Dawn Somerset Retirement and Death Benefit 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 April 2025 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, subsequent changes made and 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 1 April 2025 to 31 March 2026.

Investment objectives of the Scheme

The Trustees' objectives for setting the investment strategy of the Scheme have been set broadly with regard to the Scheme's Statutory Funding Objective set out in the Statement of Funding Principles.

The Trustees' primary objectives are set out on page 2 of the SIP and are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Scheme's liabilities as they fall due.
- To invest in assets of appropriate liquidity and diversity, which will generate income and capital growth to meet, together with contributions from the sponsoring employer, the benefits which the Scheme provides.
- 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 Scheme have a reasonable chance of being achieved in practice.
- Where future opportunities arise to improve protection against the interest rate risk and inflation risk associated with the valuation of the Scheme's Technical Provisions without adversely affecting their funding plan, the Trustees will consider steps to further reduce the volatility of the Scheme's funding position relative to its liabilities calculated under the SFO.
- Over the longer term to bring the Scheme into a position where it has a strong funding position and relatively a low-risk investment strategy.

The Trustees appreciate that these objectives are not necessarily mutually exclusive.

The Trustees also recognise that it is currently necessary to accept some risk in the investment strategy to achieve the long-term funding objective.

Review of the SIP

The SIP was last reviewed in April 2025. The Trustees updated the SIP to take account of an update to the Target Hedging Levels and subsequent changes made to the Scheme's investment strategy over the prior Scheme year.

Prior to this, the SIP had last been updated in September 2022 to take account of previous changes made to the Scheme's investment strategy.

The Trustees have a policy on financially material considerations relating to Environmental, Social, and Governance (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' latest SIP.

The Trustees' policies on financially and non-financially material considerations, as well as engagement and voting activities, were not updated over the year.

Investment Managers and funds in use

The Scheme's assets are managed by Columbia Threadneedle and Legal & General – Asset Management ("L&G"). The Investment Manager rebranded to L&G towards the end of the prior Scheme year and is referred to as LGIM in the current SIP in force. This will be updated in the SIP next time it is revised.

The Trustees' investment strategy during the year was as shown in the below table, which is reflected in the Trustees' SIP:

Asset Class	Fund	Target Asset Allocation
Multi-asset funds	L&G Dynamic Diversified Fund	27.5%
	Threadneedle Dynamic Real Return Fund	27.5%
Long-dated gilts	L&G 2065 Gilt Fund	45.0%
	L&G 2068 Gilt Fund	
	L&G 2071 Gilt Fund	
	L&G 2062 Index-Linked Gilt Fund	
	L&G 2068 Index-Linked Gilt Fund	
	L&G 2073 Index-Linked Gilt Fund	
Total		**100%**

There have been no changes to either the Investment Managers used or the Target Asset Allocation for the Scheme's invested assets over the year.

Investment governance

The Trustee board is responsible for making investment decisions, and seeks advice as appropriate from Broadstone Corporate Benefits Limited ("Broadstone"), as the Trustees' investment consultant.

The Trustees do not actively obtain the views of the membership of the Scheme to help form their policies set out in the SIP as the Scheme is comprised of a diverse membership, which the Trustees expect to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustees in November 2025. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance and service standards.

There were no changes to the investment management agreements with L&G or Threadneedle during the year.

Monitoring of investment arrangements

In addition to any reviews of Investment Managers or approaches, and direct engagement with the Investment Managers (as detailed below), the Trustees receive performance reports on a quarterly basis from the Investment Managers to ensure the investment objectives set out in its SIP is being met.

Trustees' 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
Selection of Investments	The Trustees may select investments from a wide range of asset classes from time to time, including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property and alternative asset classes, such as hedge funds, private equity and infrastructure. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level. The Trustees may invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments. The Trustees may hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it. The Trustees may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.	No deviation from this policy over the year to 31 March 2026.
Balance of Investments	The Trustees will set a Target Asset Allocation from time to time, determined with the intention of meeting their investment objectives. The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the employer covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment.	No deviation from this policy over the year to 31 March 2026. The Trustees' target investment strategy allocations as at the year end are reflected in the SIP.
Delegation to Investment Managers	The Trustees will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments.	No deviation from this policy over the year to 31 March 2026.
Realising Investments	The Trustees make disinvestments from the Investment Managers with the assistance of their administrators, Broadstone, as necessary, to meet the Scheme's cashflow requirements.	No deviation from this policy over the year to 31 March 2026.
Maintaining the Target Asset Allocation	The Trustees have responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation, and the hedging levels relative to the Target Hedging Ratios. The Trustees monitor the asset allocation and hedging ratios on a periodic basis with the assistance of their investment adviser, and will consider switching assets as appropriate.	No deviation from this policy over the year to 31 March 2026.

Performance Benchmarks and Objectives	The multi-asset funds used by the Trustees are actively managed, with specific risk and return objectives. The single-stock government bond funds invest in gilts and index-linked gilts issued by the UK Government. The funds are expected to provide a gross of fees return in line with the total return on these specific securities.	The performance benchmarks and objectives were reviewed on a periodic basis over the year to 31 March 2026. There were no changes to the funds' performance benchmarks and objectives over the year.
Investment Management Charges	The annual investment management charges of the funds used during the Scheme year are as follows: • Threadneedle Dynamic Real Return Fund: 0.400% p.a. • L&G Dynamic Diversified Fund: 0.400% p.a. • L&G Single Stock Gilt Funds: 0.075% p.a. • L&G Single Stock Index-Linked Gilt Funds: 0.075% p.a. In addition, L&G charge a flat administration fee of £1,000 per annum.	From 1 October 2025, L&G applied fee reductions to the funds used by the Scheme. These revised fees deviate from the charges set out in the SIP. The SIP will reflect these fee reductions when the Trustees next update it.
Financially and Non-Financially Material Considerations	The Trustees' policy on financially material considerations is set out on page 8 of the SIP and in full below. The Trustees' policy on non-financially material considerations is set out on page 9 of the SIP and in full below.	No deviation from this policy over the year to 31 March 2026 (see below).
Engagement and Voting Rights	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, are in the members' best interests. The Trustees will 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 Investment Managers.	No deviation from this policy over the year to 31 March 2026 (see below).
Additional Voluntary Contributions (AVCs)	The Scheme holds AVCs separately from the invested assets, using a policy provided by the Prudential Assurance Company.	No deviation from this policy over the year to 31 March 2026.

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 responsibility for day-to-day decisions on the selection of investments to the Investment Managers. The Trustees have an expectation that the Investment Managers 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.

The Trustees' views on how ESG issues are taken account of in each asset class used is set out below:

Asset Class	Active/Passive	Trustees' views
Multi-asset funds	Active	The Trustees expect the Investment Managers to take financially material ESG factors into account, given the active management style of the funds and the ability of each manager to use its discretion to generate higher risk adjusted returns. The Trustees also expect their Investment Managers to engage with the underlying investee companies, where possible, although they appreciate that fixed income assets within the portfolios do not typically attract voting rights.
Long-dated gilts	Passive	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.

The Trustees do not currently impose any specific restrictions on the Investment Managers with regard to ESG issues, but will review this position from time to time. The Trustees receive information on request from the Investment Managers on their 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 Managers, 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

During the year, the Trustees invested in pooled investment funds with the Investment Managers, and they acknowledge that this limits their ability to directly influence the Investment Managers. In particular, all voting activities have been delegated to the Investment Managers, as the Trustees are unable to vote on the underlying holdings, given the pooled nature of the Scheme's investments.

However, the Trustees periodically meet with their Investment Managers, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustees. As part of this, the Trustees will seek to challenge their Investment Managers on these matters where they think this is in the best interests of members.

Out of the funds held by the Trustees over the year, the L&G Dynamic Diversified Fund and the Threadneedle Dynamic Real Return Fund contain publicly listed equity holdings. These funds have voting rights attaching these underlying equities held within the funds, and the Trustees have delegated these voting rights to L&G and Threadneedle, where each manager sets its own voting policy.

A summary of the votes made by the managers on behalf of the Trustees for each fund used by the Scheme during the year that includes voting rights is provided below at total fund level for the period 1 April 2025 to 31 March 2026.

Manager	Fund	Resolutions voted on	Total Resolutions Voted:		
			For	Against	Abstained
L&G	Dynamic Diversified Fund	107,257	75%	24%	1%
Threadneedle	Dynamic Real Return Fund	3,052	94%	6%	-

Source: L&G and Threadneedle.

At the year end, all of the Scheme's assets were invested in pooled funds. Information regarding proxy voting, for each manager the Scheme invested with during the year in a fund that has voting rights, is shown below:

- L&G do not use a proxy voting service to determine their voting policy, which is formed in-house. L&G do, however, use Institutional Shareholders' Service's (ISS's) Proxy Exchange voting platform to vote on resolutions electronically.
- Columbia Threadneedle's Portfolio Management team use ISS's 'ProxyExchange' electronic voting platform to electronically vote on clients' shares. Voting decisions are based on the voting rules set out by the Responsible Investment team, where the Corporate Governance team assess votes deemed complex by the manager, while they delegate routine voting activity to the proxy service.

Significant votes

The Trustees have also requested details of the significant votes made on behalf of the Trustees by L&G and Threadneedle for each fund in which the Scheme invests in and which has voting rights. In determining significant votes, investment managers take into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile votes which have 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 the manager's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction votes as a result of a direct or collaborative engagement;
- Vote linked to an any manager engagement campaign, for example in line with L&G Investment Stewardship's 5-year ESG priority engagement themes.

The Trustees believe the following are the most significant votes undertaken on their behalf over the scheme year:

SIGNIFICANT VOTE 1	
Investment Manager	L&G
Company	NextEra Energy Inc.
Date of vote	22 May 2025
Percentage of portfolio invested in Company at date of vote	L&G Dynamic Diversified Fund: 0.2%
Resolution	Elect Director John W. Ketchum
Why significant	L&G considers this vote to be significant as it is in application of an escalation of L&G's vote policy on the topic of the combination of the board chair and CEO.
Voting decision	Voted Against
Manager comments	*"A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.* *A vote against is also applied because L&G have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.* *L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress."*
Vote outcome	Resolution Passed

SIGNIFICANT VOTE 2	
Investment Manager	Columbia Threadneedle Investments
Company	Tencent Holdings Limited
Date of vote	14 May 2025
Percentage of portfolio invested in Company at date of vote	CT Dynamic Real return Fund: 0.5%
Resolution	Elect Li Dong Sheng as Director
Why significant	Columbia Threadneedle Investments (CTI) classifies certain proxy votes as significant based on defined criteria that reflect governance expectations, stewardship priorities, and the level of shareholder dissent. This policy establishes a structured framework to ensure consistent identification, monitoring, and reporting of significant votes.
Voting decision	Voted Against
Manager comments	*"We do not consider this director as independent due to their long tenure, and their presence on the remuneration and nomination committee could hamper the committee's impartiality and effectiveness."*
Vote outcome	Resolution Pass

Engagement activities

The Trustees have also delegated engagement activities to the Investment Managers. A notable engagement activity of each manager is provided below:

- **L&G** engaged with Microsoft to encourage greater transparency, stronger governance, and more robust risk management practices related to Artificial Intelligence (AI) and human rights. L&G believe Microsoft holds significant influence over how AI is integrated into the global economy through its software products and cloud services. L&G hold the view that companies like Microsoft should be transparent in their use of AI and their risk management processes. They also consider that, given the scale of the company's global cloud and digital operations, the human rights risks across its operations and value chain are significant.

  In late 2025, L&G met with the company ahead of their Annual General Meeting (AGM) to discuss shareholder resolutions that had been filed in relation to AI, data governance, and human rights. The meeting aimed to understand the company's approach to these issues and the measures it has put in place to manage the associated risks.

  Following their engagement, L&G believe that Microsoft has improved its transparency on responsible AI governance and human rights over the past few years. The manager understands that although the company's disclosures on AI governance are generally better than its international peers, the company could further improve its data governance disclosures, especially in relation to government requests for content removal and user data. Microsoft has amended its internal risk classification process for projects, including clarifying which types of projects require additional human rights due diligence.

  L&G view these changes positively and will continue to monitor progress in AI governance and related processes, and intend to hold future engagements with the company on these topics.

- **Columbia Threadneedle** engaged with Amazon.com Inc. with a focus on evaluating workforce wellbeing in high-demand fulfilment centres, noting that concerns are often raised from the public regarding the company's warehouse working conditions, risk of repetitive strain injuries, and social implications of automation.

  Columbia Threadneedle visited Amazon's Dartford fulfilment centre, which processes around six million packages each week and employs around 2,500 staff. The manager learned that all staff were employed under contracts with guaranteed hours, corporate-equivalent benefits, flexible shift options, and stretch breaks. Furthermore, that cross-training mitigated repetitive strain injuries, and health and safety incidents were sufficiently logged. Employee voice mechanisms included HR kiosks, an app, and peer feedback boards. Whilst recognition systems support promotion pathways, however, they are not financially incentivised. The manager also noted accessibility features for staff, and targeted areas to gather staff feedback. Robotics integration has reduced incidence of manual strain issues, though repetitive strain injuries still occur.

  Following their engagement, Columbia Threadneedle concluded that Amazon demonstrates strong operational transparency and offers sufficient and proactive workforce practices, including health and safety protocols, cross-training, and employee voice mechanisms. They also note that current robotics adoption appears to enhance job design rather than displace labour.

  Columbia Threadneedle intend to continue engaging with the company to track workforce transition programs as automation scales, and validate community impact outcomes in high-growth regions.

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

Signed: J. L. Sharrocks **Date:** 14th July 2026

On behalf of the Trustees of the Dawn Somerset Retirement and Death Benefit Scheme