

Implementation Statement (for year ending 31 December 2024)

Knowles Europe Pension Plan

Introduction

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustees of the Knowles Europe Pension Plan (the “Plan”) covering the Plan year to 31 December 2024.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustees, the Plan’s Statement of Investment Principles (“SIP”) required under section 35 of the Pensions Act 1995 (including any engagement policy contained within it) has been followed during the year;
- detail any reviews of the SIP the Trustees have undertaken, and any changes made to the SIP over the year as a result of the review;
- describe the voting behaviour by, or on behalf of, the Trustees over the year.

A copy of this implementation statement will be made available on the following website: <https://www.zedra.com/statement-of-investment-principles/> and included in the Trustees’ annual report and Plan accounts for the year to 31 December 2024.

Adherence to the SIP

In the Trustees’ opinion, at all times during the year to 31 December 2024, the SIP in force at the relevant time during that period (including any engagement policy contained within it) has been followed.

Trustees’ voting and engagement policy

In line with the SIP, the Trustees have delegated all day-to-day investment decisions to State Street Global Advisors Limited (“State Street”). The Plan’s assets (other than those in respect of AVCs) are entirely passively managed and invested in State Street pooled arrangements.

Due to the primarily passive nature of the Plan’s investments, the Trustees recognise that no material decisions are taken by the investment manager on the holdings to be included in the portfolio. However, the Trustees expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties. Indeed, State Street took the decision to exclude certain securities related to Tobacco and Thermal Coal from the benchmarks of some of its pooled funds from 18 December 2023 onwards. This is in addition to its decision in 2020 to exclude UN Global Compact violators and controversial weapons companies from the benchmarks of some of its pooled funds. The Trustees will monitor the activities of its manager in this regard from time to time but appreciate that its applicability may be limited for certain asset classes such as bonds.

The Trustees receive an annual review from the investment consultant, which covers matters including the investment manager’s investment performance and whether there have been any changes to the investment manager’s research ratings. This is discussed at a Trustees’ meeting. The Trustees are satisfied that the manager is engaging with investee companies in a manner aligned with the Plan’s long-term investment objectives.

The Trustees’ policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. In this regard, the Plan’s investment manager has recently introduced a Sustainability Stewardship Service (SSS) and the Plan’s equity funds have been opted into the SSS and the corresponding Voting and Engagement Policy.

Non-financial matters policy

Non-financial matters, such as the views of beneficiaries and members of the Plan, have not been (and are not ordinarily) taken into account in determining the Trustees' investment principles or the current investment strategy.

Specific requirements

The last full review of investment policy took place in December 2023 and the agreed changes to the Plan's investment strategy were implemented in February 2024. The Plan's AVCs were reviewed earlier in 2024 but the Trustees agreed to make no changes to the AVC arrangements.

On an annual basis the Trustees conduct a high-level review of the Plan's investments which specifically considers the extent to which the Trustees have met their requirements under the SIP in force at all times during the previous calendar year. The last such review took place in [May 2025] which covered the SIPs in force during 2024.

The table below sets out the Trustees' requirements under the SIPs in force during 2024 (with a paragraph reference to the SIP in force as at 31 December 2024). The Trustees were compliant under all the requirements listed below.

| Requirement | Paragraph |
|---|------------------|
| Review at least every three years, or sooner following an unscheduled actuarial valuation, or without delay following any significant change in investment policy, the content of the SIP and for modifying it if deemed appropriate | 1.4 / 2.2 |
| Review the investment policy following completion of each actuarial review | 2.2 |
| Assess the quality of the performance and processes of the investment manager by means of regular, but not less than annual, reviews of the investment results and other information | 2.2 / 5.4 |
| Monitoring compliance with the SIP on an ongoing basis | 2.2 |
| Monitor, from time to time: <ul style="list-style-type: none"> ▪ The extent to which the investment managers consider financially material environmental, social and governance issues in investment decision making ▪ The extent to which the investment managers practice good stewardship, including engagement with firms and exercise of voting rights | 3.8 / 3.9 |
| Obtain ongoing and regular advice on whether the investments are satisfactory as required by the Pensions Act | 5.1 |

Review of, and changes to the SIP

The SIP was reviewed in April 2024. It was updated to reflect the agreed changes to the Plan's target asset allocation following the investment strategy review carried out in December 2023 and implemented in February 2024 (in which 10% of the Plan's assets were switched from index-linked gilts to fixed interest gilts) and note the review of the Plan's AVCs

Further high-level reviews of the SIP were undertaken in June 2024 and May 2025 as part of the annual review of the Plan's investments carried out in 2024 and 2025 respectively. No changes were made as a result of these reviews.

Summary of voting over the year to 31 December 2024

The Plan's equity investments are managed by State Street via a number of pooled funds on an index-tracking basis. Given the indexed nature of the mandates, State Street are limited by the equities they must hold in the portfolio.

A summary of the voting on behalf of the Plan over the year to 31 December 2024 is provided in the table below:

| Fund | Number of voteable proposals | % of votes exercised | % of votes with management | % of votes against management |
|---|-------------------------------------|-----------------------------|-----------------------------------|--------------------------------------|
| UK Screened Index Equity Sub-Fund (HKEG) | 11,783 | 96.5% | 82.0% | 18.0% |
| International Screened Index Equity Sub-Fund (HKJU) | 35,179 | 97.4% | 84.1% | 15.7% |
| International (Developed 100% Hedged) Screened Index Equity Sub-Fund (RNCZ) | 35,179 | 97.4% | 84.1% | 15.7% |

Voting information on the Plan's bond funds is not provided since the vast majority of loan and debt securities do not come with voting rights.

**The Trustees of the Knowles Europe Pension Plan
10 June 2025**