

Shaw Group Pension Scheme

Implementation Statement - Year ended 5 April 2025

This document reviews the extent to which the Trustees of the Shaw Group Pension Scheme (the "Scheme") have adhered to the policies and procedures set out in the Scheme's Statement of Investment Principles ("SIP") dated September 2024, which was in place at the Scheme year-end date, 5 April 2025. This document also discusses the voting and engagement activity of the funds held by the Defined Benefit ("DB") section and the Defined Contribution ("DC") section, over 6 April 2024 to 5 April 2025 (the "Scheme year").

Executive summary

Over the Scheme year, the Trustees:

- Have reviewed the policies set out in the SIP and feel these have been followed.
- Reviewed the most significant voting and engagement activity of the Legal & General Investment Management ("LGIM") and Baillie Gifford (BG) funds that invest in equities. The Trustees were satisfied that these managers have appropriately carried out their stewardship duties.

The stewardship activities for funds that do not hold equities have not been reviewed as part of this exercise, as the Trustees feel there is limited scope to influence the practices of these issuers.

Further details on each of these matters is presented in the pages that follow.

1. Reviews of the SIP over the reporting period

The SIP was updated in September 2024 to incorporate the redesigned DC section lifestyle strategy. There have been no significant changes in investment policy of the DB section.

2. Implementation of policies contained within the Scheme's SIP

a. DC section

This section sets out the various policies specific to the DC section within the Scheme's SIP (that was in place as at 5 April 2025 - i.e. the end of the reporting period) and the actions that the Trustees have undertaken in respect of them over the year to this date.

1. Investment governance	
<p>The Trustees set the structure and processes for carrying out their role.</p> <p>The Trustees select and monitor the appointed investment advisers. The investment adviser is expected to advise on all aspects of the Scheme's assets, including implementation, and on the SIP. Furthermore, the investment adviser provides the Trustees with training, when required.</p> <p>The Trustees' primary objective is to provide investments that are suitable for meeting members' long and short-term investment objectives. The Trustees review their investment objectives from time to time and amend them accordingly. The Trustees use these objectives to set and agree the structure for implementing the Scheme's investment strategy.</p> <p>The Trustees will consult with Shaw Healthcare (Group) Limited (the "Employer") as part of the process for deciding on their investment strategy. The Trustees have selected investment managers of pooled investment vehicles. The investment managers are responsible for the day-to-day management of the investments and select investments with regard to their suitability and diversification for the individual pooled vehicle. These consist, predominantly of investments that are admitted to trading on regulated markets. Any investment in assets which are not admitted to trading on such markets must in any event be kept to a prudent level.</p>	<p>The Trustees' investment policies and decision-making structure is set out in the Scheme's SIP and SIP Implementation policy.</p> <p>The Scheme's investment adviser is HPW. The Trustees have strategic objectives in place for the investment adviser to ensure the Trustees' requirements are clear and performance of the investment adviser is measurable.</p> <p>The Trustees reviewed the investment strategy this year and adapted the default fund choices to align more closely with experience of member options at retirement. A further DC investment review is currently in place. members.</p> <p>The Trustees invest in Legal & General Investment Management (LGIM) and Baillie Gifford (BG) funds via the Mobius Life Limited ("Mobius") platform. The Trustees are content with the services received from Mobius. Baillie Gifford has appointed BNY Mellon as their custodian and LGIM has appointed HSBC and Citibank. The custody of assets is held in the Mobius Life Limited name.</p> <p>The Trustees review fund performance annually and these were last reviewed on 31 March 2024. The Trustees were comfortable with the performance achieved apart from the BG Multi Asset Growth (MAG) Fund which has since been replaced in the default strategy by the LGIM Future World Annuity Aware Fund (within Mobius). The BG Multi Asset Growth Fund (merged to form the Defensive Growth Fund) is still available as a self-select option.</p>

<p>The Scheme accesses its investments through an implementation solution provider. The Trustees have formal agreements in respect of this relationship.</p> <p>The Scheme's assets are held in custody by a third party, which has been appointed by the respective investment manager/pooled vehicle provider.</p> <p>The Trustees monitor performance of the pooled investment vehicles using the quarterly investment reports provided by the investment managers.</p> <p>The costs of the funds used are reviewed annually. The Trustees prepare and maintain the SIP.</p>	<p>The Trustees have reviewed the portfolio and transaction costs incurred over the year. These are reported in the DC Chair's Statement. Whilst the Trustees do not have pre-defined targets for these, they appear reasonable. Furthermore, the default investment strategy was compliant with the charge cap on Member Borne Deductions of 0.75% p.a. The Trustees believe the costs and charges borne by the members represent good value - given the investment returns and the quality of the services provided.</p>
<p>2. Risk management</p>	
<p>The Trustees have identified the following investment risks:</p> <ul style="list-style-type: none"> • Investment returns not achieving expectations. • A fall in the real value of members' assets due to increased inflation. • Assets experiencing high levels of volatility at retirement. • Members investing too cautiously, which is not supportive of their benefit aspirations. • Members allocating too high of a proportion of their funds in inappropriate asset classes. • Reliance on a single investment, which could impact the Scheme's ability to meet its overall investment objectives. • Misappropriation, unauthorised use, or mis-delivery of members' funds and Scheme assets. • ESG factors adversely impact the value of the Scheme's assets if misunderstood or not given due consideration. <p>The Trustees manage these risks by:</p> <ul style="list-style-type: none"> • Regularly reviewing investment performance. • Educating members. • Reviewing manager policies. • Deliberate policy of diversification. <p>Reviewing ongoing appropriateness of the strategy.</p>	<p>The investment strategy and choices have been designed in a manner that seeks to manage these risks. Specifically, the default investment strategy utilises a "lifestyle" that aims to provide members with capital growth in the earlier years, and greater capital protection as their retirement date approaches. The funds that are used in the default and self-select investment strategy invest in a diverse range of assets/issuers.</p> <p>The Trustees review performance annually. The Trustees have considered the wider market environment and do not have any concerns around the performance of the investment managers/funds used by the Scheme.</p> <p>The Trustees annually review members' choices at retirement to ensure the default investment strategy remains appropriate. The default investment strategy was previously designed to target Uncrystallised Funds Pension Lump Sum at retirement. The Trustees have redesigned the default strategy and replaced the BG Multi Asset Growth Fund with the LGIM Future World Annuity Aware Fund (within Mobius). The revised default strategy targets annuity purchase and a cash lump sum at retirement which aligns more closely with experience of member options at retirement.</p>

b. DB section

This section sets out the various policies specific to the DB section within the Scheme's SIP (that was in place as at 5 April 2025 - i.e. the end of the reporting period) and the actions that the Trustees have undertaken in respect of them over the year to this date.

1. Investment governance	
<p>The Trustees set the structure and processes for carrying out their role.</p> <p>The Trustees select and monitor the appointed investment advisers. The investment adviser is expected to advise on all aspects of the Scheme's assets, including implementation, and on the SIP. Furthermore, the investment adviser provides the Trustees with training, when required.</p> <p>The Trustees' primary objective is to invest in a manner which helps ensure that the benefits promised to members are provided. Over the long term, this requires that a rate of return is achieved which supports the long term funding plan which has been discussed with the Sponsoring Employer. In the short term, it means managing the volatility of assets relative to the value of liabilities, which has bond-like characteristics.</p> <p>The Trustees will consult with the Employer as part of the process for deciding on their investment strategy.</p> <p>The Trustees have selected investment managers of pooled investment vehicles. The investment managers are responsible for the day-to-day management of the investments and select investments with regard to their suitability and diversification for the individual pooled vehicle. These consist, predominantly of investments that are admitted to trading on regulated markets. Any investment in assets which are not admitted to trading on such markets must in any event be kept to a prudent level.</p> <p>The Scheme accesses its investments through an implementation solution provider. The Trustees have formal agreements in respect of this relationship.</p>	<p>The Trustees' investment policies and decision-making structure is set out in the Scheme's SIP.</p> <p>The Scheme's investment adviser is HPW. The Trustees have strategic objectives in place for the investment adviser to ensure the Trustees' requirements are clear and performance of the investment adviser is measurable.</p> <p>The Trustees last reviewed the investment strategy in March 2024. The Trustees policy is to endeavour to attain a Scheme Specific Funding (SSF) level of 100% or more of the Technical Provisions (as set out in the Statement of Funding Principles) by the end of a reasonably prudent recovery period. The Trustees believe that its current investment strategy remains consistent with the SSF regime. The Trustees review the investment strategy for the DB section alongside triennial actuarial valuations of the Scheme (next due April 2025), in line with the Pensions Regulator's Integrated Risk Management approach; but more frequent reviews can occur in light of a material change of circumstances, or if required by the Pensions Regulator.</p> <p>The Trustees invest in Legal & General Investment Management and Baillie Gifford funds via the Mobius Life Limited ("Mobius") platform. The Trustees are content with the services received.</p>

<p>The Scheme's assets are held in custody by a third party, which has been appointed by the respective investment manager/pooled vehicle provider.</p> <p>As all of the funds are held via Mobius Life, custody of the assets is held under the Mobius Life name.</p> <p>The Trustees monitor performance of the pooled investment vehicles using the quarterly investment reports provided by the investment managers.</p> <p>The costs of the funds used are reviewed annually. The Trustees prepare and maintain the SIP.</p>	
<p>2. Risk management</p>	
<p>The Trustees have identified the following investment risks:</p> <ul style="list-style-type: none"> • the risk of a deterioration in the Scheme's funding level; • the risk that investment returns in general will not achieve expectations; • the risk that an investment manager will not achieve the expected rate of return; • the risk that the value of technical provisions will increase due to unknown factors such as increased inflation and/or life expectancy; • the risk of mismatch between the value of Scheme assets and technical provisions; • the risk of a shortfall in the liquid assets held by the Scheme relative to its immediate cash flow requirements; • the risk that the performance of any single investment within the Scheme assets may disproportionately affect the ability of the Scheme to meet its overall investment objectives; • the risk of misappropriation, unauthorised use or mis-delivery of Scheme assets; • the imprecision of the ways in which risks are to be measured and managed; • the risk of a deterioration of the Sponsoring Employer's covenant; and • the risk that ESG factors, including climate change, adversely impact the value of the Scheme's assets if this is not given due consideration and/or misunderstood. 	<p>The Trustees recognise these different types of risk and seek to minimise them as far as possible by the use of regular monitoring of investment performance, by a deliberate policy of diversification, by taking account of future payments and by regularly reviewing the appropriateness of the prevailing strategy against the Scheme objectives.</p> <p>Given the complex and correlated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review. Some of these risks may also be modelled explicitly during the course of such reviews.</p>

c. Both DC and DB sections

This section sets out the policies applicable to both the DC and DB sections within the Scheme's SIP (that was in place as at 5 April 2025 - i.e. the end of the reporting period) and the actions that the Trustees have undertaken in respect of them over the year to this date.

1. Financially material considerations	
<p>The Trustees acknowledge the potential impact upon the Scheme's investments and members arising from financially material matters. The Trustees define these as including but not limited to ESG matters (including but not limited to climate change).</p> <p>With specific regard to ESG factors, the Trustees consider how these are integrated into the investment processes when (i) appointing new investment managers; and (ii) monitoring the existing investment managers. The Trustees also periodically consider publicly available ESG related publications pertaining to the incumbent investment managers.</p> <p>The Trustees acknowledge that as most of the Scheme's investments are implemented on a passive basis, this restricts the ability of the investment manager to take active decisions on whether to hold securities based on their consideration of ESG factors. The Trustees do however expect the incumbent managers, where relevant, to utilise their position to engage with companies on these matters.</p> <p>The Trustees also consider ESG factors when determining future investment strategy decisions. To date, the Trustees have not established any restrictions on the appointed investment managers but may consider this in future.</p>	<p>The Trustees have reviewed the investment managers' publicly available ESG reporting during the period and have not raised any concerns with the manager.</p>

2. Stewardship	
<p>The Trustees consider how stewardship factors are integrated into the investment processes when:</p> <ul style="list-style-type: none"> (i) appointing new investment managers; and (ii) reviewing the existing investment manager. The Trustees have provided the appointed investment manager with full discretion concerning the stewardship of their investments. 	<p>The Trustees have reviewed the stewardship reports prepared by the investment manager. The Trustees did not have any immediate concerns around the votes cast.</p> <p>The Trustees acknowledge that the voting practices of their investment managers will not necessarily reflect their views or those of the members and that they will have little or no influence on their investment managers' voting practices. However, they will make their views known to their investment managers if they feel it is appropriate to do so, and in the event of frequent disagreement will review the suitability of retaining the investment manager in question. Further details of the investment manager's voting policies and histories are set out in the next section.</p>
3. Non-financial matters	
<p>The Trustees consider non-financial factors (where members have been forthcoming with their views), however the Trustees do not employ a formal policy in relation to this when selecting, retaining and realising investments.</p>	<p>No members have been forthcoming with their views during the period.</p>

3. Investment Manager's voting policies and histories

a. Trustees' voting and stewardship policies

The Trustees have acknowledged the constraints that they face in terms of influencing change due to the size and nature of the Schemes investments. They do, however, acknowledge the need to be responsible stewards and exercise the rights associated with their investments in a responsible manner.

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 have provided the appointed investment managers with full discretion concerning the stewardship of their investments.

As part of this exercise, the Trustees have reviewed the voting activity of the investments managers/funds where there is ability to influence positive practices (namely those that invest in equities). For the DC section the Baillie Gifford Defensive Growth Fund (previously Multi Asset), LGIM Ethical Global Equity Index Fund, LGIM World Equity Index Fund and LGIM UK Equity Index Fund have been reviewed and for the DB section the LGIM Global Equity Fixed Weights (70:30) Index Fund has been reviewed. Details on the voting policies and activities of these investment managers is set out below.

b. Investment manager voting policies and process

Baillie Gifford

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. Baillie Gifford do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then they will engage with them on this. If a vote is particularly contentious Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Baillie Gifford believe that voting should be investment led, because how they vote is an important part of the long-term investment process. The ability to vote on their clients' shares also strengthens their position when engaging with investee companies.

Baillie Gifford do not outsource any part of the responsibility for voting to third party suppliers. Baillie Gifford utilise research from proxy advisers for information only. Baillie Gifford analyse all meetings in-house in line with their Governance & Sustainability Principles and Guidelines and endeavour to vote every one of their clients' holdings in all markets. Whilst they are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource any of their stewardship activities or rely upon their recommendations when deciding how to vote on their clients shares. All client voting decisions are made in-house. Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies. They also have specialist proxy advisors in the Chinese and Indian markets to provide more nuanced market specific information.

LGIM

LGIM's Investment Stewardship team make all voting decisions, in accordance with LGIM'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. This is intended to ensure LGIM's 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.

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 of their clients. LGIM's voting policies are reviewed annually and take into account feedback from clients.

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 strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research report of Institutional Voting Information Services (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 LGIM's position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice.

LGIM 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 LGIM to apply a qualitative overlay to their voting judgement.

LGIM 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.

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 LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

c. Voting statistics

The table below sets out the key statistics on the investment managers' voting eligibility and action over the Scheme year. This only covers the funds that invest in equities.

Statistic	Baillie Gifford Defensive Growth Fund	LGIM FTSE4 Good Developed Equity Index Fund	LGIM World Equity Index Fund	LGIM UK Equity Index Fund	LGIM Fixed Weights Global Equity 70:30 Index Fund
Number of votes proposed across underlying companies in the fund	547	16,792	35,761	10,188	71,496
Votes with management	493	13,734	22,824	9,571	57,791
Votes against management	19	2,929	7,340	612	12,620
Votes abstained from	7	57	103	3	971

d. Significant votes

Details are set out below of the some of the most significant votes cast (as defined by the managers) in relation to the specified Baillie Gifford and LGIM funds, over the year to 31 March 2024.

Fund manager	Baillie Gifford (Defensive Growth Fund)	LGIM (World Equity Index Fund)	LGIM (Fixed Weights Global Equity 70:30 Index Fund)
Company	Fortis Inc	Microsoft Corporation	Shell plc
Meeting date	2/05/2024	10/12/2024	21/05/2024
Instruction	Against	For	Against
Voting reason	<p>Opposed the executive compensation as believed performance conditions not sufficiently stretching.</p> <p>This resolution is significant because it was opposed to remuneration.</p>	<p>Shareholder Resolution – Governance. A vote for this resolution was warranted due to the company facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices.</p> <p>This resolution is considered significant due to the relatively high level of support received.</p>	<p>LGIM approve of the Shell Energy Transition Strategy and acknowledge the progress the company has made in climate disclosure. It positively views the commitment to reduce emissions from oil productions. LGIM would like better plans to demonstrate commitment to net-zero emissions by 2050.</p> <p>LGIM deems such votes to be significant particularly when LGIM votes against the transition plan.</p>

e. Conclusions

The Trustees have reviewed the most significant votes cast by each investment manager over the reporting period and are generally satisfied.