Urenco UK Pension Scheme

Defined Benefit Section Annual Implementation Statement – 5 April 2024

This Statement has been prepared by the Trustee of the Urenco UK Pension Scheme ("the Scheme"), and sets out how, and the extent to which, the policies of the Statement of Investment Principles ("SIP") relevant to the Defined Benefit Section of the Scheme have been followed during the year to 5 April 2024 ("the Scheme year"). This Statement also includes a summary of the voting activity that was carried out on behalf of the Trustee over the Scheme year by the Scheme's investment managers.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Scheme year.

1. Statement of Investment Principles

The SIP was updated in March 2024 to reflect changes to the investment objective and investment strategy and also to separate DB and DC Sections into their own SIPs. The Company was consulted on the SIP post year end. A copy of the latest agreed and Company consulted SIP is available on request or from https://www.urenco.com/careers/life-at-urenco. This Statement considers activity relative to the SIP dated March 2022 which can found at https://www.urenco.com/cdn/uploads/supporting-files/SIP_March_2022_clean.pdf

2. DB Section

2.1. Investment Objectives

The objectives of the DB Section, a stated in the March 2024 SIP, are as follows:

- *Invest the Section's assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest between them and the Principal Company, in the sole interest of the members and beneficiaries. In doing so the Trustee pays due regard to the Principal Company's position with respect to the size and incidence of employers' contribution payments.*
- *The Trustee has an investment objective that targets full funding by 2026 on a low risk basis (gilts flat p.a.). The purpose of this objective is to reduce the reliance on the covenant of the Principal Company.*

2.2. Assessment of how the policies in the SIP have been followed for the Scheme year

The information provided in the following sections highlights the work undertaken by the Trustee during the Scheme year for the DB Section and sets out how this work followed the Trustee's policies in the SIP. In summary, it is the Trustee's view that the policies in the SIP for the DB Section have been followed during the Scheme year.

Strategic Asset Allocation

	Policy	How the policy has been met over the Scheme year
1	Kind of investments to be held and the balance between different kinds of investments (Section 2.3 of SIP)	• The Trustee continued to review its journey plan throughout the Scheme year. Changes made to the Scheme's investments over the period included: ◦ The redemption of the remaining unit in Wellington's Multi-Asset Credit Fund in July 2023, with the proceeds transferred to the Trustee bank account. ◦ The investment in the Ruffer Absolute Return Fund changed from a segregated portfolio to the manager's pooled investment vehicle in June 2023. ◦ In the March 2024 SIP the strategic allocation was updated to better reflect the actual allocation which had resulted from de-risking activity over the previous two years. ◦ Post Scheme year end, the RLAM Corporate Bonds mandate was terminated, with the proceeds being used to incept a new holding in a Global Buy and Maintain Corporate Bond Fund managed by Insight. The Investment Sub Committee (ISC) met Insight in July 2023 to discuss their corporate bond offerings.
2	Risks, including the ways in which risks are to be measured and managed (Section 2.4 of SIP)	• As part of their regular quarterly risk dashboard and investment performance monitoring, the Trustee monitored changes in the Scheme's exposure to various risks, including asset versus liability, active management and manager-related risks. • The Trustee manages interest rate and inflation risk by investing in Liability Driven Investment ("LDI") assets. Over the year the Trustees reviewed the hedge ratios and hedging basis. The hedging basis was changed to gilt+0% from gilts+0.5% and the interest rate hedge ratio was increased to 90% from 80%. These changes reduce the mismatch risk between assets and liabilities. The Trustee also kept LDI collateral risk under review as part of quarterly monitoring. The post year end move of corporate bond holding from RLAM to Insight assists in managing collateral risk. •
3	Expected return on investments (Section 2.3 of SIP)	• The Trustee reviewed the expected return on investments to allow for changes in market conditions. The resulting expected return from the assets was sufficient to meet the Trustee's objectives. • As part of the quarterly investment performance reports, the Trustee monitored actual performance for each investment manager, and at a total Scheme level, relative to their respective benchmarks, and monitored their advisers view on each manager's ability to meet their return targets via Mercer's manager ratings.

Investment Mandates

	Policy	How the policy has been met over the Scheme year
4	Securing compliance with the legal requirements about choosing investments (Section 1 of SIP)	• The Scheme's investment advisors provided updates on Scheme performance and, where required, ongoing appropriateness of the funds used, as well as advice on asset allocation and investment risks, during the Trustee and ISC meetings and via the quarterly investment reports. • Day-to-day management of assets is delegated to investment managers who are authorised and regulated by the relevant financial regulators.

	Policy	How the policy has been met over the Scheme year
5	Realisation of investments (Section 2.6 of SIP)	• Any disinvestments made over the year to meet cashflow requirements were implemented in line with the Trustee's cashflow policy. • Cashflow requirements arising from the LDI portfolio were met from the other investments managed by Insight. - As part of the review of the investment arrangements, the Trustee is aware that the M&G Secured Property Income Fund is only, in typical market conditions, realisable on a quarterly basis. Following redemption requests received from other clients, M&G implemented their redemption deferral mechanism, in line with the Fund's legal documentation. The Trustee placed a full redemption notice in December 2023 for instruction on the 2 April 2024 dealing date. Post Scheme year end, c. 10% of the full investment was transferred to the Trustee bank account. • The Ruffer Absolute Return Fund is weekly-dealt. All other assets are daily-dealt.
6	Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments (Section 2.4 and Section 4 of SIP)	• The investment performance reports were reviewed by the Trustee on a quarterly basis, which include Mercer's investment and ESG research ratings for each fund. The Trustee remained comfortable with the ratings applied to the managers, and continues to closely monitor these ratings and any significant developments for the managers. • During the Scheme year, the Trustee reviewed how each manager's ESG rating compared with other managers in the same asset class. • Over the year, the Trustee terminated the Wellington Multi-Asset Credit Fund, with the sale proceeds passed to the Trustee bank account. • Non-financial matters have not explicitly been taken into account with regards to in the selection, retention and realisation of investments.

Monitoring the Investment Managers

	Policy	How the policy has been met over the Scheme year
7	Incentivising investment managers to align their investment strategies and decisions with the Trustees' policies (Section 5.1 of SIP)	• The Trustee used the information set out in the quarterly investment reports, including manager performance and Mercer's investment ratings, to review their manager appointments over the Scheme year. The ISC met with Ruffer in Q2 23 and Q1 2024 to discuss their performance and fund positioning.
8	How the arrangement incentivises the investment manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term (Section 5.1 of SIP)	• Over the year, the Trustee monitored how each investment manager chooses assets for investment and embeds ESG into their investment process, via changes in the investment and ESG ratings assigned by Mercer. Over the Scheme year, Mercer's ESG ratings remained unchanged across all of the Scheme's mandates. • The Trustee has also received and considered key voting and engagement information from the managers, which is summarised in the Voting and Engagement section that follows. • Based on the information provided to them over the year from the managers and their investment adviser, the Trustee remains satisfied that managers are choosing investments based on their medium to long-term financial and non-financial performance and are engaging appropriately with issuers of debt and / or equity on factors that will affect the issuer's long-term performance, such as ESG considerations.

	Policy	How the policy has been met over the Scheme year
9	Evaluation of the investment manager's performance and the remuneration for asset management services (Section 5.2 of SIP)	• The Trustee received, and considered, performance reports produced on a quarterly basis, which presented performance information and commented on the funds they invest in over various time periods. The Trustee reviewed absolute performance and relative performance against a suitable index used as a benchmark and / or against the managers' stated target performance on a net of fees basis. • In moving to the Ruffer Absolute Return fund from a segregated account, a new fee arrangement was put in place, details of which were agreed by the ISC prior to decision making. • The ISC met with Ruffer in Q2 23 and Q1 2024 to discuss their performance and fund positioning.
10	Monitoring portfolio turnover costs (Section 5.3 of SIP)	• The Trustee received, where applicable, MiFID II reporting from the investment managers, but does not currently analyse the information. The Trustee assessed investment performance net of the impact of costs and fees. • The Trustee continues to monitor industry improvements concerning the reporting of portfolio turnover costs.
11	The duration of the arrangement with the investment manager (Section 5.4 of SIP)	• Over the Scheme year, the Trustee redeemed the Scheme's holdings in Wellington's Multi-Asset Credit mandate and submitted the full redemption notice for the M&G Property fund. The Trustee continues to take a long term view with managers but within the journey plan they are targeting.

ESG, Stewardship and Climate Change

	Policy	How the policy has been met over the Scheme year
12	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters) (Section 4 of SIP)	• The Trustee delegated engagement activities with companies to the investment managers. • All of the Scheme's investment managers (where relevant), have confirmed they are signatories of the 2020 UK Stewardship Code. • The Trustee monitored the investment and ESG ratings assigned to each manager by Mercer. • The ISC reviewed the ESG ratings of the portfolio against the Universe of ratings in October 2023. • Ruffer presented in the May 2023 ISC and the March 2024 meetings. Insight also presented at the July 2023 ISC meeting, mainly on their Buy & Maintain Credit offerings. In these meetings information on how ESG issues were integrated into decision making were discussed.

Voting Disclosures

	Policy	How the policy has been met over the Scheme year
13	The exercise of the rights (including voting rights) attaching to the investments (Section 4 of SIP)	• The Trustee delegated voting activities to the investment managers. • Given the investment held, the only voting rights are from the equity holdings in the Ruffer Diversified Growth Fund. The information received is summarised in Sections 2.4 and 2.5 of this Statement.

2.3. Engagement Activity Examples – DB Section

A number of these engagement examples may not be directly relevant to the investments held by the Scheme but are illustrative of the actions being taken by the investment manager at an overall organisation level.

Ruffer - Engagement in Practice
Ruffer engage with BP
Ruffer met with the Chief Financial Officer (CFO) and the VP Investor Relations of BP. The objective of the meeting was to request additional reporting on low carbon or transition growth engines and financial reporting by business segment for greater transparency. The CFO clarified that Ruffer is not the only shareholder (or stakeholder) asking BP to give greater insight and perhaps re-segment the financial reporting to strip the low-carbon or transition growth engines away from the traditional oil segment. She cautioned that, given the scale and scope of BP and its existing asset base (some of which will be re-purposed for sustainable aviation fuel or biofuels), the company would consider this topic over the coming 12 to 18 months before announcing anything to the market. At Ruffer's next meeting with the company, Ruffer plans to clarify some of the points raised by the CFO: the possibility of revised segment reporting; the key performance indicators for measuring the speed and trajectory of the energy transition; and the broad topic of capital allocation – asking how we as shareholders can gain comfort that the board and management are deploying capital in the best interests of the company. Since the CFO met with Ruffer and other investors, BP has released its annual report materials (reiterating its carbon reduction ambitions) and released additional communication which addresses the points about the likely total returns from renewable assets versus traditional oil and gas assets. Source: https://www.ruffer.co.uk/2024-q1-ri-report

RLAM - Engagement in Practice
RLAM engagement with South West Water
RLAM engaged with South West Water to assess how the company's most recent water asset management plan for the period 2025 to 2030 aligns with RLAM's water sector expectations of best practice and identify areas where improvement is needed. The meeting with South West Water concluded positively, with the company providing further insights into its proactive environmental initiatives and upstream thinking, aimed at addressing biodiversity concerns. The company is shifting towards integrating natural capital into its decision making. It has also piloted natural capital catchment plans and conducted detailed reviews of water challenges. In addition, South West Water is at the forefront of assessing antimicrobial resistance ("AMR") risks and is collaborating with the University of Exeter to enhance its understanding in this domain. RLAM will be reassessing the company based on its latest disclosure to our investor expectations and share areas of improvement with it. Source: RLPPC Enhanced Buy and Maintain Credit Fund, Q1 2024 Report

Insight - Engagement in Practice
Insight engagement with the UK Debt Management Office ("DMO") on green gilt issuance and other sustainability topics
Insight engages regularly with the UK DMO given Insight's large client base of UK pension schemes, which invest heavily in UK government bonds (gilts). Insight engaged with the DMO and His Majesty Treasury ("HMT") in May and June 2023 to follow up previous engagements where Insight raised several issues related to green gilt issuance and other sustainability topics, such as the frequency of impact reporting, the UK's ability to meet its net-zero targets and the government's plan for green gilts issuance. Insight was not satisfied with the outcome of the engagement in relation to the frequency of impact reporting, which was an element in the downgrade of the UK government's green gilt from dark green to light green under Insight's impact bond assessment framework in 2022. Insight will continue its ongoing engagement with the DMO on a wide range of issues, including ESG topics. Source: Insight

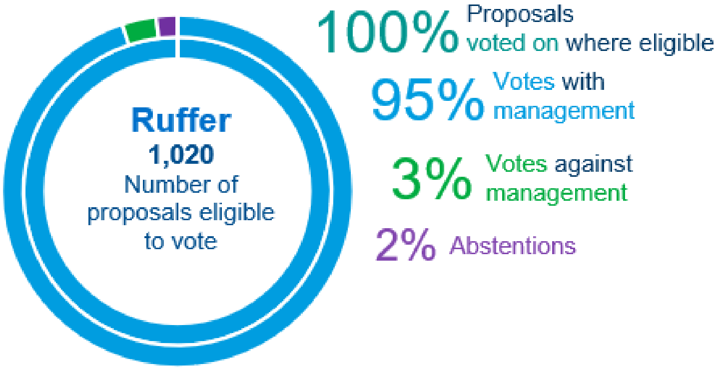
M&G - Engagement in Practice
ESG and Net Zero Commitments
WPP Southbank office – M&G engineered the build phase to minimize embedded carbon in conjunction with WPP. SPIF has agreed to fund the additional costs to achieve a BREEAM ("Building Research Establishment Environmental Assessment Method") New Construction 'Outstanding' rating. M&G also has regular discussions with Anglo American regarding additional net zero initiatives following redevelopment of their Global HQ in 2021. This is already a best in class office asset with initiatives including: air source heat pumps, solar PV panels and rain water harvesting. Further initiatives include: roof garden biodiversity and removing gas from the kitchens (no other gas used in the building). Furthermore, M&G is also supporting David Lloyd in rolling out solar PV across its entire portfolio to meet its ambitious 2030 net zero carbon target. David Lloyd is funding the initiative given the energy cost saving benefit for them. M&G is also supporting rolling out electric car charging points across the Holiday Inn Express ground rent portfolio. Source: M&G

2.4. Voting Activity during the Scheme Year

A summary of the voting activity for the Scheme's DGF mandate with Ruffer is set out below. Over the prior 12 months, the Trustee has not actively challenged the investment managers on their voting activity. The Trustee does not use the direct services of a proxy voter, however some of the Scheme's investment managers use research and proxy-related services to assist with the mechanics of voting.

Votes "for / against management" assess how active managers are in voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur.

Some proposals were abstained – reasons include selling the stock during the period between the record date and AGM date, and conflicts of interest.



Source: Ruffer. Figures may not sum to total due to rounding.

2.5. Voting Activity during the Scheme Year

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the definition of a "significant vote". The most material change was that the Statutory Guidance provides an update on what constitutes a significant vote and that trustees were required to include details on why a vote is considered significant and rationale for the voting.

The Trustee's stewardship priorities are based on climate change, with a specific focus on disclosure of carbon emissions, particularly availability of scope 3 emissions. The Trustee defines a significant vote to be any vote where the manager holds more than 3% of the available voting stock (in the UK, 3% of voting rights is the threshold when an investor must inform the company a holding has been accrued). The Trustee will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustee did not inform the managers of its definition of a significant vote in advance of voting.

The Trustee has reviewed the voting information provided by Ruffer, which did not hold voting stock in excess of 3% for any company. As such there are no votes meeting the Trustee's significant vote definition.