

IMPLEMENTATION STATEMENT



Nottingham City Transport Limited Pension Fund Implementation Statement – March 2025

Purpose

This statement provides information on how, and the extent to which, the Trustees' policies in relation to the exercising of rights (including voting rights), attached to the Fund's investments, and engagement activities have been followed during the year ended 31 March 2025 ("the reporting year").

The Trustees' policy

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Fund's investment managers. The Trustees require the Fund's investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Fund's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees may periodically meet with their investment managers to discuss engagement which has taken place. The Trustees will also expect their investment adviser to engage with the managers from time to time as needed and report back to the Trustees on the stewardship credentials of their managers. The Trustees will then discuss the findings with the investment adviser, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Trustees recognise the Code as an indication of a manager's compliance with best practice stewardship standards.

In relation to ESG, shortly after the reporting period the Trustees established the following factors which it considers to be key priority for stewardship activity undertaken on their behalf.

The Trustees expect the managers to take into consideration the areas specified and provide relevant reporting to the Trustees:

- Climate Change
- Pollution and Waste
- Human and Labour rights
- Diversity and Inclusion
- Executive Remuneration

The Trustees will annually review stewardship activity undertaken by their investment managers in the next reporting period to ensure that the policies and priorities outlined above are being met and may explore these issues with their investment managers as part of the ongoing monitoring of ESG integration and stewardship activities. There are various ways to engage with investee companies, including discussions with senior management and Board members and voting on key resolutions when shares are held by the Scheme. In order to monitor engagement undertaken by the investment managers, in particular against the scheme specific stewardship priorities, in the next reporting period the Trustees will collect examples of engagement activity that has occurred.



Manager selection exercises

One of the main ways in which the Trustees' policy is expressed is via manager selection exercises: the Trustees seek advice from XPS Investment on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

No manager selection exercises took place during the reporting period.

When providing manager selection advice, XPS assess funds using various criteria. One of these criteria is ESG and climate change integration, where XPS will only recommend funds that at least meet a minimum level of ESG integration. Therefore, whilst any funds which are recommended may not have an ESG focus, it is believed that the fund's ESG credentials are sufficient to meet the Trustees' ESG and climate change policy.

The Fund held allocations in the BlackRock UK Strategic Alternative Income Fund (SAIF). Whilst SAIF has no explicit sustainability objectives, BlackRock do make some investments to renewable infrastructure with clear links to sustainable themes, where they will report on key climate related statistics.

During the reporting period, the Plan fully disinvested from the BlackRock Liquid Environmentally Aware Fund (LEAF).

Ongoing governance

The Trustees, with the assistance of XPS Investment, monitor the processes and operational behaviour of the investment managers from time to time to ensure they remain appropriate and in line with the Trustees' requirements as set out in the SIP. Furthermore, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

During the previous reporting period (September 2023), the latest Statement of Investment Principles ("SIP") was implemented to reflect the updated investment strategy and the Trustee's policy on engagement.

During the current reporting year, the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers have the ability to engage with voting rights is equities (both public and private), as it represents the equity ownership and shareholder's stake within the underlying business. Investments in public equities will form part of the strategy of the LGIM Dynamic Diversified Fund in which the Fund invested over the reporting year. Debt investments have no voting rights therefore no reporting information can be provided for the credit assets held by the Fund over the reporting period. A summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below.

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.



The Trustees, with the help of XPS, have considered the information the investment managers have been able to provide on significant voting, and have deemed the below information as most relevant. The summary is for the year from 31 March 2024.

Disclaimer: Neither XPS nor the Trustees have vetted these votes. These summaries have been provided by the investment manager(s) and any reference to "our", "we" etc. is from the investment manager's perspective.

Voting Information
LGIM Dynamic Diversified Fund
LGIM voted on 99.77% of resolutions of which they were eligible out of 102,057 eligible votes.
Investment Manager Client Consultation Policy on Voting
<p>"LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.</p> <p>Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries."</p>
Investment Manager Process to determine how to Vote
<p>"All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies."</p>
How does this manager determine what constitutes a 'Significant' Vote?
<p>"As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their</p>



reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.

In determining significant votes, 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 we 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.

We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

Does the manager utilise a Proxy Voting System? If so, please detail

"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 we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our 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 we receive from ISS for UK companies when making specific voting 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. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action."



Top 5 Significant Votes during the Period					
Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager vote?	Outcome
Microsoft Corporation	10/12/2024	0.48%	Resolution 9: Report on AI Data Sourcing Accountability	For	Fail
<p>*Why was the vote deemed significant: High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.</p> <p>Where voted against the company, was this communicated: 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.</p> <p>Rationale: Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.</p> <p>Implication: LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."</p>					
Shell Plc	21/05/2024	0.30%	Resolution 22: Approve the Shell Energy Transition Strategy	Against	Pass
<p>*Why was the vote deemed 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 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p> <p>Where voted against the company, was this communicated: 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.</p> <p>Rationale: Climate change: A vote against is applied. We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the</p>					



<p>revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.</p> <p style="text-align: center;">Implication:</p> <p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."</p>					
Prologis, Inc.	09/05/2024	0.28%	Resolution 1a: Elect Director Hamid R. Moghadam	Against	Not available
<p style="text-align: center;">*Why was the vote deemed significant:</p> <p>Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.</p> <p style="text-align: center;">Where voted against the company, was this communicated:</p> <p>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.</p> <p style="text-align: center;">Rationale:</p> <p>Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p> <p style="text-align: center;">Implication:</p> <p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."</p>					
Unilever Plc	01/05/2024	0.28%	Resolution 4: Approve Climate Transition Action Plan	For	Pass
<p style="text-align: center;">*Why was the vote deemed significant:</p> <p>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 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p> <p style="text-align: center;">Where voted against the company, was this communicated:</p> <p>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.</p> <p style="text-align: center;">Rationale:</p> <p>Climate change: A vote FOR the CTAP is applied as we understand it to meet LGIM's minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term</p>					



GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company’s long-term scope 3 target, we note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company’s ambition level to be adequate. We therefore remain supportive of the net zero trajectory of the company at this stage.

Implication:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.”

National Grid Plc	10/07/2024	0.25%	Resolution 17: Approve Climate Transition Plan	For	Pass
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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 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Where voted against the company, was this communicated:

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:

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 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Implication:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.”

Signed: Martin O'Brien, Chair of Trustees

Date: 30/10/25