

Implementation Statement

Diploma Holdings PLC UK Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Diploma Holdings PLC UK Pension Scheme ("the Scheme")** to set out the following information over the year to **30 September 2024**:



how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year;

the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes

This statement does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.



Conclusions

The Scheme's final investment portfolio as at 30 September 2024 consists primarily of bulk annuity policies with Just, alongside a small portfolio of remaining cash/ liquidity to meet future expenses. As a result, ESG considerations cannot be meaningfully applied, and it is difficult to monitor voting and engagement.

However, in reviewing the activities of the past year, the Trustees believe that the policies set out in the Statement of Investment Principles ("SIP") have been effectively implemented where applicable.

The information presented in this statement pertains to the remaining assets held with Legal and General Investment Management ("LGIM").

Stewardship policy

The Trustees' SIP in force at 30 September 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in June 2024 and has been made available online here: <https://diplomapl.com/investors/shareholder-centre/>

In March 2024, the Scheme disinvested from the LGIM Gilt Funds and purchased a bulk annuity policy with Just Retirement Limited ("Just") which, alongside the bulk annuity previously held by the Scheme, will meet the benefit entitlements of each of the Scheme's members. The following changes were made to the stewardship policy over the year:

- The Trustees note that by securing the Scheme's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the Insurer. Responsibility for engagement with the issuers of investments underlying the bulk annuity policies, including voting policy (where applicable), is the responsibility of the Insurer.
- Given the bulk annuity purchases, the Trustees have limited ability to address non-financial matters. The Trustees will review their policy on whether or not to take account of non-financial matters periodically.
- The Trustees have an expectation that the Insurer will consider ESG-related issues in selecting securities and other investments or will otherwise engage with the issuers of their underlying holdings on such matters in a way that is appropriate for the nature of the assets under consideration.

The Trustees decided not to set stewardship priorities for the Scheme's liabilities. As at 30 September 2024, the Scheme's assets are primarily held in buy-in policies and the Trustees have limited ability to influence the voting and engagement activities undertaken by the insurer. The remainder of the Scheme's assets are held as cash in the Trustee bank account and LGIM Sterling Liquidity Fund, which also do not have voting rights attached and have limited ability to engage with key stakeholders. During the year, the Scheme was also invested in the LGIM Gilt Fund; and fully disinvested from it as part of the bulk annuity purchase in March 2024. The Trustees believe there is a limited scope for the consideration of ESG issues to improve risk-adjusted returns within the Scheme's passive gilt holdings because of the nature of the instruments used (i.e. government bonds). These funds have no voting rights attached.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- The Scheme invested entirely in gilts, cash, money-market (liquidity), and buy-in policies, and as such delegates responsibility for carrying out voting and engagement activities to the annuity provider (Just) and the investment manager (LGIM).
- The Scheme's assets are currently held as bulk annuity policies and cash/liquidity. Given the nature of the current holdings in the Scheme, the Trustees will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.
- The Trustees believe there was limited ability to improve risk-adjusted returns in respect of the gilt funds held over the period.

- In choosing Just as the bulk annuity provider, the Trustees considered the insurers responsible investment commitments.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable that the Scheme's stewardship policies have been met.

Prepared by the Trustees of the Diploma Holdings PLC UK Pension

Scheme

27 March 2025

Voting and Engagement Data

The gilts, cash/ liquidity holdings, and buy-in policies with Just that the Scheme held over the year have no voting rights attached and limited ability to engage with key stakeholders given the nature of the holdings. The Trustees have however, considered **examples of firm-wide engagement activity undertaken over the 12 months to 30 September 2024 below:**

LGIM: Firm level

The key engagement topics at a firm level over the 12 months to 30 September 2024 included:

- Climate
- Nature
- People
- Health
- Governance
- Digitisation

LGIM's engagement with APA in Q1 2024 is a good example of their commitment to their Climate Impact Pledge. APA is Australia's largest energy infrastructure business, and LGIM have been engaging with the company directly since 2022.

LGIM believe that APA have sufficient scale and influence across its industry and supply chain for its actions to have significant impacts. As such, LGIM were unable to support APA Group's Climate Transition Plan when it was brought to vote. The Plan presented Scope 1 and 2 goals for the medium and long term, but this fell short of LGIM's expectation of companies to align their plans with the Paris Agreement and disclose Scope 3 greenhouse gas emissions reduction targets.

In Q1 2024, APA confirmed that they would include a Scope 3 goal in the 2025 refresh of their Climate Transition Plan, noting that the feedback from 20% of investors (including LGIM) who voted against their proposed Plan in 2022, had solidified their decision to commit to a Scope 3 target. LGIM believes this displays the effect of their engagement strategy and looks forward to continuing engagement with APA on their journey to net zero.

Just: Firm level

At a firm level, Just have their own stewardship policy which sets out their approach to stewardship within their investment portfolio. Their most recent report on this is available here:

[2023-just-group-plc-stewardship-code-vf.pdf](#)