

Yorkshire Fittings Pension Scheme

Annual Engagement Policy Implementation Statement

Introduction

This Engagement Policy Implementation Statement (“Statement”) sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance (“ESG”) factors and climate change set out in the Statement of Investment Principles (“SIP”) have been followed during the year to 31 March 2025 (the “Scheme Year”). This Statement has been produced in accordance with The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and subsequent amendments; and the statutory and non-statutory guidance from the Department of Work and Pensions.

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set.

As set out in the SIP, the Trustees’ primary investment objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustees also aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

The objectives set out above provide a framework for the Trustees when making investment decisions.

Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the ability to impact the financial performance of the Scheme’s investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (“ESG”) factors.

The Scheme’s SIP includes the Trustees’ policies on ESG factors, stewardship and climate change. These policies were updated in the SIP approved on 4 December 2024, which was the SIP in force at the Scheme year end. We have set these policies out in Appendix 1 to this Statement.

Prior to this, the SIPs approved on 26 October 2023 and 13 August 2024, applied for the first part of the Scheme Year.

The 13 August 2024 SIP reflected the transition of equities from RBC Brewin Dolphin to Mobius Life Limited (“Mobius”), whilst the 4 December 2024 SIP reflected a further strategic de-risking of the Scheme’s assets.

Further information is provided on these changes below.

The latest SIP is available online at:

<https://members.pensionpal.co.uk/YorkshireFittingsPensionScheme>

The Trustees keep their policies under regular review and will reconsider them when reviewing the SIP, which is subject to review at least triennially.

Scheme's Investment Structure

The Trustees assets are invested through a Trustee Investment Policy ("TIP") with Mobius. By investing through Mobius, the Scheme benefits from discounted investment manager fees and the ability to make changes to investments quickly and efficiently.

At 31 March 2024, the Trustees were in the process of transferring the Scheme's equity investments from RBC Brewin Dolphin to Mobius, with the proceeds being invested into funds managed by Legal and General Investment Management ("LGIM"). This change had largely been completed by 31 March 2024, although a residual portion was transferred in early April 2024.

The Scheme invests in Diversified Growth Funds (DGF) and Multi Asset Credit (MAC). The aim of these funds is to reduce the level of investment volatility of the Scheme's return seeking assets and to put in place the building blocks to enable further risk reduction as the Scheme's funding position continues to improve.

To this end, further de-risking was undertaken in October 2024, in which c10% of the Scheme's assets were switched from the LGIM equity funds into DGF and MAC. The funds held by the Scheme remained unchanged.

The Scheme also invests in Columbia Threadneedle's pooled Liability Driven Investment ("LDI") Funds. The aim of these funds is to protect the Scheme's funding position against changes in the value of liabilities, caused by changes in interest rates and inflation expectations.

At 31 March 2025, all the Scheme's assets are held through the Mobius TIP.

The Mobius TIP facilitates investments into a range of underlying pooled funds managed by third party investment managers. Mobius policyholders hold a unit-linked insurance policy, the value of which moves directly in line with changes in the value of the underlying pooled investment funds.

The Trustees have no direct relationship with the Scheme's underlying investment managers in relation to the pooled funds held through the Mobius TIP.

Additional Voluntary Contribution funds

We do not include information in this Statement in relation to the Additional Voluntary Contributions as they are immaterial in the context of the Scheme's overall investments.

Trustees Engagement

Mercer produces quarterly performance reports for the Trustees. The reports include Mercer's ESG ratings for the funds in which the Scheme is invested. These scores reflect Mercer's view on how the managers incorporate ESG factors into the management of their funds and help the Trustees to determine whether further action should be taken in respect of specific funds.

The Trustees monitor the development of these ratings over time. They also consider Mercer's ESG ratings when undertaking an investment strategy review, or considering new investment funds.

Based on the information provided, the Trustees are satisfied that Mercer's ESG ratings are satisfactory in the context of the mandates of the funds.

As the Trustees have no direct relationship with the Scheme's underlying investment managers, any engagement initiatives are driven by investment managers, mainly through regular engagement meetings with the companies in which they invest or by voting on key resolutions at companies' Annual General Meetings.

The information in Appendix 2 shows that the Scheme's managers engaged with a large number of investee companies, including engagements in relation to the Trustees' stewardship priority.

The Scheme invests in LGIM's Future World equity funds. The Trustees understand LGIM to be market leading on ESG and stewardship amongst passive investment managers, and the Future World equity funds are LGIM's flagship ESG tilted passive equity funds.

The Trustees also note that Aalberts NV, the parent company for the Scheme's sponsoring employer, has a strong ESG culture, and using ESG tilted funds is therefore consistent with this.

Further information on the investment managers' approach to responsible investment, voting (including significant votes) and engagement with the investee companies is available at the following websites:

Nordea:

<https://www.nordeaassetmanagement.com/responsible-investment>

Columbia Threadneedle:

<https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment/>

M&G:

<https://www.mandg.com/who-we-are/mandg-investments/responsible-investing-at-mandg-investments>

Legal & General:

<https://www.lgim.com/uk/en/capabilities/investment-stewardship/>

All the Plan's investment managers are signatories of the UK Stewardship Code as follows:

Manager	Signatory since
Columbia Threadneedle	2022
M&G	2021
Nordea	2022

Source: FRC website

Taking all the above into consideration, the Trustees are satisfied that Responsible Investment is embedded into their investment managers' approaches to investing.

Voting Activity

If the Trustees are specifically invited to vote on a matter relating to the corporate policy, they will exercise their right in accordance with what they believe to be in the best interests of the majority of the Scheme's members. However, over the Scheme Year the Trustees have not been asked to vote on any specific matters.

As noted earlier, the Trustees have no direct relationship with the pooled funds in which the Scheme is ultimately invested, and therefore the Trustees have no voting rights in relation to the Scheme's investments and no direct ability to influence the managers of the pooled funds. As a result, the Trustees do not directly use the services of a proxy voter as this is not relevant.

In accordance with the regulatory requirements, the Trustees have considered what they deem to be a 'significant vote' and determined that climate change and carbon neutrality is their most important stewardship priority.

Appendix 2 sets out a summary of the key voting activity over the financial year of the pooled funds in which the Scheme's assets are ultimately invested for which voting is possible (i.e. those funds which include equity holdings).

This includes information on what the fund managers consider to be a significant vote. The Trustees have no influence on the managers' definitions of significant votes but have noted these and are satisfied that they are reasonable and appropriate.

Appendix 2 also shows those significant votes supplied by the investment managers which the Trustees determine to be a significant vote – i.e. those that are in relation to climate change & carbon neutrality. The Trustees have applied a size filter on grounds of materiality and only considered votes to be significant if in relation to a company that constitutes 0.5% or more of the specific fund.

Assessment of how the engagement and voting policies in the SIP have been followed for the year to 31 March 2025

Taking the above into consideration, the Trustees are satisfied that the engagement and voting policies set out in the SIPs which have been in place over the year, have been followed.

Appendix 1 – Policy on ESG, Stewardship and Climate Change

The policies below are included within the 4 December 2024 SIP.

Financially Material Considerations

The Trustees consider many risks which they anticipate could impact the financial performance of the Scheme's investments over its expected lifetime.

The Trustees recognise that environmental, social and corporate governance ("ESG") factors, such as climate change, can influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.

The Trustees further recognise that investing with a manager which approaches investments in a responsible way and takes account of ESG related risks may lead to better risk adjusted performance as omitting these risks in the investment analysis could skew the results and underestimate the level of overall risk being taken. Therefore, other factors being equal, the Trustees would seek to invest in funds which incorporate ESG principles.

Taking this into consideration, the Trustees have invested into the Legal and General Investment Management ("LGIM") Future World equity funds, which are LGIM's flagship ESG tilted passive equity funds.

In setting their investment strategy for the Scheme, the Trustees have also prioritised funds which provide leveraged protection against movements in the Scheme's liability value and funds which provide actively managed diversification across a wide range of investment markets and consider the financially significant benefits of these factors to be important.

The Trustees note that ESG considerations are not paramount to the first level decision making process within the funds which provide either actively managed diversification or leveraged liability protection. However, in the actively managed DGF and MAC funds, whilst managers typically do not put ESG considerations at the heart of the asset allocation decision, they will embed ESG considerations into the management of the underlying asset classes where it is appropriate to do so.

The Trustees receive ESG scores provided by Mercer in relation to the funds in which the Scheme is invested, and will monitor how these develop over time.

The Trustees also review ESG considerations on an ongoing basis to make sure that their policy evolves in line with emerging trends and developments. They also consider Mercer's ESG scores before investing in new funds.

The Trustees are therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

Non-Financial Considerations

The Trustees have determined that the financial interests of the Scheme members are their first priority when choosing investments.

They have decided not to consider non-financial considerations, such as ethical views, or to take members' preferences into account when setting the investment strategy for the Scheme.

Stewardship

The Scheme is invested solely in pooled investment funds through the Mobius TIP and the Trustees therefore have no direct voting rights.

The Trustees' policy is therefore to invest with investment managers where responsible investment is embedded appropriately in their approach to investment; including monitoring and engaging with investee companies and exercising voting rights appropriately.

Information on the investment managers' approach to responsible investment, voting and engagement with the investee companies is available at the following websites:

Columbia Threadneedle:

<https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment/>

Nordea:

<https://www.nordeaassetmanagement.com/responsible-investment>

M&G:

<https://www.mandg.com/who-we-are/mandg-investments/responsible-investing-at-mandg-investments>

LGIM:

<https://www.lgim.com/uk/en/responsible-investing/>

Mercer's quarterly reporting to the Trustees includes Mercer's ESG score for the funds in which the Scheme is invested. The ESG score incorporates an assessment of engagement and voting as part of the process. Receipt of this score on a quarterly basis enables the Trustees to monitor that these scores remain appropriate in the context of the fund mandates.

Taking all the above into consideration, the Trustees are satisfied that stewardship and responsible investment is embedded appropriately in the investment managers' approaches to investing.

If the Trustees are specifically invited to vote on a matter relating to corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's membership.

If a new investment manager is selected, the Trustees would consider Mercer's ESG score for the new manager as part of their decision making process.

The Trustees have identified that climate change and carbon neutrality is their most important stewardship priority. The Trustees monitor the key voting activity of their investment managers on climate change and carbon neutrality as part of the annual Engagement Policy Implementation Statement (EPIS).

The Trustees will review their stewardship priorities from time to time, although this Statement would not be updated solely in relation to a change of priorities.

Appendix 2 – Voting and Engagement Activity

This Appendix sets out a summary of the key voting and engagement activity of the pooled funds in which the Plan’s assets are ultimately invested.

Engagement:

Fund	Total Engagements	Environmental Engagements*
LGIM Future World Global Equity Index	2,027	1,331
LGIM Future World Global Equity Index GBP Hedged	1,944	1,331
Nordea Diversified Return	162	87
Threadneedle Multi Asset **	257	n/a
M&G Total Return Credit	10	7
Columbia Threadneedle LDI	12	9

Sourced by Mobius from the investment managers.

* Environmental engagements shown as engagements specifically in climate change and carbon neutrality not available.

** Engagements are for the 2024 calendar year, no split of engagements available. The Trustees are trying to obtain the missing information.

Voting:

Fund	Proxy voter used?	Voting information	Most significant votes (description)	Trustee significant votes*
LGIM Future World Global Equity Index Fund	LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. The use of ISS recommendations is purely to augment LGIMs own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receive from ISS for UK companies when making specific voting decisions. To ensure their proxy provider votes in accordance with LGIM’s position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.	Total votes: 55,096 resolutions eligible for (99.80% cast) Votes against management: 17.89% of votes cast Abstentions: 1.11% of votes cast	LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to: • High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny; • Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote; • Sanction vote as a result of a direct or collaborative engagement; • Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.	Broadcom Inc Management Resolution: “Elect Director Henry Samueli” Date of vote: 22 April 2024 Size of holding: 0.97% of portfolio Voting: AGAINST Manager Rationale: “Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.” Was this communicated to company ahead of 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”. Vote Outcome: Resolution Passed Next steps: “LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress”.

Fund	Proxy voter used?	Voting information	Most significant votes (description)	Trustee significant votes*
Nordea Diversified Return Fund	Every vote cast is considered individually on the background of Nordea's bespoke voting policy, which is developed in-house based on their principles. Nordea use ISS as proxy voting advisers to provide research and deliver their proxy votes. Glass Lewis is also used, but mainly for analytic input.	Total votes: 2,429 resolutions eligible for (94.98% cast) Votes against management: 11.44% of votes cast Abstentions: 1.26% of votes cast Withheld: 0.52% of votes cast	Significant votes are those that are severely against Nordea's principles, and where they feel they need to enact change in the company. The process stems from first identifying the most important holdings, based on size of ownership, size of holding, ESG reasons, or any other special reason. From there, Nordea benchmark the proposals versus their policy.	NextEra Energy Inc Shareholder Resolution: "Report on Climate Lobbying" Date of vote: 23 May 2024 Size of holding: 0.61% of portfolio Voting: FOR Manager Rationale: "Additional disclosure around the company's framework for identifying alignments and its approach to addressing misalignments would allow shareholders to better evaluate the company's lobbying efforts and align it with best practices that have been undertaken by some of its peers and is unlikely to be unduly burdensome for the company." Was this communicated to company ahead of vote: No Vote Outcome: Resolution failed Next steps: "We will continue to support shareholder proposals on this issue as long as it is needed." Ross Stores Inc Shareholder Resolution: "Disclose All Material Value Chain GHG Emissions" Date of vote: 22 May 2024 Size of holding: 0.73% of portfolio Voting: FOR Manager Rationale: "Disclosure of all material value chain GHG emissions would allow shareholders to better evaluate the company's progress toward its net zero ambition and help it prepare for potential regulatory requirements." Was this communicated to company ahead of vote: No Vote Outcome: Resolution passed
Threadneedle Multi Asset Fund	Proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles (Principles) document, and proxy voting practices are implemented through their Proxy Voting Policy. ISS Proxy Exchange used for voting execution. Threadneedle's final vote decisions take account of, but are	Total votes: 5,818 resolutions eligible for (99.11% cast) Votes against management: 7.56% of votes cast Abstentions: 1.20% of votes cast	Threadneedle consider a significant vote to be any dissenting vote i.e. where a vote is cast against (or where they abstain/withhold from voting) a management-tabled proposal, or where they support a shareholder-tabled proposal not endorsed by management.	Amazon. Com Inc Date of vote: 22 May 2024 Size of holding: 1.6% of portfolio on 31/12/2024 Shareholder Resolution: "Disclose All Material Scope 3 GHG Emissions". Voting: Against Resolution Manager Rationale: "Management deemed to be adequately considering risks." Was this communicated to company ahead of vote: N/a Vote Outcome: Resolution failed. Meta Platforms Date of vote: 29 May 2024 Size of holding: 0.9% of portfolio on 31/12/2024

Fund	Proxy voter used?	Voting information	Most significant votes (description)	Trustee significant votes*
	not determinatively informed by, research issued by proxy advisory organisations, such as ISS, IVIS and Glass Lewis as well as MSCI ESG Research			Shareholder Resolution: "Report on Lobbying Alignment with Climate Goals". Voting: For Resolution Manager Rationale: "Would benefit shareholders to ensure alignment with company's 2030 net zero goals." Was this communicated to company ahead of vote: No Vote Outcome: Resolution failed.

Sourced from the investment managers and relate to year ending 31 March 2025. CT significant votes are in relation to the calendar year 2024.

* All are considered significant because they relate to climate change and carbon neutrality and are in relation to a company that constitutes 0.5% or more of the specific fund