# Engagement Policy Implementation Statement for the year ended 5 April 2026

## Introduction

The Trustee of the Gems Sensors Pension Plan (the 'Plan') has a fiduciary duty to consider its approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through its investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustee, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 5 April 2026. This statement also describes the voting behaviour by, or on behalf of, the Trustee.

## Stewardship

The Trustee has a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through its investment managers.

## The Trustee's policy in relation to engagement and monitoring (including peer-to-peer engagement)

The Trustee's policy is to delegate responsibility for engaging and monitoring investee companies to the investment managers and it expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

As all the investments are held in pooled vehicles, the Trustee does not envisage being directly involved with peer-to-peer engagement in investee companies.

## Investment management monitoring

The Trustee will assess the performance, processes and cost effectiveness of the investment managers by means of regular, but not less than annual, reviews of the results and other information, in consultation with the investment consultant.

All investment decisions, and the overall performance of the investment managers, are monitored by the Trustee with the assistance of its investment consultant.

The investment managers will provide the Trustee with quarterly statements of the assets held along with a quarterly performance report. The investment managers will also report orally on request to the Trustee.

The investment managers will inform the Trustee of any changes in the internal performance objective and guidelines of any pooled funds used by the Plan as and when they occur.

The Trustee will assess the quality of the performance and processes of the investment managers by means of a review at least once every three years in consultation with the investment consultant.

# Engagement Policy Implementation Statement for the year ended 5 April 2026 (continued)

**Investment management monitoring (continued)**

The Trustee receives an independent investment performance monitoring report from the investment consultant on a semi-annual basis.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment managers.

**The Trustee's policy in relation to its investment managers**

In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustee is to select investment managers that meet the primary objectives of the Trustee. As part of the selection process and the ongoing review of the investment managers, the Trustee considers how well each investment manager meets the Trustee's policies and provides value for money over a suitable timeframe.

- **How the arrangement incentivises the investment manager to align its investment strategy and decisions with the Trustee's policies**

  The Trustee has delegated the day-to-day management of the Plan's assets to investment managers. The Plan's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment manager, for its services. Such fees incentivise the investment manager to adhere to its stated policies and objectives.

- **How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term**

  The Trustee, in conjunction with its investment consultant, appoints its investment managers and chooses the specific pooled funds to use to meet specific Plan policies. It expects that its investment managers make decisions based on assessments about the financial and non-financial performance of underlying investments, and that they engage with issuers of debt to improve their performance (and thereby the Plan's performance) over an appropriate time horizon.

  The Trustee also expects its investment managers to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

- **How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the Trustee's investment policies**

  The Trustee expects its investment managers to invest the assets within their portfolios in a manner that is consistent with the guidelines and constraints set out in the appointment documentation. The Trustee reviews investment managers periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.

  If the Trustee determines that an investment manager is no longer managing the assets in line with the Trustee's policies, it will make its concerns known to the investment manager and may ultimately disinvest.

# Engagement Policy Implementation Statement for the year ended 5 April 2026 (continued)

**The Trustee's policy in relation to its investment managers (continued)**

- **How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the Trustee's investment policies (continued)**

  The Trustee pays its investment managers a management fee which is a fixed percentage of assets under management.

  Prior to agreeing a fee structure, the Trustee, in conjunction with its investment consultant, considers the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager.

- **How the Trustee monitors portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range**

  The Trustee, in conjunction with its investment consultant, has processes in place to review investment turnover costs incurred by the Plan on an annual basis.

  The Trustee expects turnover costs of the investment managers to be in line with their peers, considering the style adopted by the investment manager, the asset class invested in and prevailing market conditions.

  The Trustee does not explicitly monitor turnover, set target turnover or turnover ranges. The Trustee believes that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

- **The duration of arrangements with investment managers**

  The Trustee does not in general enter into fixed long-term agreements with investment managers and instead retains the ability to change investment manager should the performance and processes of the investment manager deviate from the Trustee's policies. However, the Trustee expects its manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

**Investment manager engagement policies**

The Plan's investment managers are expected to have developed and publicly disclosed an engagement policy. Each policy, amongst other things, provides the Trustee with information on how the investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental, and corporate governance aspects.

# Engagement Policy Implementation Statement for the year ended 5 April 2026 (continued)

**Investment manager engagement policies (continued)**

Links to the engagement policies for the investment manager can be found here:

| Investment manager | Engagement policy |
|---|---|
| Legal & General Investment Management | https://www.lgim.com/uk/en/responsible-investing/investment-stewardship/ |

**Exercising rights and responsibilities**

Given the Plan currently only uses pooled funds to invest in a range of gilts and cash, there are no voting rights for the Trustee to monitor.

**Trustee's assessment**

Given the current investment strategy, the Trustee is comfortable with the investment manager's approach to stewardship and is supportive of the investment manager being a signatory to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.