

Ideal Stelrad Group Pension Plan

Statement of Investment Principles - Implementation Report for year ending 31 March 2025

The Trustees of the Ideal Stelrad Group Pension Plan (the Plan) present their annual Statement of Investment Principles (SIP) implementation report for the DC section of the Plan, setting out how the Trustees have followed the policies outlined in current SIP dated September 2024. This report meets the requirements set out in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations. The Report covers the annual period up to 31 March 2025.

The Statement of Investment Principles

The Trustees amended the SIP in September 2024 to reflect the Trustees' policy on investing in illiquid assets in line with DWP regulations. There has been no change to the Plan's investment policy during the reporting period.

Monitoring investments against the SIP

As part of the Trustees' governance of the Plan the Trustees have established a process to review the investments within the Plan to ensure that they continue to perform in line with the SIP.

The Trustees themselves have not exercised any votes directly nor indirectly (by appointing a proxy). Instead, the Trustees delegate responsibility to the Plan's investment manager and rely on their expertise and stewardship.

In this section, we set out the actions taken during the Plan year:

- Trustees' governance process: the SIP sets out that the Trustees monitor the investment funds at least annually. The Trustees met in October 2024 and March 2025 to monitor and review the performance of the Plan's investments against their objectives. The level of monitoring is in accordance with the policy established in the SIP.
- Trustee governance knowledge and understanding: the trustee board continues to operate with Zedra as professional independent trustee, such that the level of understanding of the Plan's investments and the SIP continues to remain sufficient to enable the trustee board to monitor the Plan effectively. Zedra with their detailed knowledge and understanding help the trustee boards to undertake effective oversight of the Plan including its view on the Plan's investments against the SIP.
- Trustee governance investment advice: during the Plan Year, the Trustees received investment advice from Foster Denovo Second Sight ('Second Sight' - formerly Punter Southall Aspire) on the value to members of the Plan overall, including that of the Plan's investment funds. This met the appropriate legislation under the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021, applicable to Trustees of DC schemes that have less than £100m of assets under management (and have been operating for at least 3 years). The advice provided by Second Sight also met the monitoring processes set out within the SIP. The Trustee board is satisfied that it had appropriate support to undertake its monitoring of the investments included in the Plan.

- **Manager monitoring - default strategy:** the Trustees receive quarterly investment performance reporting from the Plan provider Standard Life and monitor performance accordingly. The Trustees concluded that performance during the Plan year aligned with the objective of each fund in continuing to provide robust medium to long term returns in line with each fund's benchmark as detailed in the SIP.
- **Manager monitoring - wider fund range:** the Trustees review the funds members invest in on a self-select basis. The Trustees do not assess the appropriateness of the funds selected by members on a self-select basis. However, during the year the Trustees consider whether the funds have performed in line with their stated objective. During the year, the Trustees consider each fund to have performed in line with the policies set out within the SIP.

The advice provided by SecondSight also met the monitoring processes set out within the SIP. The Trustee board is satisfied that it had appropriate support to undertake its monitoring of the investments included in the Plan.

- **Non-financial matters:** The Trustees' policy is to delegate consideration for non-financial matters to the underlying fund managers. The Trustees have taken the view in the SIP that it will delegate non-financial matters to the underlying managers. Accordingly, the fund has performed in line with the policies set out in the SIP.

Later in this report we consider further some of the activity undertaken within the fund. During the Plan Year the Trustees investments were managed on behalf of Standard Life by Aberdeen, formerly known as 'abrdn'. The Trustees note that Aberdeen has a strong ESG team with clear policies on major matters, and that this is reflected in the management of the Plan's current default investment strategy. Key features of this include being a signatory to the UN Principles of Responsible Investing and having in place a climate change policy committed to tackle climate change.

- **Engagement with underlying Companies invested in:** The Trustees are aware that Aberdeen undertakes a strong level of engagement with companies and organisations that are invested in through the policyholder assets. Further information on this subject is detailed below.
- **Divergences from the SIP:** The Trustees have not identified any areas where the Plan's investments have diverged from the policies set out within the SIP.

Trustees Conclusion

The Trustees are satisfied that the Plan's investments, investment managers and the Trustees' investment governance processes have been undertaken in accordance with the Statement of Investment Principles during the 2024-25 Plan Year.

ESG Engagement

A key element of the fund manager's stewardship and ESG policy is engaging on behalf of the Trustees with the companies whose shares are held within the portfolio. The Trustees monitor the manager's actions as a shareholder, including the number of shareholder resolutions the manager took part in during the reporting year, and whether such actions were in agreement with the company's proposed actions, or not.

The Trustees are satisfied that Aberdeen took appropriate actions as a shareholder during the reporting period.

The following information taken from Aberdeen's stewardship reporting summarises the voting statistics in respect of the Plan's default strategy key investments:

Standard Life Sustainable Index North America Equity Pension Fund

This is the default investment strategy's largest holding by asset allocation, and had the following statistics published by Standard Life (source: Pensions UK (formerly the PLSA) via Standard Life):

- Aberdeen was eligible to vote at 220 meetings and on 3070 resolutions as manager of the fund.
- 97.8% of the eligible resolutions were voted on by the fund manager.
- Where participating in voting, the fund manager voted with the company's management in 77.81% of the time, and against management 22.19% of the time, with no abstentions.