

Holophane Retirement Benefits Scheme (“the Scheme”)

Annual Engagement Policy Implementation Statement

1. Introduction

This statement sets out how, and the extent to which, the Scheme’s Engagement Policy has been followed during the year running from 1 January 2025 to 31 December 2025 (the “**Scheme Year**”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

This statement:

- sets out how, and the extent to which, in the Trustees’ opinion, the Scheme’s Engagement Policy has been followed during the year to 31 December 2025;

This statement is based on and should be read in conjunction with the Statement of Investment Principles (“SIP”) dated January 2025.

A copy of the latest SIP is available at:

<https://www.holophane.co.uk/ProductData/PDFs/Holophane-Retirement-Benefits-Scheme-DB-SIP-January-2025.pdf>

2. Investment Objectives of the Scheme

The Trustees wish to ensure that they can meet their obligations to the beneficiaries both in the short and long term. With this in mind the Trustees primary objective is to identify and implement an investment strategy that maximises the probability of meeting the obligations to the beneficiaries of the Scheme.

The Trustees have also received confirmation from the Scheme Actuary during the process of revising the investment strategy that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

The investment objective for the Scheme has evolved following a significant improvement in the level of funding over 2023 combined with a significant contribution paid to the Scheme by the Sponsoring Employer. As such, the Trustees have determined that there is no longer a requirement to take material investment risk relative to the liabilities.

Over 2024 the Trustees implemented de-risking activity with the aim to secure the accrued member benefits with an insurer (i.e. through a ‘buy-in’ contract). In December 2024, the Trustees secured this objective by investing the Scheme’s assets with Pension Insurance Corporation (“PIC”), an insurer. The buy-

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in policy covers accrued DB benefits for all members. Under this policy, PIC are responsible for meeting the pensions payable to the Scheme's deferred and current pensioner members.

3. Policy on ESG, Stewardship and Climate Change

The Scheme's SIP includes the Trustees' policy on Environmental, Social and Governance ("ESG") factors (including stewardship and climate change). This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. This was last reviewed in January 2025 where wording was adjusted to reflect the Scheme's updated investment arrangements relating to the buy-in policy with PIC. The Trustees keep the policies under regular review with the SIP reviewed every year and/or immediately after any significant change in investment policy, or if required, following a formal strategy review. Over the Scheme Year given the buy-in policy in place, the responsibility for management of all financial factors including ESG factors has been delegated to the insurer. The Trustees reviewed the insurers' ESG capabilities as part of the insurer selection exercise from their risk transfer advisor prior to entering the buy-in contract.

The following two sections summarise the work undertaken during the Scheme Year relating to the Trustees' policy on ESG factors, stewardship and climate change, and sets out how the Trustees' engagement and voting policies were followed and implemented during the Scheme Year.

4. Assessment of how the engagement policy in the SIP has been followed for Scheme Year

Given the buy-in policy in place over the Scheme Year, the responsibility for day-to-day management of all financial factors including ESG factors has been delegated to PIC. As noted above, the Trustees reviewed their ESG capabilities as part of the insurer selection exercise prior to entering the buy-in contract.

5. Voting & Engagement Activity over the Scheme Year

Given the nature of the Scheme's investments the Trustees hold no assets with voting rights attached. Given this there are no associated 'significant votes' or voting/engagement activity to report over the Scheme Year.

6. The insurance company's approach to ESG and sustainability

The Trustees' have received information about the approach of PIC as the buy-in provider to ESG issues and examples of integration within their operations:

Key policy highlights in this area include that:

- PIC has committed to net zero by 2050 for all its emissions. It has also set interim targets to be carbon neutral by 2025, and for their entire portfolio emissions to decrease by 50% by 2030 from 2019 levels (where data is available).
- PIC embeds the risk of climate change within its overall strategy and is committed to playing its part in the transition to a low carbon economy.
- PIC are signatories to the UK Stewardship Code.

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- PIC reports in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).
- PIC are a signatory of the Sustainability Principles Charter for the Bulk Annuity Process.

Highlights in terms of evidence of implementation, with respect to PIC, include that:

- PIC reached its target to be carbon neutral by 2025 for its own scope 1 and 2 operational emissions and to decrease their public credit investment portfolio emissions by 25% by 2025.
- In 2024, PIC engaged with reinsurers that they are considering doing business with / are doing business with, around sustainability considerations in their investment decisions / longevity modelling.
- In 2024, PIC reported that 25% of their assets (c.£12.7bn) were sustainable assets. With PIC describing sustainable assets as assets whose business model meaningfully relates to solving one or more of the UN Sustainable Development Goals benefiting people the environment.

The Trustees are comfortable that the approach taken by PIC is consistent with their beliefs and policies as set out in the SIP.