



# Loomis UK Limited Pension Scheme Implementation Report

July 2025

# Background and Implementation Statement

## Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

## Implementation Report

This implementation report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address

<https://uk.loomis.com/-/media/Files/Loomis/United-Kingdom/sip.pdf>

Changes to the SIP are detailed in the following pages.

The Implementation Report details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP.
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate.

Please note that the Scheme's year end date is 5 April 2025 however for the purpose of this document, the reporting period used is the 12 months to 31 March 2025.

## Summary of key actions undertaken over the Scheme reporting year

- Following the continued wind down of the Private Markets Credit mandate, the Trustee discussed the evolution of the Scheme's investment strategy. Apollo and Insight were chosen to manage the Scheme's newly added Semi Liquid Credit and Secured Finance mandates respectively, as part of the new investment strategy. The Scheme is currently in the process of implementing both mandates post-reporting period.
  - o The new investment strategy consists of a 15% allocation to semi-liquid credit, 15% allocation to secured finance, 30% allocation to asset backed securities, and 40% allocation to LDI and gilts.
- One disinvestment from the Insight Global ABS fund was made over the reporting period to aid with Scheme cashflow requirements.
- Over the year, the Scheme has received a number of distributions from Partners Group as the Private Market Credit fund winds down. The Trustee used these proceeds to fund cashflow requirements.

## Implementation Statement

This report demonstrates that the Loomis UK Limited Pension Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change over the 12 months to 31 March 2025.

**This statement was approved on 1 October by David Farmer and Priti Ruparelia on behalf of Ross Trustees Services Limited (part of the Independent Governance Group), as the Trustee of the Loomis UK Limited Pension Scheme.**

# Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme's assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge c.95% of these risks on an estimated buy out basis of the liabilities.	The Trustee maintained the Scheme's target hedge ratios of 95% on the buy out basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values) and to provide collateral to the LDI manager.	<p>Proceeds received from the private market credit, as well as ad-hoc disinvestments, are used for cashflow purposes.</p> <p>The majority of the Scheme's assets have daily liquidity.</p>
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	No actions to report.
Credit	Default on payments due as part of a financial security contract.	<p>To diversify this risk by investing in a range of credit markets across different geographies and sectors.</p> <p>To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.</p>	No actions to report.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	<p>The Trustee will undertake an impact assessment in relation to ESG risks ahead of the appointment of a new manager and/or fund.</p> <p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:</p> <p>1. Responsible Investment ('RI') Policy / Framework</p>	Further details provided later in this report.

		2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI signatory 6. UK Stewardship Code signatory  The Trustee will monitor the managers on an ongoing basis.	
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge currency risk on assets, where it is appropriate to do so, and does not materially impact the views of the managers.	No actions to report.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	No actions to report.

# Changes to the SIP

Over the period to 31 March 2025, the Trustee made no changes to the SIP. The SIP was last updated in June 2023 and has been updated following the reporting period, dated 31 July 2025, to reflect the agreed new investment strategy. These SIP changes will be referenced within next year's report.

# Current ESG policy and approach

## ESG as a financially material risk

The SIP describes the Scheme's policy with regarding to ESG as a financially material risk. This page details how the Scheme's ESG policy is implemented, while the following page outlines the assessment criteria as well as the ESG beliefs used in evaluating the Scheme's managers' ESG policies and procedures. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

The below table outlines the areas which the Scheme's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustee intends to review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

### Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights	<ul style="list-style-type: none"><li>• The Trustee's investment managers provide reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.</li><li>• The Trustee receives information from their investment advisers on the investment managers' approaches to engagement.</li><li>• The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually.</li></ul>	<ul style="list-style-type: none"><li>• The manager has not acted in accordance with their policies and frameworks.</li></ul>



#### Areas of assessment and ESG beliefs

Risk Management	<ol style="list-style-type: none"> <li>1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme</li> <li>2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee</li> </ol>
Approach / Framework	<ol style="list-style-type: none"> <li>3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.</li> <li>4. ESG factors are relevant to investment decisions in all asset classes.</li> <li>5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.</li> </ol>
Reporting & Monitoring	<ol style="list-style-type: none"> <li>6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.</li> <li>7. ESG factors are dynamic and continually evolving; therefore the Trustee will receive training as required to develop their knowledge.</li> <li>8. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.</li> </ol>
Voting & Engagement	<ol style="list-style-type: none"> <li>9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.</li> <li>10. Engaging is more effective in seeking to initiate change than disinvesting.</li> </ol>
Collaboration	<ol style="list-style-type: none"> <li>11. Asset managers should sign up and comply with common codes and practices such as the UNPRI &amp; Stewardship code. If they do not sign up, they should have a valid reason why.</li> <li>12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.</li> </ol>



# Engagement

As the Scheme invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to the end of March 2025.

Fund name	Engagement summary	Commentary
Partners Group Multi Asset Credit	<p>Total engagements: N/A,</p> <p>Please note Partners Group were not able to provide a breakdown of engagements into environmental, social and governance categories for this Fund. They were also unable to disclose the number of engagements for the reporting period.</p>	<p>Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks. Partners Group aim to have a seat on the advisory board to enhance engagement capabilities beyond that of a typical debt investor and formulate a dialogue with portfolio companies to monitor investment decisions.</p> <p>Partners Group were unable to provide meaningful examples of ESG related engagements during the period.</p>
Aegon European ABS	<p>Total engagements: 109</p> <p>Environmental: 25</p> <p>Social: 2</p> <p>Governance: 38</p> <p>Other: 44</p>	<p>Aegon have shown good commitment to ESG integration and have adequate risk management controls in place.</p> <p>While more can be done to improve data collection and setting specific quantifiable Social and Climate targets, we do acknowledge the difficulties doing so in the Asset Backed Securities (“ABS”) space. ABS tends to lag other public credit strategies due to its securitised nature, which provides access to hundreds of underlying borrowers per deal and has fewer engagement rights as a result. Aegon should also improve reporting on greenhouse gas emissions.</p> <p>Examples of a significant engagement includes:</p> <p>RMBS and Consumer ABS Issuers – Aegon’s objective behind this engagement is to promote their preference for financing products which contribute to a better ‘green’ environment.</p> <p>This includes loans which offer favourable interest rates on residential mortgages for the improvement of energy-efficient properties; or in the case of consumer loans, offering the borrowers a discount if the loan purpose has an environmental impact.</p>

	<p>Aegon initiated this engagement by sending their ESG questionnaire to the ABS issuers. Upon receiving the answers, these were discussed with the executives and portfolio managers.</p> <p>The feedback received was positive and over the last year Aegon have seen the number of originators offering these mortgages and consumer loans grow substantially. Aegon believes their influence has helped to drive growth in ESG-friendly mortgage products.</p>
Insight Global ABS	<p>Total engagements: c60</p> <p>Please note Insight were not able to provide a breakdown of engagements into environmental, social and governance categories for this Fund.</p> <p>Insight have shown a strong level of engagement on ESG and have adequate risk management controls in place.</p> <p>However, integrating ESG considerations within ABS is more challenging than other fixed income strategies, with data collection a common issue across the ABS market. Insight should develop an approach to estimate carbon footprint metrics in reporting for Scope 1 &amp; 2 emissions.</p> <p>Examples of significant engagements include:</p> <p>Pepper – Insight engaged with Pepper to understand their ESG considerations within the loan origination and underwriting process. Pepper is a significant issuer in the Australian ABS market and is widely held across the Fund.</p> <p>Insight raised this issue to Pepper as ESG had previously not formed part of their loan origination process. This engagement is also thought to be the first step towards better disclosures to enable their ESG analytics to be conducted more thoroughly.</p> <p>Insight had engaged with Pepper on multiple occasions over the holding period. This resulted in Pepper showing borrowers the potential energy performance certificate (EPC) improvements they can make to their properties, and cash-back opportunities for an EPC focussed 2<sup>nd</sup> lien loan.</p> <p>The outcome of this engagement was positive, as Pepper also agreed to improve its disclosures around ESG and build a number of ESG metrics in their annual reports.</p> <p>Insight will continue to engage with Pepper and identify potential ideas to further improve their ESG credentials.</p>

Insight  
LDI

Total engagements: 126\*  
Environmental: 64  
Social: 38  
Governance: 26  
Strategic: 329  
Other: 16

\*Environmental, Social and Governance engagements do not sum to total engagements due to some engagements overlapping into several categories, as well as some engagements being strategic.

Insight have demonstrated a comprehensive selection and monitoring process for assessing ESG risks in counterparties.

The following example is provided at firm-level as Insight did not have any significant engagements at fund-level for LDI Funds.

Wells Fargo & Co – Insight have engaged with the issuer following the downgrade of the issuer's Insight ESG rating to worst in class. This follows multiple unresponsive engagements and the issuer's decision to withdraw from the Net Zero Banking Alliance (NZBA).

In Q1 2025, Insight engaged with the issuer to understand the reason behind its withdrawal from the NZBA, and to clarify the impact of the withdrawal on its decarbonisation strategy.

The issuer explained antitrust lawyers had prevented communication around this type of collaboration, in addition to several environmental forums becoming subject to greater scrutiny in the US. A number of State Attorney Generals also deemed the issuer's work with NZBA to be collusive.

However, the issuer has stated that their current environmental and social risk management due diligence approach remains aligned with the standards of the Equator Principles.

Insight have provided their list of recommended actions to be implemented by the issuer during the next year to help demonstrate a continued commitment to sustainability,

