IMPLEMENTATION STATEMENT
THE DAVIES LOSS ADJUSTERS LIMITED LIABILITY PARTNERSHIP LIFE ASSURANCE AND PENSION SCHEME

1. Introduction

This is the Implementation Statement for The Davies Loss Adjusters Limited Liability Partnership Life Assurance and Pension Scheme ('the Scheme') and reflects the position as of 5th April 2024. The Implementation Statement (Statement) sets out the extent to which the Trustee has followed the voting and engagement policies in the Statement of Investment Principles (SIP). This Statement includes a description of the voting behaviour by and behalf of the Trustee. This Statement should be read in conjunction with the SIP.

The SIP was last updated in April 2023 and reflects the Trustee policies relating to responsible investment, including both financial and non-financial matters that the Trustee considered. This included Environmental, Social and Governance (ESG) considerations. Stewardship was also considered, i.e. voting and engagement, together with the ability of the Trustee to influence the actions of their investment managers. The SIP was reviewed in November 2022 following the latest Scheme Funding Report and updated after consultation with the Employer in April 2023 and remains appropriate at present.

The selection of investment managers was considered including their objectives, fees, basis of charging and how that aligns with the interests of the Scheme to ensure there are no conflicts of interest. The duration of each manager appointment, the ability to terminate their appointment and any conditions of that termination were considered.

As a part of the investment review the sponsoring Employer was consulted on the content of the 2023 SIP and the investment strategy.

2. Investment Objective

This is effectively outlined in the SIP.

3. Investment Strategy

The Trustee continues to implement the strategy as outlined in the SIP.

4. Setting the Investment Arrangements

In managing the assets of the Scheme, the Trustee owns a policy of assurance. As the Grantee of the policy the Trustee has the benefit of the protection offered under the Financial Services Compensation Scheme (FSCS) and the terms of the specific policy of assurance.

<u>Mobius Life</u>

The Trustee holds a long term insurance policy with Mobius Life as a part of the Mobius Life long term business fund. As Grantee under the policy the Trustee may pay a premium to Mobius Life who will allocate units to the policy. The allocation of units is notional and references to both units and funds are solely for the purpose of calculating benefits under the policy. Neither the Grantee (which is the Trustee) nor any other person has any right or interest in the units, the funds or any other specific assets or income of Mobius Life by virtue of the policy.

The wide range of asset classes available to the Trustee was considered and the ease of access to institutional style investment management funds at an acceptable annual management charge. During the past 12 months the Trustee received information and advice on how to achieve their objectives and how to access appropriate investment funds in a secure way.

5. Implementation of the Investment Arrangements

The arrangements are assessed on an ongoing basis at Trustee meetings and by the Trustee's Investment Adviser. This may in part be by face to face meetings where it is practical to do so.

The Trustee is aware of the need to consider the impact of costs and value for money on the long-term performance of the investments in the pooled funds. To reduce cost and the risks associated with 'active' fund management, the Trustee has invested some of the Scheme's assets in passive or index funds.

The funds are accessed via the Mobius Life investment platform using a Trustee Investment Plan. This is technically a policy of assurance and can benefit from aggregation discounts on annual management charges. Reporting is coordinated and this represents a significant benefit to the Scheme.

6. Realisation of Investments

Investments are reviewed on a regular basis in the light of net cash flow requirements. The pooled funds may be accessed daily and the Trustee believes that this supplies adequate liquidity for the Scheme.

7. Investment Governance and Financially Material Considerations

The matter of investment and investment governance is taken seriously by those who manage the Scheme (the Trustee). To this end the Scheme has a Statement of Investment Principles (SIP). This is considered and reviewed periodically as appropriate.

The current SIP was agreed in 2023. The SIP follows an in depth consideration of the environmental, social and governance requirements, considering both financial and non-financial aspects, in respect to the asset types as required in the long term for the Scheme as it matures. The Scheme is investing appropriately against this background and there has not been a need to make further amendments although the Trustee has kept this position under review.

Those that manage the Scheme collectively have the necessary qualifications and appropriate experience for the size of the Scheme. The Trustee meets regularly as required by the business of the Scheme, including investment business. Investment matters are on the agenda for all Trustee regular meetings. The Scheme has access to professional advisers including, but not limited, to an Investment Adviser, Actuary, and Lawyer.

8. Approach to Non-Financial Matters

The Scheme invests in a policy of assurance that accesses pooled pension funds. This is appropriate to a Scheme of this size and brings added security in that the assets are covered by the Financial Services Compensation Scheme.

The Scheme will always prefer an investment that is beneficial to society and the environment over one that is not. In making such a statement the managers of the Scheme are noting that by using pooled investment vehicles they are not the direct owners of the underlying assets. They do however have access (sometimes limited by availability of information) to a copy of the content of the underlying portfolios of the pooled investment managers.

9. Strategic Asset Allocation

During the reporting year the Scheme has followed the asset allocation as outlined in the SIP. Where there has been any variation this has been intentional. Those that manage the Scheme continue to consider that the asset allocation is appropriate and have considered this at their meetings during the year.

10. Mandate Parameters

The Scheme has selected pooled pension funds with specific objectives. Each of the pooled funds that the Scheme is invested in has its own specific objective and in selecting these funds the manager of the Scheme received investment advice from a financial adviser of appropriate standing and experience and working for an organisation registered with the Financial Conduct Authority.

When reviewing the investments during the year it was noted that the pooled funds were being managed to their objectives and that the results were as the Scheme expected. The financial standing of the managers of the pooled funds has been considered and noted that it continues to be appropriate. The managers of the pooled funds that the Scheme participates in are required to report to the Prudential Regulatory Authority who in turn supervise the solvency of these managers on behalf of the Bank of England.

The Scheme has considered this position during the year and remains comfortable with the approach in place, including the capital structure and financial standing of the investment managers that the Scheme invests with. Specifically, the Trustee takes considerable comfort by investing in a policy of assurance and the protections that brings.

11. Voting Rights and Description of Voting Behaviour During the Year

Participants in pooled investment funds do not generally acquire rights over the underlying holdings of the pool. There is no direct relationship between the Scheme and the companies whose shares are held within the pooled investment funds. In effect this means that the manager of the pool exercises voting rights on the Trustee's behalf (as a participant in the pool) but without any obligation to consult with the Trustee. The Scheme does not use a proxy voting service, in practice it does not have the right to exercise votes at the general meetings of companies held within the pooled investment funds. Generally, other than for matters of financial reconstruction, holders of gilts, bonds, physical property and other alternative investments may not have voting rights.

Where the Scheme holds units of investment in pooled equity funds the Scheme can see how the manager has voted in the summary stewardship reports that the manager may produce for information. These matters are currently only reported at overall manager level and not in a specific way in respect to the funds that we invest in. This may change in the future and the Scheme is aware that there are many initiatives in the investment markets generally to improve access information and reporting in this area.

Other than via our investment consultant, it is challenging for the Scheme to influence the manager of a pooled fund on matters of voting for individual companies. The Trustee does however take their responsibilities seriously and note it always has the option to divest from the manager if, in the view of the Scheme and expressed by those who manage it, this is deemed appropriate. Set against this is, an overall fiduciary responsibility of the Trustee is the management of the Scheme assets.

In future years, the Trustee expects managers to provide further summary stewardship reports that highlight key voting issues, particularly around matters of diversity and the environment as regards the underlying holdings in the relevant pooled fund portfolio. Such reports are available for example from Legal and General and Blackrock at a high level by accessing:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-uk-corporate-governance-and-responsible-investment-policy.pdf

https://www.blackrock.com/corporate/insights/investment-stewardship

Other managers that the Trustee may access have similar information published on the world wide web. The Trustee considers such information in making their decisions under the policy of assurance that they own.

12. The Trustee

At each trustee meeting the Trustee receives an investment presentation from the Investment Adviser on the strategy that they are pursuing and the pooled funds that they participate in. This has included some comment on ESG and where available the wider voting record of their investment manager.

The Trustee group includes experienced individuals with relevant qualifications and practical working experience of investment matters and governance. This method of operation facilitates an excellent understanding at Scheme level of the requirements when exercising 'good governance'.

13. Trustee Knowledge and Understanding

Winterbourne Trustee Services is a specialist professional Independent Trustee and is the sole trustee of the Scheme. As a firm of professional trustees, Winterbourne brings its long experience and specialist pensions knowledge to what is now a very complex and increasingly legislated area.

14. Processes around Managing Scheme Investments

Having set a strategic asset allocation this process has revolved mainly around managing the cash flow during the year. In this respect, where funds have been required for additional cashflow, retirements or member transfers, the Trustee has taken appropriate advice and sold investments to provide the necessary liquidity.

15. Holding Advisers and Managers to Account

The Scheme is managed by the Trustee and in turn take advice where required. Those that act as advisers to the Scheme have objectives to deliver a service and the Trustee group considers the success of this on an ongoing basis. The Investment Adviser has objectives in place that were reviewed in 2023.

No action has been necessary during this year in respect of shortcomings of advisers or service providers to the Scheme. The Trustee notes that the management of a Scheme such as this can be a challenging matter and that in particular budgets must be appropriate. These matters are regularly considered with assistance from the principal employer and the Trustee considers that overall the Scheme functions well, achieving good value from its service providers.

16. Manager Selection, Review and Monitoring

The Scheme has made no change in its holding of pooled funds during the year. This is intentional. Change can be relatively expensive due to implicit dealing costs in the underlying assets and although not fully transparent such costs are apparent in wholesale rearrangement of assets. The Trustee seeks to avoid such costs.

17. Transparency

The assets held by the Scheme are transparent and it is anticipated that in future years all transaction costs on the underlying assets of the pooled funds that the Scheme owns assets in will be available for general publication. For monetary instruments such as gilts and fixed interest holdings such costs are implicit in the purchase price of the underlying asset and so are unlikely to be available. The Trustee is aware that the investment industry is considering how to report on such matters and watch for more information in this area. Under the policy of assurance that the Trustee owns there is presently no right to require such information and the investment managers are not yet supplying such information.

18. Conclusion

The Scheme has managed its assets successfully throughout the period under review. This Implementation Statement should be read in conjunction with the SIP and is supported by ESG and voting information as supplied to the Investment Adviser for the Scheme by the managers of the pooled funds that the Scheme participates in.

19. **Further Information**

If further information is required on any of the matters covered in the Implementation Statement please contact the Trustee, Winterbourne Trustee Services or the Principal Employer.

September 2024

Appendix

<u>Note, these relate to the fund management group and not specifically to any holdings of the Trustees</u>

<u>LGIM Examples of significant votes</u>

Company name	Shell Plc	BP Plc	Glencore Plc
Summary of the resolution	Approve the Shell Energy Transition Progress	Re-elect Helge Lund as Director	Shareholder resolution “Resolution in Respect of the Next Climate Action Transition Plan”
How the manager voted	Against	Against	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company’s leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	A vote against is applied due to governance and board accountability concerns. Given the revision of the company’s oil production targets, shareholders expect to be given the opportunity to vote on the company’s amended climate transition strategy at the 2023 AGM. Additionally, LGIM note concerns around the governance processes leading to the decision to implement such amendments.	In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company’s planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, LGIM has co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore’s 2023 AGM, calling for disclosure on how the company’s thermal coal production plans and capital allocation decisions are aligned with the Paris objectives.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered “significant”	LGIM 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 of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	LGIM consider this vote to be significant given their long-standing engagement with the company on the issue of climate.	LGIM considers this vote to be significant as they co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the world’s largest companies on their strategic management of climate change.

Black Rock Investment Stewardship

Vote Bulletin: The Walt Disney Company

Company	The Walt Disney Company (NYSE: DIS)
Market and Sector	United States, Communication Services
Meeting Date	3 April 2024
Key Resolutions	**Items 1A-1Q:** Elect Management Nominee Directors **Items 5-10:** Shareholder proposals
Key Topics	Contested director elections, board quality, corporate strategy, succession planning
Board Recommendation	The board recommended shareholders vote FOR Items 1A-1L (Management Director Nominees), AGAINST Items 1M-1Q (Dissident Director Nominees), and AGAINST Items 6-10 (Shareholder proposals)
BlackRock Vote	BlackRock voted FOR Items 1A-1L (Management Director Nominees), AGAINST Items 1M-1Q (Dissident Director Nominees), and AGAINST Items 6-10 (Shareholder proposals

Overview

The Walt Disney Company (Disney) is a diversified global entertainment company with operations in three business segments: Entertainment, Sports and Experiences.

As part of our fiduciary duty to our clients, BlackRock Investment Stewardship (BIS) considers it one of our responsibilities to promote sound corporate governance as an informed, engaged shareholder on their behalf. In our experience, sound governance is critical to long-term financial value creation and the protection of investors' interests.

BIS takes a constructive, long-term approach to our engagement with companies and focuses on the management and oversight of the drivers of risk and financial value creation in a company's business model. Engagement may also help inform our voting decisions for those clients who have given us authority to vote on their behalf.

BIS has had extensive, multiyear engagements with Disney where we have discussed our concerns about the company's governance as well as the implementation of its long-term strategy, and how these align with financial performance. In particular, we have engaged on the issues of board composition and oversight, strategy, executive compensation, and succession planning, among others.

Disney's performance in recent years attracted three shareholder activist campaigns, each with suggestions for strategic change at the company. Two of the shareholders believed that their proposed changes would best be enabled by adding dissident director nominees to Disney's board at its April 2024 annual general meeting (AGM), and each proposed alternative candidates to the company's nominees. In January, the third shareholder entered into an information-sharing agreement with Disney and pledged its support for the company's nominees.

BIS looks at each activist situation individually and votes in support of the outcome we consider to be most aligned with our clients' long-term financial interests. When assessing director elections in contested situations, we will engage with the company, and we may also engage with the dissident shareholder to understand their position if we believe it would inform our voting decision. In these situations, we consider the following factors: the qualifications and past performance of the candidates proposed by management and the dissident shareholder; the concerns identified by the dissident to justify board changes; the viability of both the dissident's and management's plans to address any valid concerns; the ownership stake and holding period of the dissident; the likelihood that the dissident's strategy will contribute to better business and financial performance; and whether the dissident's nominees would, in our view, enhance the board's ability to effectively oversee and advise management to deliver long-term shareholder value. Where the board and management are responsive to shareholder concerns; have the requisite expertise to effectively address them; and indicate publicly the steps they will take to do so, we are inclined to support management, as in our experience, this results in a less disruptive transformation.

BLACKROCK

Rationale for BlackRock's vote

Items 1A-1L: Elect management director nominees (FOR)

Items 1M-1Q: Elect dissident director nominees (AGAINST)

BIS voted in support of management's recommended slate of directors. We recognize that many of the issues we have discussed with the company over the past few years will take time to address and translate into financial results. In our assessment, the Disney board and management have taken steps to restore investor confidence, have been responsive to shareholders and have demonstrated progress in implementing the company's revised strategy. As a result, we determined that the directors proposed by management are best placed to oversee the implementation of the revised strategy and make any necessary governance changes.

BIS engaged extensively with Disney's board and leadership ahead of the April 2024 AGM, including several joint engagements with BlackRock's active portfolio managers, where we discussed Disney's business transformation strategy; progress against managements' key priorities; financial performance; and succession planning. BIS also engaged with both dissident investors. Our active portfolio managers joined us for one of those meetings as we collectively wanted to understand how the dissidents' proposed strategy and board changes might add long-term economic value at Disney.

Ultimately, we supported Disney's nominees for three key reasons:

- Disney's board and management team have the most clearly articulated strategy and plan for completing the ongoing business transformation. We note that Disney's management has been addressing performance issues by making strategic, operational and organizational changes (announced last year), and providing periodic progress updates to investors. Also, Disney broke with its tradition of promoting from within and appointed an external candidate as CFO, thereby bringing in someone well known to investors and with a fresh perspective.

- Disney has demonstrated progress in implementing their plan, resulting in improved financial performance and a rebounding stock price. Results released on Feb 7, 2024 reported increased EPS, cost savings on pace with announced targets, shrinking Entertainment Direct to Consumer (OTC) operating losses and improved free cash flow generation.[3] Further, the market has reacted favorably to the company's latest quarterly earnings, with Disney stock up more than 7% from Feb. 7, 2023 (the day prior to the announcement of the new strategy) through the end of March 2024.
- Disney's board has taken steps to restore investor confidence, including improving engagement with shareholders and focusing on making its own composition more relevant to the needs of the company. Specifically, the board has brought in new directors with deep experience in media, finance, operations and succession planning - skills that are additive and helpful to oversee the company's future strategy. In addition, the board has established a more robust and transparent succession planning process and has continued to make adjustments to the executive compensation program that, in BIS' view, are aligned with shareholders' interests.

Ultimately, we determined that management has a long-term strategy, a plan for delivering on that strategy, and recent financial results indicate that the actions to date, and outlined for the future, have the potential to lead to improved long-term financial returns for our clients.

We therefore supported Disney's nominees.

Items 5-10: (AGAINST)

BIS did not support any of the six shareholder proposals on the agenda at Disney's April 2024 AGM. Based on our assessment, these shareholder proposals were largely redundant given the company's existing practices and disclosure.

When assessing shareholder proposals, BIS evaluates each on its merit, with a singular focus on its implications for long-term financial value creation by the company. We consider the business and economic relevance of the issue raised, as well as its financial materiality and the timeframe over which, in our experience, addressing it would likely advance shareholders' economic interests.

The agenda of Disney's April 2024 AGM included six shareholder proposals which spanned various issues, including two related to the contested director elections (Items 9 and 10). Item 5 requested that the board seek shareholder approval for pay packages with certain severance-related terms. Items 6 and 8 requested reports on political expenditures and charitable contributions, respectively, and Item 7 requested a publication on gender transitioning benefits.[4] BIS did not support any of the shareholder proposals because, based on our assessment, we saw little likelihood that these proposals would promote incremental long-term economic performance.

Specifically, regarding Item 5, we consider the company's annual say-on-pay vote and the election of directors who serve on the company's Compensation Committee the more appropriate channel to express concerns about compensation, including severance arrangements.

Regarding Items 6 and 8, based on our analysis of publicly available materials, the company already thoroughly discloses activities related to its corporate political spending, including lobbying expenses, as well as its charitable contributions. We do not consider the information sought by the shareholder proposals to be additive such that investors would have a better understanding of the company's approach to these issues.

Regarding Item 7, Disney already provides thorough reporting related to human capital management and, in BIS' view, it is not the role of investors to intervene in the benefits offerings companies make to their employees.