

The Carlyle (1972) Pension & Life Assurance Scheme – Implementation Statement for the year ending 31 March 2025

1. Purpose

This Implementation Statement has been prepared by the Trustees of The Carlyle (1972) Pension & Life Assurance Scheme (the “Scheme”). It reports on how, and the extent to which, the policies as set out in the Scheme’s Statement of Investment Principles (“SIP”) have been complied with during the year ending 31 March 2025. This has been reviewed with respect to voting and stewardship policies, conflicts of interest and engagement. This review has been conducted by the Scheme’s Investment Adviser and the Trustees have reviewed and approved the conclusions within this statement. This includes the exercise of rights (including voting) and other engagement activities undertaken in respect of the Scheme’s investments. The statement also provides a summary of the voting behaviour and most significant votes cast during the reporting year.

2. Background

This statement has been prepared by the Trustees, with the assistance of their Investment Adviser (Quantum Advisory), in line with the current regulatory guidance that was in place at the Scheme year end.

References herein to the actions, review work or determinations of the Trustees refer to activity that has been carried out by either the Trustees, or the Investment Adviser on the Trustees’ behalf.

3. Executive summary

Over the Scheme year, the Trustees:

- Reviewed, with the help of their Investment Advisor, the voting and engagement activity of the funds that invest in equities. The Trustees are satisfied with their Investment Adviser’s conclusion that the Scheme’s investment managers have appropriately carried out their stewardship duties.
- Are of the opinion that it has complied with the relevant policies and procedures as identified in the SIP. The SIP was updated in October 2024 to reflect changes that were made to the Scheme’s investment strategy during the Scheme year.
- Have remained aware of the relevant policies and procedures as identified in the SIP and received input from their Investment Adviser to aid ongoing compliance.

During the Scheme year, the Trustees set stewardship priorities for the Scheme and these have been considered within this statement. Funds that do not hold equities do not have

voting rights. However, the general stewardship practices of non-equity managers have been reviewed to ensure that they actively engage with their investments.

4. Investment Manager's voting and stewardship policies and activity

Trustees' voting and stewardship policies

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers.

The Trustees are unable to direct how votes are exercised and have not used a proxy voting services provider over the year. The Trustees have given the investment managers full discretion concerning voting and engagement decisions. As part of this exercise, the Trustees have reviewed the voting activities and stewardship policies of the funds.

The Trustees undertook a review of the Scheme's stewardship priorities in 2023. Whilst the Trustees feel that all ESG matters are important, they decided to focus their stewardship efforts on managing climate-related risks, as it recognises that a rise in global temperatures could have an adverse effect on the Scheme's investments, and board structure, as it recognises that a good level of diversity in company boards can help improve long-term returns for investors. Furthermore, the Trustees recognise that investment managers commonly provide voting information on these two areas, which will allow the Trustees to assess whether or not their voting activity aligns with the Trustees' priorities. The Trustees will monitor and discuss instances where the investment managers' voting activity does not align with its priorities, and seek to understand the reasons for this in the first instance. The Trustees will then escalate the matter if it persists and may review their holding in the fund if this is deemed appropriate.

Over the Scheme year, the voting activities of the following funds have been reviewed:

- L&G World Equity Index Fund – GBP Hedged
- The Partners Group ("Partners") Generations Fund

In addition to this, the general stewardship policies of the above funds and the funds listed below have also been reviewed:

- Insight GBP Liquidity Fund
- Insight Inflation Focus Funds 2030
- Insight Maturing Buy & Maintain Bond Funds
- Insight Partially Funded Gilts and Index Linked Gilts Funds
- M&G Total Return Credit Fund

Please note Partners Group only report voting information on a semi-annual basis. The information pertaining to this manager has therefore been provided over the year ending 31 December 2024.

Manager's voting and stewardship policies and procedures

Details of the managers' voting and stewardship policies can be found in Appendix 1. In this statement, Quantum Advisory has noted the investment managers stewardship policies and the extent to which the investment managers make use of any proxy advisory and voting services. Quantum Advisory are satisfied that the voting and policies/procedures of the investment managers are reasonable and consistent with industry practice. Quantum Advisory are also satisfied that the general stewardship policies of all the investment managers are reasonable and consistent with industry practice. This includes investments in bonds and other instruments. The Trustees have approved of these conclusions.

Voting statistics

The table below sets out the key statistics on voting eligibility and action over the year for the funds held by all sections of the Scheme.

Statistic	L&G World Equity Index Fund – GBP Hedged	Partners Generations Fund
Number of equity holdings	2,798	>50
Meetings eligible to vote at	2,928	68
Resolutions eligible to vote on	35,761	905
Proportion of eligible resolutions voted on (%)	99.7	100.0
Votes with management (%)	79.1	91.0
Votes against management (%)	20.6	5.0
Votes abstained from (%)	0.3	4.0
Meetings where at least one vote was against management (%)	74.2	18.0
Votes contrary to the recommendation of the proxy adviser (%)	14.6	3.0

Source: Scheme's underlying investment managers.

Quantum Advisory has noted that, as a whole, the voting activity meets expectations and the Trustees are generally satisfied with the level of voting activity that has been undertaken during the Scheme year.

Significant votes over the reporting year

Quantum Advisory has reviewed the most significant votes cast by the investment managers on behalf of the Trustees and, as a whole, are satisfied that these meet expectations.

The Trustees have interpreted the most significant votes to mean their choice of votes from an extended list of significant votes provided by each of the investment managers in accordance with the PLSA guidance.

The significant votes provided by investment managers are determined by the stewardship policies they have in place. As the Scheme set stewardship priorities following the end of the Scheme year, where possible, significant votes have been selected to align with the stewardship priorities of the Scheme. The Trustees have reviewed and are satisfied with the significant votes undertaken during the Scheme year.

A cross section of the most significant votes cast is contained in Appendix 2.

5. Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

L&G

L&G have refrained from directly commenting on which of the conflicts of interest, detailed above, they are impacted by within the selected funds. In place of providing a direct response, L&G referred the Trustees to their conflicts of interest policy, which includes several examples of conflicts and how these might be managed.

This is available here:

https://am.landg.com/asset/492be3/globalassets/lqim/_document-library/capabilities/lqim-conflicts-of-interest.pdf

The Trustees have reviewed the conflicts of interest policy.

M&G

M&G stated that they use all reasonable endeavours to identify conflicts of interest and then take steps to either avoid or manage them effectively to treat clients fairly.

If the arrangements made by M&G to identify, prevent or manage a conflict of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to a client's interests will be prevented, M&G will make an appropriate disclosure (in accordance with regulatory requirements) to the relevant client before undertaking any further activity. Where it is not possible to satisfactorily manage a conflict (including where disclosure is not a sufficient option) M&G will decline to act for the client concerned.

M&G did not provide direct comment on any conflicts of interest, instead directing the Trustee to review their conflicts of interest policy.

This is available here:

<https://www.mandg.com/~media/Files/M/MandG-Plc/documents/mandg-investments/2023/conflicts-of-interest-disclosure-statement-july-2023.pdf>

Insight

Insight confirmed that, to the best of their knowledge, they are not affected by the above conflicts for the LDI funds. They have however confirmed they are frequently affected by the following two areas:

- Conflicts that arise due to divergences between the responsible investment policies of Insight and the responsible investment policies of the client; and
- Potential divergences between the interests of Insight's clients and their beneficiaries.

The issues are generally related to the divergence between client interests and their beneficiaries' interests, rather than conflicts between Insight's interests and those of the clients'. Issues highlighted have been resolved through engagement with the client to obtain instruction for how to proceed. The discussions seek to balance financial, and non-financial considerations to establish the correct approach. In all cases, Insight have identified and resolved issues in partnership with clients, formally documenting the agreed approach in the investment guidelines for the mandate.

As Insight further evolve their approach, they believe conflicts are more likely to arise as a result of legal changes; net-zero emissions goals; or the introduction of additional firmwide Environmental, Social and Governance ("ESG") / stewardship-related policies which need to be implemented, such as firmwide exclusion lists. Conflicts of interest will need to be addressed on a case-by-case basis to address the different implications which clients may be exposed to.

Partners Group

With regards to Partners Group's listed exposure, to the best of their knowledge, they are not affected by points 1, 3, 4 and 5. With regard to point 2, Partners noted:

"Given Partners Group's role as a private markets investor, with the primary approach of taking ownership stakes in various assets, it is common practice for senior members of the relevant investment teams to hold positions such as board seats. Here, they can use their expertise to aid in transforming the asset, leveraging their own experience and that of the wider Partners Group platform. This also extends to our stewardship activities, where investment teams represent Partners Group and our clients who have entrusted us with managing their assets, playing a key role as an active owner. We do not view these scenarios as 'conflicts of interest' as may be the case in the context of public markets, but rather as a tangible benefit which enables us to drive genuine value and change."

Appendix 1 – Investment manager stewardship policies and procedures

L&G

L&G have a proven track-record of being active owners; striving to use their scale to ensure that the companies in which they invest are acting responsibly and markets / regulators create an environment in which good management of ESG factors are valued and supported. Although L&G tend to focus on equity stewardship, L&G also extends its ESG analysis and engagement policies to its active fixed income investments. L&G aims to incorporate ESG considerations to assess ESG risks from a financial perspective and L&G also engages with issuer companies through its global engagement groups. For Equity holdings, L&G's Investment Stewardship team make all voting decisions, in accordance with L&G's 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.

L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and strategic decisions are not outsourced. The use of ISS recommendations is purely to augment L&G's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of IVIS to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with L&G's position on ESG, L&G have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G consider are minimum best practice standards which L&G believe all companies globally should observe, irrespective of local regulation or practice. L&G retain the ability in all markets to override any voting decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows L&G to apply a qualitative overlay to their voting judgement. L&G have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Insight

Insight Investment's philosophy and approach towards responsible investment places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making. Insight has a responsible investment policy to include a corporate conduct statement (outlining what is expected from corporates in which it invests) and has sovereign ESG impact ratings to evaluate how countries are aligned with the UN Sustainable Development Goals.

M&G

M&G aim to systematically include the consideration of ESG capabilities into investment analysis and decision making in all asset classes on an iterative and continuous basis, as they believe ESG issues can significantly impact investment outcomes. For this reason, they explicitly and systematically include ESG issues in investment analysis and investment decisions, where these are expected to be meaningful to risk and potential return. M&G therefore considers a range of materiality frameworks including those set out by the Sustainability Accounting Standards Board.

Partners

Partners strive to use their scale to ensure that the companies in which they invest are acting responsibly. To achieve this objective, the Partners exercises their governance rights to work with companies on areas where ESG changes can add and protect value.

The ESG and Sustainability directive divides its practice into two main segments: the decision-making process and the ownership process. In terms of the decision-making process, the company highlights how it reviews sustainable trends, excludes certain segments (including Tobacco and Defence), performs due diligence and considers the impact of its direct investments. In terms of the ownership process, Partners monitors ESG risks, engages with companies on ESG issues, and manages any conflicts of interest as they arise.

Where Partners' client accounts contain listed equity securities in dedicated programs/allocation buckets ("Liquid Private Markets investments") and Partners has discretion to vote on a proxy stemming from such securities (a "Proxy Request"), Partners will decide on such Proxy Requests to protect and promote the economic value of the securities held in such client accounts.

Proxy Requests related to Liquid Private Markets investments may be administered by third party service providers (currently, Glass Lewis). These service providers will follow Partners' Proxy Voting Directive in all instances. Should a voting recommendation by a service provider be against the recommendation by the respective company's management, Partners will vote manually on those proposals.

In certain circumstances, Partners receives Proxy Requests for publicly traded securities. When such Proxy Requests arise, the recipient, typically the respective investment team or Partners Guernsey serving as administrator, will forward it to be reviewed and evaluated by Transactions Services together with the relevant investment team and/or the relevant Investment Committee. Partners have a group form which seeks to ensure that all Proxy Requests, included in the broader term 'corporate actions', are reviewed and processed in a timely manner.

Appendix 2 – Most significant votes

The information below sets out a cross section of significant votes undertaken by the investment managers of the funds held by the Scheme. Information on further significant votes undertaken by the Scheme's investment managers has been reviewed by Quantum Advisory on behalf of the Trustees. Significant votes have been selected, where possible, which align with the Scheme's stewardship priorities.

L&G World Equity Index Fund – GBP Hedged

Company Name	Shell Plc	Alphabet Inc.
Date of Vote	May 2024	June 2024
Summary of the resolution	Approve the Shell Energy Transition Strategy	Elect Director John L. Hennessy
Stewardship Priority	Climate	Board Structure
Size of the holding (% of portfolio)	0.3	1.4
How the firm voted	Against	Against
Was the vote against management and was this communicated beforehand?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with investee companies in the three weeks prior to an AGM as the engagement is not limited to shareholder meeting topics.	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with investee companies in the three weeks prior to an AGM as the engagement is not limited to shareholder meeting topics.
On which criteria has the vote been deemed as 'significant'?	L&G is publicly supportive of so called "Say on Climate" votes. They 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, L&G deem such votes to be significant, particularly when L&G votes against the transition plan. This also aligns with the Trustees'	L&G views gender diversity as a financially material issue for clients, with implications for the assets managed on their behalf. Additionally, board diversity and average board tenure strongly relate to the Trustees' stewardship priority regarding board structure.

	climate-related stewardship priority.	
Outcome of the vote	Vote passed.	Vote passed.
Do the Trustees/ asset manager intend to escalate stewardship efforts?	L&G will continue to engage with investee companies, publicly advocate their position on this issue, and monitor company and market-level progress.	L&G will continue to engage proactively with invested companies in relation to ESG factors, promoting positive changes within investee companies.

Source: L&G

Partners Group Generations Fund

Partners Group did not provide details of votes undertaken as a result of the listed equity holdings not constituting a large enough size of the fund. Private markets investments are the largest exposure within the fund and these are typically held directly, where Partners Group controls the board and therefore direction/strategy of the business. Therefore, Partners were able to provide examples of portfolio company's ESG efforts. Two examples are provided below.

Company Name	Ammega	International Schools Partnership
Summary of the company's efforts	Partners have guided AMMEGA in advancing its carbon reduction strategy, including major solar energy installations in Spain and China, which collectively generated over 1.5 million kWh of renewable energy in 2023. The company's Energy Conservation Task Force achieved a 10% reduction in energy use, reinforcing AMMEGA's commitment to operational efficiency and emission reductions. Additionally, efforts to expand ISO 14001 certification now cover 80% of locations, with a target of full certification by 2025.	ISP's key achievements include the introduction of environmental education initiatives, allowing students to engage in sustainability-focused projects. Additionally, ISP has expanded its teacher development programs, ensuring the highest educational standards while promoting diversity, equity, and inclusion within its workforce. Future focus: Partners will continue supporting ISP in sustainability-focused facility improvements, decarbonization strategies

	<p>Future focus: Partners will continue to support AMMEGA in scaling its sustainability initiatives, further reducing carbon intensity, optimizing energy and water use, and deepening ESG integration to drive long-term value creation.</p>	<p>for school operations, and enhancing digital learning platforms to provide greater educational access.</p>
<p>On which criteria has the vote been deemed as 'significant'?</p>	<p>The Trustees consider this action significant as it aligns with their stewardship priorities, particularly climate change.</p>	<p>The Trustees consider this action significant as it aligns with their stewardship priorities, particularly climate change.</p>
<p>Does the Trustee/ asset manager intend to escalate stewardship efforts?</p>	<p>Partners Group will continue to engage proactively with invested companies in relation to ESG factors.</p>	<p>Partners Group will continue to engage proactively with invested companies in relation to ESG factors.</p>

Source: Partners Group.