the company's nationwide leased facilities.
L&G Corporate Bond Fund (passive)	Total engagements: 44 Number of entities engaged: 16 Environment: 20 Social: 6 Governance: 9 Other: 9	L&G leverage the wider capabilities of the global firm to engage with companies. The team also regularly engage with regulators, governments and other industry participants to address long term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.
L&G Global Unconstrained Bond Fund (previously named the Absolute Return Bond Fund)	Total engagements: 298 Number of entities engaged: 196 Environment: 235 Social: 31 Governance: 50 Other: 33	L&G's Investment Stewardship team are responsible for engagement activities across all funds. L&G share their finalised ESG scorecards with portfolio companies and the metrics on which they are based.
L&G US Securitised Fund	L&G were unable to provide engagement data for the reporting period.	L&G currently do not provide examples of their engagement activities at Fund level.
L&G Sterling Liquidity Fund	Total engagements: 28 Number of entities engaged: 20 Environment: 22 Social: 0 Governance: 4 Other: 2	
L&G LDI Portfolio	L&G were unable to provide engagement data for the reporting period.	

Notes: For some managers, total engagements do not sum up, as a number of engagements are related to a combination of E,S and G issues.