

# GCE SECTION OF THE HOWDEN GROUP PENSION PLAN ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 5 April 2026

## Introduction

This Engagement Policy Implementation Statement (the “Statement”) sets out how, and the extent to which, the stewardship policy and policies on environmental, social and governance (“ESG”) factors and climate change, set out in the Statement of Investment Principles (the “SIP”), have been followed during the year to 5 April 2026 (the “Plan Year”).

This Statement has been produced in accordance with The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and subsequent amendments; and the statutory and non-statutory guidance from the Department of Work and Pensions.

There was no change to the SIP during the Plan Year, and this Statement is based on the latest SIP dated 17 September 2024 (which can be accessed online):

[https://esab.com/sites/eur\\_en/assets/About/Pensions/GCE\\_Section\\_of\\_the\\_HGPP\\_SIP\\_2024\\_09\\_v2.pdf](https://esab.com/sites/eur_en/assets/About/Pensions/GCE_Section_of_the_HGPP_SIP_2024_09_v2.pdf)

## Trustee’s Investment Objectives

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set.

As set out in the SIP, the investment objectives can be categorised into three components:

### 1. Insured Members:

The Trustee has purchased insurance policies, known as “buy-in” policies, whereby the policies are under the name of the Trustee. Their longer-term objective is to fully “buy-out” the Plan’s liabilities with an insurance company (i.e., the policies will be under the name of the individual members thereafter).

### 2. GMP Equalisation Reserve:

The Trustee has also retained assets to account for the GMP equalisation exercise, which refers to the process of equalising benefits provided to members of the Plan who have accrued Guaranteed Minimum Pension (“GMP”) rights (i.e., a “GMP Equalisation Reserve”). The liability relating to this exercise was estimated to be c.£600k at the time the most recent insurance policy was purchased. (It is important to note that the actual liability relating to this exercise will not be known until the exercise is complete.) As a result, the Trustee has agreed that an appropriate objective for the assets held in respect of the GMP equalisation exercise is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet the GMP equalisation liabilities as and when they fall due and to ensure the assets are liquid enough to meet all liabilities when they fall due.

### 3. “Surplus” Assets:

Lastly, the Trustee has agreed that an appropriate objective for the “surplus” assets, i.e., those assets in excess of the insurance policies and the GMP equalisation reserve, should be to achieve capital stability (and to provide a competitive return in relation to SONIA, i.e., the Sterling Overnight Index Average).

## Plan's Investment Structure

The Plan invests in pooled investment vehicles managed by the investment manager, L&G. As such, the Trustee has a direct relationship with L&G. The Trustee has the responsibility of selecting and monitoring the pooled funds, in conjunction with advice received from their investment advisor, Mercer Limited.

The Trustee also has insurance policies with Legal & General Assurance Society ("LGAS").

## Policy on ESG, Stewardship and Climate Change

The Trustee recognises that ESG factors, such as climate change, can influence the investment performance of the Plan's portfolio and it is therefore in members' and the Plan's best interest that these factors are taken into account within the investment process.

The Plan's SIP includes the Trustee's policies on ESG factors, stewardship and climate change. The Trustee keeps its policies under regular review, with the SIP subject to review at least triennially. The policies were last reviewed and approved in September 2024 following the purchase of a 'buy in' policy with the insurance provider LGAS.

The majority of the Plan's remaining assets are invested in a money-market pooled fund and passive pooled funds containing fixed interest and index-linked gilts issued by the UK Government. The Trustee notes that ESG considerations do not readily apply to these investments.

The Plan also has a small allocation in a passively managed pooled corporate bond fund. The Trustee accepts that it has no ability to directly influence the ESG policies and practices of the companies in which the funds invests. The Trustee also notes that it is a passively managed fund where the investment manager aims to track an index, and therefore the integration of ESG factors is not relevant to the manager's investment process.

However, the Trustee considers, where relevant to a specific fund, how ESG, climate change and stewardship are integrated within the investment process when appointing a new investment manager, implementing investment strategy decisions and producing this Statement annually.

## Trustee's Engagement

Over the Plan Year, the Trustee has not directly engaged with the investment manager on matters pertaining to ESG, stewardship or climate change.

This is because, as noted above, ESG considerations do not readily apply to the vast majority of the Plan's invested assets, and therefore the Trustee has no ability to influence issuer behaviour by engagement.

For the corporate bond fund, the engagement initiatives are driven by L&G over the Plan Year L&G had 38 engagements with 12 companies, including 23 engagements in relation to the Trustee's stewardship priority (see below)..

We have included an example of engagement provided by L&G in relation to the corporate bond fund, in the Appendix.

The Trustee has identified that climate change and carbon neutrality is its most important stewardship priority and therefore the example shown in this Statement relates to this stewardship priority.

The Trustee notes that L&G's approach to responsible investment and engaging with investee companies is on their website:

<https://group.legalandgeneral.com/en/sustainability/responsible-investing>

The Trustee also notes that L&G has been a signatory of the UK Stewardship Code since 2021. A copy of their latest report can be found on the Financial Reporting Council's website: [UK Stewardship Code Signatories | Financial Reporting Council \(frc.org.uk\)](https://www.frc.org.uk/uk-stewardship-code-signatories)

Taking the above into consideration, the Trustee is satisfied that responsible investment is embedded appropriately in L&G's approach to investing, including engaging with and monitoring investee companies.

### **Voting Activity**

As noted above, the Plan purchased a buy-in policy with LGAS and is also invested in passive pooled funds, none of which have voting rights. As such, the Trustee does not assess any form of voting information, as it is not applicable to the Plan's investments.

### **Assessment of how the Engagement and Voting policies in the SIP have been followed for the year to 5 April 2026**

The Trustee is satisfied that the engagement and voting policies, set out in the latest SIP, have been followed.

## Appendix - L&amp;G Engagement Example:

<b>Entity</b>	Shell PLC
<b>Topic</b>	Environment: Climate
<b>UN SDG</b>	UN SDG 13: Climate action
<b>Rationale for engagement</b>	<p>“As one of the world’s largest oil and gas companies, Shell Plc plays a critical role in the transition to net zero. Our longstanding engagement with the company has taken place against a backdrop of evolving challenges - from shifting market dynamics and geopolitical tensions, to ongoing uncertainty about the pace and direction of the net-zero transition.</p> <p>While this case study focusses on our 2025 engagement and pinpoints specific issues around the company’s 2025 AGM, we would emphasise that this follows many years of continued engagement with the Shell on strategy, corporate governance and the challenges and opportunities presented by the climate transition.</p> <p>Currently, we would describe our objectives with Shell Plc as follows:</p> <ul style="list-style-type: none"> <li>- Remuneration: transition-linked performance metrics</li> <li>- Demonstrate business resilience against plausible net zero scenarios</li> <li>- Demonstrate business strategy alignment with climate related objectives</li> <li>- Application of responsible divestment principles in all asset sales</li> <li>- Increase the board's awareness of our climate ratings and expectations under the Climate Impact Pledge”</li> <li>- Improved transparency on lobbying activities”</li> </ul>
<b>L&amp;G actions in respect of engagement</b>	<p>“Our history of engagement with Shell dates back many years, reflected in the fact that they are among the companies with which we engage most frequently on an annual basis. In 2025, we recorded nine engagements with the company, led by our Investment Stewardship and our Climate Solutions team. Levels of individual engaged included the Chair, the Finance Director and the Head of Investor Relations.</p> <p>In recent years, our engagement has been extensive and focused on the company’s energy transition strategy, with particular emphasis on climate-related financial risks associated with its liquefied natural gas (‘LNG’) operations, including in 2024/ 2025 a series of direct and constructive engagements with Shell’s leadership, including the Chairman, Sir Andrew Mackenzie. Through these discussions, we received clear commitments that the company will enhance its reporting in line with L&amp;G’s expectations - specifically, providing detailed disclosures on business resilience against plausible NZ scenarios, related to Shell’s growing exposure to LNG. These gaps were key reasons we were unable to support the company’s climate transition strategy at its 2024 AGM. We are now seeing meaningful responsiveness to L&amp;G’s engagement priorities, particularly around the transparency and management of climate-related financial risks, and view Shell’s commitment in this area as a positive step.”</p>
<b>Outcomes of engagement and next steps</b>	<p>“We will continue to engage closely with Shell to ensure that the promised disclosures are delivered in a timely and meaningful manner. Should the company fall short of these expectations, we will reassess our position.</p> <p>We consider most of the objectives outlined above to be in progress and expect them to evolve over time”</p>

Source: L&amp;G.