Atholl Estates Pension Scheme

Statement of Investment Principles - Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated October 2024 have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, and subsequent changes made with the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement. This Statement covers the period 6 April 2025 to 5 April 2026.

Investment objectives of the Scheme

The Trustees' investment objectives are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Scheme's benefits as they fall due.
- To invest the Scheme's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Scheme's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustees' funding plan have a reasonable chance of being achieved in practice.
- To target an appropriate level of hedging against the interest rate risk and inflation risk associated with the Scheme's funded self-sufficiency liabilities (or asset value where the Scheme is in surplus).

Review of the SIP

The Trustees most recently reviewed the SIP in October 2024.

The Trustees have a policy on financially material considerations relating to ESG issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustees' SIP.

Review of the Investment Strategy

The most recent Investment Strategy Review of the Scheme was carried out in July 2025. This resulted in the Trustees agreeing to de-risk the Scheme's investment strategy. The Scheme adjusted its strategic asset allocation to 65% return-seeking assets (diversified growth funds) and 35% matching assets (liability matching funds) in order to increase the level of interest rate and inflation risk hedging against movements in the Scheme's liabilities.

The Scheme's long-term target asset allocation is shown in the table below.

Investment manager and funds in use

In alignment with the Scheme's investment objectives, the Trustees have put into effect the strategic asset allocation outlined in the table below:

Asset Class	Investment Manager	Fund	Target Asset Allocation
Diversified Growth Funds	L&G	Diversified Fund	65.0%
Liability Driven Investment	L&G	Matching Core Real Long LDI Fund Matching Core Fixed Long LDI Fund	35.0%
Total			**100.0%**

Investment Governance

The Trustees are responsible for making investment decisions and seek advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment consultant.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment consultant, as required by the Investment Consultancy and Fiduciary Management Market Investigation Order 2019 and now the Pensions Regulator. These strategic objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, scheme management, compliance and service standards. The strategic objectives were put in place in December 2023, and are to be reviewed every three years.

Trustee Policies

The table below sets out how, and the extent to which, the relevant policies in the Scheme's SIP have been followed:

Requirement	Policy	Implementation of Policy
Financially and Non-Financially Material Considerations	The Trustees recognise that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.	No deviation from this policy over the year to 5 April 2026.

	The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receive information on request from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues. With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Scheme's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Scheme's funding position than other risks. The Trustees will continue to monitor market developments in this area with their investment adviser. Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expect the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered, and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.	
Voting Rights and Engagement	The Trustees' voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustees aim to monitor the actions taken by the investment managers on their behalf, and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the manager.	No deviation from this policy over the year to 5 April 2026.

Financially and non-financially material considerations

The Trustees note that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustees are satisfied that the funds currently invested in by the Scheme are managed in accordance with their views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustees have access to updates on governance and engagement activities by the investment manager, and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing an investment manager.

A summary of the Trustees' views for each asset class in which the Scheme invests is outlined below:

Asset Class	Actively or Passively Managed?	Comments
Diversified Growth Funds	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the funds and the ability of the manager to use its discretion to generate higher risk adjusted returns. The Trustees also expect their Investment Manager to engage with the underlying investee companies, where possible, although they appreciate that fixed income assets within the portfolio do not typically attract voting rights.
Liability Driven Investments (LDI)	Active	The underlying assets of the LDI solution consist of government bond funds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

Voting rights and engagement activities

The Trustees currently invest in pooled investment funds with L&G, and they acknowledge that this limits their ability to directly influence L&G. In particular, all voting activities have been delegated to L&G, as the Trustees do not have any legal right to vote on the underlying holdings, given the pooled nature of the Scheme's investments.

Within the current investment arrangements, the L&G Diversified Fund contains publicly listed equity holdings. This fund has voting rights attaching these underlying equities, and the Trustees have delegated these voting rights to the Investment Manager, where they will set their own voting policy. A summary of the votes made by L&G from 6 April 2025 to 5 April 2026 on behalf of the Trustees for the Diversified Fund is provided in the table below:

Manager	Fund	Resolutions voted on	Total Resolutions Voted:		
			For	Against	Abstained
L&G	Diversified Fund*	99,623	76%	23%	1%

*L&G produce voting data on a quarterly basis. The figures shown are from 1 April 2025 to 31 March 2026.

Information regarding proxy voting is detailed below:

- **L&G** uses ISS's 'ProxyExchange' electronic voting platform for proxy voting services.

Significant votes

The Trustees have requested details of the significant votes made on behalf of the Trustees by the investment manager. In determining significant votes, the investment managers will take 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 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 engagement campaign, in line with Investment Stewardship's 5-year ESG priority engagement themes.

The Trustees believe the following represents a significant vote undertaken on their behalf over the Scheme year:

SIGNIFICANT VOTE 1 – L&G	
Company	**Starbucks Corporation**
Date	25 March 2026
% of portfolio invested in firm	0.02% of the L&G Diversified fund.
Resolution	Resolution 5: Adopt Mandatory Policy Separating the Roles of CEO and Board Chair.
Why significant	*Thematic - Board Leadership: L&G 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.*
How voted	**Voted AGAINST management (FOR resolution).**
Manager Comments	*Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as L&G expects companies to establish the role of independent Board Chair. L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.*
Vote outcome	Not disclosed by L&G.

Engagement activities

The notable engagement activity undertaken by L&G over the last 12 months is provided below:

- **L&G** met with Tesla, an American automotive company, ahead of their 2025 AGM. The main focus of the meeting concerned the 2025 CEO incentive award, designed to align Elon Musk's (the company CEO) interests with shareholder value via demanding performance targets. The award's structure raised governance concerns, in addition to general pay-for-performance issues, such as vague operational goals and a lack of clawback provisions. L&G considered the concentration of stock given to Musk at the full award, even with potential for dilution, as a potential means to insulate the CEO and the board from appropriate shareholder accountability. At the November 2025 AGM, L&G voted against eliminating the supermajority vote requirement given that, post-award, Musk could control an estimated 25% of shares, granting him outsized power to influence strategic decisions and company constitutional changes with limited outside shareholder support if the supermajority requirement were removed. They also supported shareholder proposals that sought to update bylaws to require shareholder approval for changes to shareholder rights mechanisms under Texas law, specifically changing ownership requirements for filing shareholder proposals and derivative lawsuits. L&G's collective voting decisions sought to support measures that restore or enhance shareholder rights and board accountability.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall 'score' which represents how well ESG metrics are incorporated into managers' investment processes. The investment manager will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report.

For the 2025 UNPRI Assessment Reports, scores are presented as a 'star' rating ranging from ★ to ★★★★★, with more stars representing a higher score.

The latest available UNPRI score of L&G is mentioned in the table below:

Manager	UNPRI Score
L&G	★★★★★
Median	★★★★

The Trustees also consider the investment manager's policies on stewardship and engagement when selecting and reviewing them.

Monitoring of Investment Arrangements

In addition to any reviews of the investment managers or approaches, and direct engagement with L&G (as detailed above), the Trustees receive performance reports on a quarterly basis from Broadstone to ensure the investment objectives set out in their SIP are being met.

Signed: **Date:**

On behalf of the Trustees of The Atholl Estates Pension Scheme