

# Implementation Statement

For the year ending 31 March 2025



**now:**pensions

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# Implementation statement for year ending 31 March 2025

## Introduction

Under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, the Trustee of the NOW: Pensions Trust (the 'Trust') is required to produce an annual Statement, known as the 'implementation statement', which sets out how, and the extent to which, the Trustee has:

- reviewed and updated the Statement of Investment Principles ('SIP') (with the reasons for any changes)
- followed the SIP over the year (including its voting and engagement policies), and
- actioned voting rights and engagement activities relating to the Trust's investments (including the exercise of the most significant votes and use of proxy voting services).

The implementation statement covers the Trust financial year ended 31 March 2025 (the 'Scheme year'). It includes sections on how the Trustee policies in the SIP have been followed over the Scheme year regarding:

- **investment beliefs**
- **investment objectives and strategy**
- **investment management**
- **voting activities**
- **responsible investment and**
- **any other areas of policy (including risks).**

## Summary

As demonstrated in the following sections of this statement, the actions undertaken by the Trustee during the Scheme year reflect the policies stated in the Trust's SIP. The Trustee considers that implementation of these policies during the Scheme year has driven long-term value for the Trust's beneficiaries, and stewardship activity (including voting) undertaken on the Trustee's behalf reflects the Trustee's stewardship principles, Responsible Investment (RI) objectives and the way in which it expects the Trust's assets to be managed.

# 1. Trustee's review of the Statement of Investment Principles over the Scheme year

This statement covers the SIP that was adopted on 21 September 2023 ('2023 SIP') and that was in place for the full Scheme year. During the course of the Scheme year, the Trustee reviewed the 2023 SIP which resulted in a new SIP being adopted first on 12 May 2025 and subsequently on 6 October 2025 ('2025 SIP'). This statement does not cover these new SIPs.

The Trustee consulted with NOW: Pensions Limited (NPL) as the Trust manager, scheme strategist and employer representative and considered advice from its investment adviser and its legal adviser, Eversheds Sutherland, before the 2023 SIP was finalised.



## 2. Trustee's policy on investment beliefs

The Trustee must establish and regularly review the investment beliefs which underpin the Trust's default investment plan and decide whether they continue to be suitable for the Trust's membership.

The Trustee determines the investment strategy based upon a set of Trustee investment beliefs set out in the SIP. These are the foundation for ensuring the Trust delivers good value for members.

The Trustee has a set of overarching beliefs to guide all investment activities. These are the starting point for more detailed investment solutions beliefs. The beliefs can be found in the 2023 SIP and the current 2025 **SIP**.

The Trustee takes the view that its investment and stewardship activities reflected these investment beliefs in the Scheme year.

Based on these investment beliefs, the Trustee must establish and regularly review the aims and objectives of the Trust's default investment plan to ensure it invests assets in the best interests of the Trust's beneficiaries. The Trustee reviews their investment objectives annually as part of their annual SIP review.

# 3. Trustee's policy on investment objectives and strategy

Based on its investment beliefs, the Trustee has decided on a default investment plan which it considers appropriate for the majority of Trust members. In the long term, this strategy is expected to deliver a satisfactory return in real (inflation-adjusted) terms on the contributions invested.

A common lifecycle strategy is provided for all members. This invests members' pension savings in the following two funds in variable proportions, depending on how far they are from their planned retirement age:

## Diversified Growth Fund (DGF) | Retirement Countdown Fund (RCF)

During the Scheme year, the Trustee also made available a Shariah Fund as a self-select fund to one of the participating employers.

The Trustee set return targets for the DGF, RCF and Shariah Fund as below:

Fund	Return target
Diversified Growth Fund (DGF)	CPI plus 3.5% (after investment charges).
Retirement Countdown Fund (RCF)	Preserve the real value of member savings over the long-term.
Shariah Fund	Track the return of the Dow Jones Islamic Market Titans 100 Net TR Index.

The Trust is still invested in these funds, although the names and targets were changed on 12 May 2025. Information on these changes can be found in the 2025 SIP.

The Trustee remains comfortable with how each fund is invested to meet its objectives, including reflecting the Trustee's investment beliefs. Performance has been closely monitored by the Trustee and its Investment Committee. Both the DGF and the RCF have met its return, risk and responsible investment objectives, over the course

of the Scheme year. Whilst the DGF met its risk and responsible investment objectives over longer periods, its underperformance against its return target over three and five-year periods was due to performance of the Trust in 2022 when the Trust was invested in an old strategy (that changed at the start of 2024).

The Trustee also monitors the performance of the Shariah Fund, which has performed broadly in line with its return and risk objectives during the Scheme year and since inception.

The Trustee undertook the following key investment training during the Scheme year, which helped with investment activity oversight and understanding.

Date	Topic	Who
11 June 2024	Financial Markets Law Committee	All Trustee Directors
5 September 2024	TCFD training	All Trustee Directors
11 February 2025	Investment in the UK and fiduciary duties	All Trustee Directors
11 February 2025	ESG and sustainability	All Trustee Directors
11 February 2025	Stock lending	All Trustee Directors

The Trustee has established an Investment Committee whose role includes:

- Considering and making proposals to the Trustee Board in relation to the investment strategy and sustainability.
- Overseeing and monitoring the implementation and ongoing delivery of associated investment-related suppliers (including the investment manager).
- Monitoring progress against the investment objectives of the default investment plan and consistency with the SIP.



# 4. Trustee's policies on responsible investment (RI)

A key Trustee belief is that incorporating environmental, social and governance ('ESG') factors, as well as real-world sustainability impact, into the investment process is necessary as a long-term investor. The Trustee believes it mitigates risks, enhances returns and is in our members' best long-term interests. In addition to risk and return objectives set for the DGF and RCF constituting the default investment plan, the Trustee believes it is essential to measure and manage the impact of its investment policy in line with its responsible investment ('RI') objectives, to help make it possible to invest in a way which contributes to a more sustainable world, with a beneficial effect on portfolio returns. (These RI objectives do not apply to the Shariah Fund.)

The Trustee has set sustainability priorities focused on:



## 1. Climate action

A speedy and fair transition to a low-carbon economy is the only way to address the climate crisis;



## 2. Gender equality

Everyone should have equal rights, responsibilities, and opportunities; and



## 3. Living wages

All companies should pay their employees a living wage.

The Trustee recognises the power of an industry's collaborative effort to enact real change in its three priority sustainability topics. The Trustee undertakes engagement activities on behalf of the Trust and its members through industry participation including the Principles for Responsible Investment (PRI), Institutional Investors Group on Climate Change (IIGCC), Pensions for Purpose, Climate Action 100+ and the Asset Owner Council.

**now:pensions** has supported and collaborated with a variety of stakeholders directly, and through the investment manager's active participation in industry initiatives. For example, the Trustee supports the investment manager's active membership with the Good Work Coalition, a collaborative effort focused on improving work conditions and corporate accountability.

In the opinion of the Trustee, the Trustee's policies on responsible investment have been followed throughout the Scheme year; the following tables provide some more detail.

### Trustee's RI policies

The Trustee considers the investment manager's policies on taking account of ESG factors in decisions regarding the selection, retention and realisation of investments to be consistent with the Trustee's RI beliefs. It has delegated responsibility for taking account of ESG factors to the investment manager as part of the overall delegation of day-to-day investment management responsibilities. The Trustee monitors how the investment manager integrates ESG considerations into its investment process.

### Activity

The investment manager attended the quarterly meetings of the Investment Committee to discuss their performance as responsible investors – with specific consideration to how the investment manager has implemented the RI policies and engagement activities included in this implementation statement. The investment manager also attends the quarterly Board meetings, as requested. The Trustee remains confident that the investment manager is seeking opportunities and managing the portfolio, where possible, to allow the Trustee to meet its RI objectives.



## Trustee's RI policies

## Activity

As part of its RI objectives, the Trustee has set the following goals.

- Net zero carbon greenhouse gas emissions by 2050, with 50% emissions reduction by 2030 based on 2019 levels, consistent with the Paris Climate Agreement goals of limiting global warming to 1.5°C, compared to pre-industrial levels, and
- at least 75% of the portfolio's net asset value in investments which support the Trustee's RI beliefs by having an explicit sustainability objective.

At the end of the Scheme year, 86% of the portfolio's net asset value was in investments which support the Trustee's RI beliefs (above the target of 75%); these can be found on page 10 of the September 2023 SIP.

The listed equity and corporate bond portfolios managed directly by Cardano have integrated a framework which targets:

- a. Net zero greenhouse gas emissions by 2050.
- b. 50% emissions reduction by 2030, based on 2019 levels.
- c. Zero net deforestation by 2030.
- d. Water neutrality by 2030.

The investment manager also continues to invest directly in green and sustainable bonds; these holdings support companies and projects that support the three sustainability themes of the Trustee.

The Trustee considers the impact of its investments and whether they are leading to sustainable financial benefits for members. This will allow the Trustee to better understand and consider the financial risks and opportunities associated with the transition to a more sustainable world.

The Trustee will continue to consider the transition risks, physical risks and environmental opportunities for its investment strategies over a range of different scenarios and undertake measurements which enable it to track its progress towards the goal of Net zero carbon emissions by 2050.

The Trustee continues to review progress against its net zero goal and decarbonisation framework at least annually and undertook its full year review at the September 2024 Investment Committee meeting at the same time as reviewing its Taskforce for Climate-Related Financial Disclosures ('TCFD') report for the year ending 31 March 2024. The Trustee is comfortable with progress to date. The TCFD report for the year ended 31 March 2024 can be found here: [nowpensions.com/tcfd](https://nowpensions.com/tcfd). The Trustee has also produced its report for the year ended 31 March 2025.

Trustee's RI policies	Activity
<p>The Trustee also has the following sustainability priorities which act as guiding principles for investment decisions as part of its key investment beliefs:</p> <ul style="list-style-type: none"> <li>• <b>Climate action</b> – a speedy and fair transition to a low-carbon economy is the only way to address the climate crisis</li> <li>• <b>Gender equality</b> – everyone should have equal rights, responsibilities and opportunities, and</li> <li>• <b>Living wages</b> – all companies should pay their employees a living wage.</li> </ul> <p>The Trustee believes the companies in which the Trust invests should demonstrate the same values. For more detail, please see the website: <a href="https://nowpensions.com/about-us/our-sustainability-focus">nowpensions.com/about-us/our-sustainability-focus</a>.</p>	<p>Sections 6 and 7 outline the Trustee's stewardship, engagement and voting policies and the Trustee's voting activity, which set out how the Trustee's engagement activity has tracked these sustainability priorities during the Scheme year.</p>

Beyond these requirements of responsible investing (which the Trustee considers financial) and the availability of the Shariah Fund for one participating employer, the Trustee did not explicitly target any other non-financial matters in their investment decision-making.

The Trustee continues to work on maintaining and improving its understanding of the membership and the views of the membership, including in relation to investment and other matters to ensure that, as far as legally permitted, these are reflected in decisions on investment and in delivering our services to members.

## 5. Trustee's policy for investment management

The Trustee has entered into an investment management agreement with the Investment Manager, Cardano Risk Management Limited ('the investment manager'), appointing them as its primary investment manager. The Trustee has delegated responsibility for managing the Trust's assets and all day-to-day investment functions to the investment manager, subject to regular monitoring and review, as outlined in the sections under 'Other policies'.

The Trustee holds the investment manager accountable to apply the SIP in so far as is practical and there are processes in place for the investment manager to notify the Trustee where this is not possible. The Trustee ensures that appropriate guidelines and restrictions are agreed with the investment manager, as set out in the investment management agreement ('IMA') between the parties. The guidelines set out the investment manager's responsibilities and the scope of their powers, as detailed in the investment governance framework, clearly. The Trustee has taken all such steps as are reasonable to satisfy itself that the parties to which they delegate responsibilities have the appropriate knowledge and experience required to take on their role.

The Trustee recognises the importance of its stewardship and engagement activities to achieving good member outcomes and meeting its objectives, policies and priorities as set out in the SIP.

The investment manager manages all default investment plan assets directly but also engages and monitors the third-party Shariah Fund manager on the Trustee's behalf to ensure that its engagement and voting activities (including their view of what constitutes the most significant votes) reflect the Trustee's investment priorities and policies as set out in the SIP.

## Investment management policies

Trustee policy	Activity
<p>The Trustee has set the investment manager guidelines, including permissible ranges for each kind of investment, which are set out in detail in the IMA. The investment manager adjusts the balance of investments in the portfolio in response to evolving market conditions and ensures that:</p> <ul style="list-style-type: none"> <li>• it stays within the guidelines</li> <li>• it is appropriate to achieving the return, risk and RI objectives and</li> <li>• there is sufficient liquidity to meet cashflow and derivative requirements.</li> </ul>	<p>The Trustee's Investment Committee has received reporting from the investment manager against these guidelines on a quarterly basis during the Scheme year. There were no instances of investment guideline breaches during this Scheme year.</p> <p>The Investment Committee also receives reporting from the investment manager on performance against return, risk and RI objectives.</p>
<p>The Trustee regularly reviews the Trust's investment strategy. The investment manager regularly reviews the portfolio composition to ensure its composition remains appropriate.</p>	<p>The Trustee undertook an annual investment strategy review in the first quarter of 2025, following which a number of relatively minor changes were agreed. These changes included increasing the target listed equity allocation from 70% to 75%, reducing the defensive bond target allocation from 15% to 7.5%, increasing the high yield target allocation from 5% to 7.5%, maintaining the target allocation to other alternatives at 5% and maintaining the target allocation to private markets at 5%. These changes are scheduled to be implemented later in 2025.</p> <p>The Trustee agreed that it would aim to fully implement the private markets portfolio to its target in 2026. The Trustee has already begun work in this area, having made an initial investment of around 1% of its Diversified Growth Fund (DGF) into a UK affordable housing fund in quarter 2 2025, after the scheme year end. Additional work has also commenced – and is ongoing – on designing a portfolio for a second phase of additional private market investments.</p> <p>After the trust year end, in May 2025, <b>now:pensions</b> signed the Mansion House Accord which sets an ambition to invest at least 10% of assets into private markets, including at least 5% in the UK, by 2030. The exact timing of investing this additional private market allocation is still to be determined.</p> <p>The investment manager attended the quarterly meetings of the Trustee to support the Trustee's review of investment strategy and performance.</p> <p>The investment manager also provides updates to the Trustee on third party manager activity ensuring alignment of beliefs and objectives.</p>
<p>The Trustee regularly reviews the investment objectives and contract terms of the investment manager (including financial incentives) to ensure consistency with the IMA and SIP.</p>	<p>In the Scheme year, the Trustee's Investment Committee reviewed the investment objectives and contract terms of the investment manager and determined that they remained suitable and fit for purpose and the investment manager remains sufficiently incentivised to align its investment strategies with the Trustee's SIP.</p>

## Investment management policies

Trustee policy	Activity
<p>The fees paid to the investment manager are reviewed annually and its appointment is reviewed periodically during the Scheme year and formally every three years.</p>	<p>The appointment of the investment manager (and its services including fees) was reviewed in June 2024 through the Supplier Management Board (SMB). These periodic reviews focus on the long-term incentive for the investment manager to do the same. The SMB determined that members are getting value for the fees charged.</p> <p>Also, as part of the value for members assessment, the Trustee determines that the investment manager is providing value for members through Market in Financial Instruments Directive 2014 (MiFID 2) and Shareholder Rights Directive II (SRD 2) reporting as well as reviewing Scheme year-aligned costs and charges, in conjunction with investment performance (net of fees).</p>
<p>The investment manager is required to provide information, at least annually, on how it takes financial and non-financial performance into consideration in its assessment of investee companies, including but not limited to detailing its engagement activities with investee companies, where relevant. The Trustee has delegated responsibility for ensuring this to the investment manager and will monitor the investment manager's performance in this regard.</p>	<p>Engagement activity based on investment type was as follows:</p> <ul style="list-style-type: none"> <li>• The Trust's equity and corporate bond exposure is invested in an ESG transition strategy with specific exposures to ESG factors. By use of this approach and exposure to ESG factors, the Trustee incentivises investee companies to make medium and long-term decisions.</li> <li>• The Trustee held an allocation to sustainable bonds in the DGF, as part of its RI policy. When selecting these bonds, the investment manager considered the attractiveness of the bond in isolation and its role within the investment strategy.</li> <li>• The investment manager engages with companies to address risks and make progress associated with the priority sustainability themes. This includes, for example, active participation in collective engagement groups such as Climate Action 100+ and the Platform for Living Wage Foundation.</li> <li>• Information gathered through stewardship activities has informed investment decisions. For example, the investment manager's regular monitoring and integration of ESG factors (information to which the Trustee has direct access) has influenced how the portfolio is managed. This has helped the Trustee respond to market conditions while aligning with its sustainability and stewardship objectives, including decisions on whether to continue holding or exit certain investments.</li> </ul> <p>The investment manager provides the Trustee with a quarterly Stewardship report which summarises engagement activity (financial and non-financial) undertaken on the equity holdings during the quarter. For example, in order to assess non-financial factors, as part of the quarterly reporting, the investment manager provides the Trustee with information on engagements undertaken by managers with investee companies. This includes detail on how these engagements are aligned with the Trustee's stewardship priorities, number of active engagements, as well as detail on specific company engagements.</p> <p>The investment manager also reviews any external manager's own internal policies including, amongst others, those on Diversity, Equity and Inclusion; firm and fund governance. This is considered as part of the overall assessment of an external manager.</p>

# 6. Trustee's stewardship, engagement and voting policies

The Trustee recognises the pivotal role that good stewardship of assets will play in meeting its RI objectives. The Trustee believes the greatest impact will be achieved if, through its appointed investment manager, it is able to exert an influence on the companies in which it invests through active engagement and dialogue.

The Trustee's stewardship activities, including those delegated to the investment manager, are focused on its three sustainability priorities:



**1. Climate action**



**2. Gender equality**



**3. Living wages**

The vast majority of equity and corporate bond assets within the default investment plan are directly managed in-house by the investment manager. The Trustee has greater influence when voting and engaging compared to if a third-party manager was managing the assets.

The Trustee is satisfied that its stewardship, engagement and voting policies have been implemented throughout the Scheme year, as demonstrated by the activity carried out against each policy outlined in the table below.

Trustee's stewardship, engagement and voting policies	Activity
<p>The Trustee expects third-party managers appointed by the investment manager to manage assets to conform closely to standards consistent with its own beliefs and that of the SIP. The Trustee expects any such third-party asset managers to apply stewardship principles consistent with the Trustee's beliefs, priorities and principles in the SIP, and to provide appropriate disclosures to show they are conforming with their overall policies and objectives.</p> <p>Where applicable, when considering the implementation approach, the Trustee expects that the investment manager and any third-party asset managers will engage with companies (and other investee entities) on relevant matters (including performance, strategy, capital structure, the management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance) with the aim of having a meaningful impact of protecting and enhancing the value of assets consistent with the Trustee's policies.</p>	<p>All the physical equity and bond assets (the assets that can be stewarded) within the default investment plan are directly managed in-house by the investment manager. Other assets are implemented via derivatives and cannot be stewarded. The Trustee has scrutinised the stewardship, voting and engagement policies of the investment manager to ensure they aligned with the Trustee's stewardship policy and is therefore comfortable that the investment manager applies stewardship principles consistent with its own beliefs.</p> <p>The investment manager uses the services of Sustainalytics, with participation in engagement activities also made available to <b>now:pensions</b>, including the Trustee. This enables the investment manager to engage with companies in line with the Trustee's stewardship approach. The Trust manager and Trustee are permitted to participate and escalate the engagement with companies.</p> <p>The manager of the Shariah Fund uses the services of Institutional Shareholder Services (ISS) to assist with the global application of its voting guidelines.</p> <p>The votes placed by the manager of the Shariah Fund are reviewed by the investment manager. Where voting is contradictory to our priorities, it is raised with the manager.</p>

Trustee's stewardship, engagement and voting policies	Activity
<p>The Trustee expects the investment manager (and all its third-party managers):</p> <ul style="list-style-type: none"> <li>to be a signatory of the UK Stewardship Code and</li> <li>to exercise voting rights in accordance with the Trustee's policies, with the aim of having a meaningful impact protecting and enhancing the value of assets consistent with the Trustee's policies.</li> </ul> <p>Where engagement fails to achieve meaningful impact, the Trustee expects the investment manager to exercise its voting rights appropriately; reducing investment or complete divestment remain as options.</p> <p>The Trustee expects the investment manager to be a signatory to ESG industry initiatives engaging collaboratively and to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).</p>	<p>The investment manager is a signatory to the UK Stewardship Code.</p> <p>The investment manager believes that engagement is more effective when managers collaborate and are signatories to Climate Action 100+ and the Institutional Investors Group on Climate Change.</p> <p>NOW: Pensions Limited (NPL) as Trust strategist and Trust manager is a member of the Asset Owner Council and Institutional Investors Group on Climate Change.</p> <p>Sustainalytics is used by the investment manager and now: pensions for specialised engagement services.</p> <p>Within the in-house directly managed equity portfolio, the investment manager has divested from stocks due to the lack of progress in the engagements, as despite being engaged in dialogue, the investment manager did not get assurance that progress is being made to adapt to the sustainable transitions.</p> <p>An example of this occurred in 2024, where the investment manager excluded a company in the aerospace sector from the portfolio after it was reclassified as harmful due to elevated human rights risks. Despite a multi-year engagement, the company continued to maintain contracts with high-risk regimes. As further progress was unlikely, the investment team divested shortly after the status change. Investments in related entities were retained, as the concerns were specific to the aerospace division.</p>
<p>The Trustee will carry out an annual review of engagement activities (including voting) undertaken by the investment manager and any third-party asset managers as part of producing this annual implementation statement.</p> <p>The Trustee will challenge any arrangements or stewardship policies that do not align with the RI approach.</p>	<p>The investment manager and <b>now:pensions'</b> Head of Sustainability provide engagement activity updates to the Trustee at each quarterly Investment Committee meeting (i.e. more than annually). These updates focus on how the Trustee's sustainability beliefs are being exercised through the voting rights attached to the Trust's equity investments (mainly through the directly managed equity portfolio) and through the engagement activities performed via the investment manager's appointment of Sustainalytics. The updates included investment manager reporting across the Trustee's three priority sustainability topics: climate action, gender equality and living wages.</p> <p>The investment manager has also written to the manager of the Shariah Fund reaffirming the Trustee's engagement priorities and expectations that these themes are incorporated in future voting practices. Post vote, the investment manager has followed up in order to assess alignment with Trustee beliefs. Where there remain areas for further improvements, the Trustee remains satisfied with progress.</p> <p>The Trustee monitors and discloses the voting records (included on page 19).</p>

**Trustee's stewardship, engagement and voting policies**

As part of its annual review of the investment manager, stewardship policies and voting records are reviewed (and discussed with the third-party asset managers) at least annually by the investment manager, who will collate the qualitative and quantitative information required to allow the Trustee to review these each Scheme year. The Trustee will challenge any arrangements or stewardship practices that do not align with their RI approach.

**Activity**

The Trustee received qualitative and quantitative information about the stewardship policies and voting records on a quarterly basis. Further details on the voting record is provided in Appendix I.

The introduction of a revised stewardship monitoring report has allowed for increased transparency of voting and engagement on the Trustee's priorities. It allows the Trustee to assess the number of votes cast that are linked to the priorities as well as specific engagements.



## 7. Trustee's voting activity

The use of voting rights is most likely to be financially material where physical equities are held. During the Scheme year, the Trust's DGF, which forms part of the default investment strategy, had an investment in a Cardano directly managed equity mandate. No physical equities or third-party equity funds were held in the Trust default investment plan during the reporting year other than the Cardano directly managed portfolio. There was therefore no other voting activity over the Scheme year on which to report.

The voting record of Cardano's directly managed portfolio is included in the table below:

Voting Activity		12 months to 31 March 2025
Manager	Cardano	
	NOW Global Equity Fund	
Number of meetings at which eligible to vote	1,941	
Number of resolutions on which eligible to vote	25,270	
Proportion of eligible resolutions on which voted	99.9 %	
Of resolutions on which voted <sup>1</sup> :		
• proportion voted with management	74.0 %	
• proportion voted against management	23.4 %	
• proportion from which abstained	2.60 %	

<sup>1</sup> Rounding of percentages may mean voting totals do not sum to 100%. These are figures provided by the investment manager.

## Most significant votes

The Trustee has identified three priority sustainability (engagement) themes of climate action, gender equality and living wages, which in turn informs the Trustee's position on voting and identifying most significant votes.

Alongside these themes, the Trustee also incorporates other factors in its assessment of its most significant votes, including:

- **Materiality:** Votes which tend to have a large impact, either for the company and its practices, the Trust's investment, or the real-world impact (on environment or priority themes). Examples include: corporate governance, environment policies and executive compensation.
- **Magnitude of ownership:** Votes associated with larger holdings tend to have more importance as it would have a larger impact on the Trust's investment overall. The Trustee also chooses to focus and engage with companies which make up a greater proportion of its investment.
- **Engagement activity:** Votes which are related to issues which have been part of a wider engagement.

The most significant votes, determined in this basis, are included in Appendix 1.

The Trustee delegates certain responsibilities for applying its engagement priorities to the investment manager.

## Cardano voting

Cardano has a customised voting policy, which is updated on a yearly basis. They have adopted the International Corporate Governance Network's (ICGN) Global Stewardship Principles and Global Governance Principles as their overarching guidelines on governance best practice. Cardano has incorporated their sustainable investment framework where applicable linking material sustainability topics to their voting decisions.

Cardano has selected Glass Lewis as a proxy provider to deliver vote recommendation and execution services, which applies the custom voting policy of Cardano. Via alerts and watchlists, the active stewardship team at Cardano monitors votes. An audit process has also been put in place with Glass Lewis to ensure the policy is applied correctly. Finally, the voting process forms part of Cardano's yearly external audit.

## Shariah voting

The manager for the Shariah Fund uses a leading, voting, research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene these guidelines. The manager reviews voting policy recommendations according to the scale of the overall holdings. The bulk of holdings are voted in line with the recommendation based on the manager's guidelines.

## 8. How the other policies in the SIP have been followed over the Scheme year

In the opinion of the Trustee, the SIP has been followed throughout the Scheme year. The SIP dated 21 September 2023 ('2023 SIP') was the only SIP in place during the Scheme year.

The following table provides some more detail on the main policies of the SIP and the Trustee's evaluation of how it has followed the main policies outlined in the SIP during the Scheme year.

Trustee's policies on investment strategy	
Trustee Policy	Activity
<p>Since September 2023, the Trustee's policy has been that some members may choose to move away from the default investment plan for varying reasons, and therefore it may be appropriate to offer a considered range of investment solutions in due course. Prior to then, the Trustee's policy was that offering a single investment choice (or default strategy) is most appropriate, given the membership profile and limited member engagement/feedback.</p>	<p>As at 31 March 2025, whilst the Trustee plans to offer choice in the future, there is currently no choice to members with the exception of the members of one participating employer for whom a Shariah fund is available to choose. Therefore, the vast majority of members are invested in the default investment plan.</p> <p>The assets of the Trust's default investment plan continued to be invested in the DGF and the RCF to achieve the appropriate risk profile of the three phases of a member's lifecycle.</p> <p>The Trustee plans to offer member choice in the future and has undertaken significant work in the year to design additional investment plans (lifestyle strategies) and self-select investment options (to be known as "DIY fund options"). The investment plans were launched on 6 October 2025 and the DIY funds options will be launched in 2026.</p> <p>The DGF has met its RI and risk objectives but has underperformed its return objective over three- and five- year periods.</p> <p>The RCF has delivered in line with all objectives.</p>

## Trustee's policies on Investment Strategy

Trustee Policy	Activity
<p>The majority of assets are readily realisable which is intended to provide for sufficient liquidity to meet members' purchases and sales and to manage the derivatives.</p>	<p>The majority of assets held during the Scheme year were readily realisable, and cash is readily accessible.</p> <p>The investment manager manages each fund so there is sufficient liquidity to meet members' withdrawals, and to expect this to remain stable in stressed market conditions in the following ways:</p> <ul style="list-style-type: none"> <li>• Cash levels are monitored daily by the investment manager, with allocations to different investments managed in compliance with the Investment Management Agreement (IMA).</li> <li>• The investment manager considers forecasted cashflows when revising positions.</li> </ul> <p>In addition to quarterly reporting, the investment manager provides the Investment Committee with a monthly dashboard (for the DGF, RCF and Shariah Fund) designed to highlight important changes, including material changes to the portfolio, new instruments traded, and any material issues impacting the portfolio.</p>
<p>The Trustee delegates to the investment manager:</p> <ul style="list-style-type: none"> <li>• Assessment of the expected return on investments.</li> <li>• Decisions around the realisation of investments.</li> </ul>	<p>The Trustee continues to delegate these assessments and decisions to the investment manager. During the Scheme year, the Trustee received monitoring reports at its quarterly meetings regarding how the investment strategy had performed over the year in relation to the Trustee's objectives including expected return targets.</p>
<p>The Trustee will take into account non-financial factors (such as members' ethical or religious views and those relating to quality of life and social and environmental impact) if expressly requested by the employer in deciding whether to offer any self-select funds to members.</p> <p>The Trustee believes that by being a responsible investor, they are managing investment risk with the aim of enhancing long-term portfolio returns, which is in the best interests of the members and beneficiaries of the Trust. Beyond these requirements of responsible investing, the Trustee does not explicitly target any non-financial matters in their investment decision making in relation to the default investment strategy.</p> <p>However, the Trustee continues to work on gaining a better understanding of the views of the membership in relation to investment and other matters to ensure that, as far as legally permitted, these are reflected in the decisions we make on investment and delivering our services to members.</p>	<p>During the Scheme year, the Trustee continued to offer the members of one participating employer a Shariah-compliant equity fund for members to choose if it aligns to their religious beliefs. Following the end of the Scheme year, from 12 May 2025 the Trustee made this fund available to all members. The Trustee intends to make available a Shariah-compliant lifecycle to all members in the future.</p> <p>Non-financial matters are not explicitly considered in the decision making of the default. However, it should be noted that many ESG factors including climate are considered financial factors, as detailed in the SIP.</p> <p>The Trustee has continued to progress with its member engagement during the Scheme year, which included the launch of the annual employer survey (based on the views of employers' members of the scheme) and the consolidation of existing member research into a comprehensive 'what members want' research report, which directed thinking internally. The results of this research were shared at external events throughout the scheme year.</p> <p>Given the prioritisation of launching the new administration platform which was completed shortly after the Scheme year (and included the launch a new member-friendly app with enhanced member-focused communications), it was agreed to re-commence wider member engagement projects after the launch had been completed. It is anticipated this will start again by the end of 2025, which will include the setting up of member panels.</p>

## Trustee's policies on Investment Strategy

Trustee Policy	Activity
	<p>The Trustee Board continues to work closely with NPL to ensure feedback and research findings direct the Trust's communications and operational strategy.</p> <p>There are several ways member feedback is provided:</p> <ol style="list-style-type: none"><li data-bbox="751 524 1369 613">1. Members can contact the Trustee Board by emailing to the Trustee's mailbox. The mailbox is monitored by <b>now:pensions'</b> Service Resolutions team.</li><li data-bbox="751 629 1369 658">2. Through the complaints process and contact centre.</li></ol> <p>An analysis and log of the sentiment of verbatim comments that come through these channels, which include email surveys, phone surveys and Trustpilot reviews, is undertaken.</p> <p>The proportionate score of positive and negative comments is also considered by the Trustee as part of the annual value for members assessment.</p>

## Trustee's policies on investment risks

Trustee Policy	Activity
The key risk to members is not meeting their financial retirement objectives. This could be due to insufficient contributions into the Trust or a lack of growth in investment returns.	The Trustee helps members manage the risk of not saving enough by providing information on the importance of saving for retirement. The Trustee assesses the risk of insufficient investment returns through quarterly updates with the investment manager.
<b>Concentration risk:</b> This is the risk of underperformance due to an investment having an overly large adverse impact on the return.	This risk is managed by the investment manager who operates to guidelines that ensure the assets are spread across a range of investments.
<b>Counterparty risk:</b> This is the risk of loss caused by the portfolio trading with a financial institution that defaults on its obligations.	This risk is managed by the investment manager through the selection process of the financial institutions with whom the Trustee contracts and regular monitoring of the exposures.
<b>Credit risk:</b> This is the risk of loss arising from the default on expected cashflows.	This risk is managed by the investment manager who operates within guidelines which set out diversification and credit limits.
<b>Currency risk:</b> This is the risk of loss arising from the falling value of overseas investments due to the strengthening of GBP.	This risk is managed by the investment manager who operates to guidelines which set out the permissible level of non-GBP exposure within each Fund.
<b>Leverage risk:</b> This is the risk that the value of the portfolio (or individual positions) will fall faster than it (or they) would without the use of leverage. The use of leverage requires increased collateral and cash management processes to support the derivatives and increased credit analysis of counterparties and exchanges. In addition, the cost of the leverage may exceed the return from the leveraged instruments. The amount of leverage and its usage is defined in the IMA.	The investment manager is responsible for managing this risk. Leverage risk is managed by stressing the portfolio and ensuring sufficient collateral is available to meet expected collateral calls. This is monitored by the investment manager and detail is provided to the Trustee as part of the quarterly reporting.
<b>Liquidity risk:</b> This is the risk that there is a shortfall in easily accessible assets to meet the immediate cashflow needs.	This risk is managed by the investment manager who operates to guidelines which require a sufficient level of liquid assets in each Fund to provide for members' likely withdrawals, taking into account flows into the Trust and monitoring the requirements for derivative positions.
<b>Operational risks:</b> This is the risk of loss caused as a result of, but not limited to, fraud, acts of negligence or lack of suitable processes.	This risk is managed through agreements with each service provider which are monitored regularly by the Trustee. Before the appointment of any new service provider, due diligence is undertaken. Furthermore, NPL as the Trust Manager, together with the Trustee, undertakes an annual review of all key service providers. The key service providers with operational risk are the Custodian and Fund Administrator, the investment manager, NPL and the Trust Administrator.
<b>Valuation risk:</b> This is the risk that investments are not valued properly, and fund unit prices are incorrect.	This risk is managed by through the selection process and regular monitoring of the Trust Administrator, and requiring the investment manager and Trust Administrator to have clear valuation policies in place for those that assets which are not quoted.

### Trustee's policies on investment risks

Trustee Policy	Activity
<b>Climate risk:</b> This is the risk that member outcomes are impacted by climate change.	This risk is managed through the voting and engagement activity of the Trustee (or appointed suppliers on its behalf) and regularly reviewing the integration of RI, including climate change, considerations. Each Scheme year the Trustee publishes their progress on reducing greenhouse gas emissions and mitigating the financial risk of climate change in the Task Force on Climate-Related Financial Disclosures (TCFD) report.

### Other Policies

Trustee Policy	Activity
The Trustee's investment adviser appointment, including fees, is reviewed periodically throughout the Scheme year and formally every three years.	During the Scheme year, Redington Ltd provided advice to the Trustee on whether the assets of the Trust are invested in accordance with the policies set out in the SIP and various legislative requirements of the Pensions Act 1995. The Investment Committee carried out a broad review of the current market offerings from investment advisers in the Scheme year, with findings to be reflected in next year's implementation statement.

## Final remarks

Overall, the Trustee has demonstrated how it:

- a. Followed the 2023 SIP over the Scheme year.**
- b. Applied any engagement and voting rights relating to the Trust's investments.**

Over the Scheme year, the Trustee continued to make investment decisions in line with the policies set out in the SIP.

Any actions undertaken by the Trustee after the Scheme year will be covered in the next implementation statement.

# 1. Appendix 1

## Significant votes

The default investment plan, in which the majority of members are invested, uses the Diversified Growth Fund (“DGF”) and the Retirement Countdown Fund (“RCF”). The DGF invested in Cardano’s NOW Global Equity Fund during the Scheme year.

No investments held by the RCF have voting activity associated with them.

The Trustee and the investment manager work with Sustainalytics to help ensure voting and engagement activity reflect the Trustee’s investment priorities. These most significant votes for Cardano are summarised in the table which follows, categorised by the Trustee’s sustainability themes.

The Trustee considers votes to be most significant where they are deemed to align closely with the Trustee’s sustainability priorities as set out in our SIP.



**Table 1. Table 1. Most Significant Votes – Cardano’s NOW Global Equity Fund**

Most Significant Votes – Cardano’s NOW Global Equity Fund								
now: theme	Company	Date	% Ownership	Shareholder Proposal	Vote	Third Party Manager’s Reason	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Was proposal passed?
<b>Climate action</b>	Australia & New Zealand Banking Group Ltd.	19/12/2024	0.1%	Transition Plan Assessment	For the resolution (Against Management)	Cardano not only focuses on high-emitting sectors but also on financing the transition to a low-carbon economy. Cardano engages with banks to phase out financing for polluting activities while encouraging increased investments in low-carbon alternatives. This approach extends to their voting activities, where they support shareholder resolutions urging banks and financial institutions to enhance transparency on their financing policies, particularly in relation to the transition and alignment with the 1.5°C Paris Agreement goal.	No	No – only 28% of shareholders supported the resolution.

Most Significant Votes – Cardano’s NOW Global Equity Fund								
now: theme	Company	Date	% Ownership	Shareholder Proposal	Vote	Third Party Manager’s Reason	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Was proposal passed?
<b>Climate action</b>	Equinor ASA	06/05/2024	0.5%	Allocation of Profits and Dividends	Against (Against Management)	In the absence of agenda items for board member re-elections and a management proposed ‘Say on Climate’ we voted against Report and Accounts as Equinor’s energy strategy is still falling short of a 1.5°C pathway. Equinor’s reduction targets, intention to keep production stable until 2035, plans to invest in new oil and gas reserves and its renewable energy targets are not aligned with the IEA Net Zero 2050 pathway.	We communicated our voting decision after the AGM	The proposal passed with 99.4% approval of Shareholders. We will continue our engagement with Equinor and consider to escalate our vote again if Equinor does not increase its ambition to align with the IEA Net Zero 2050 pathway.
<b>Gender equality</b>	Apple	25/02/2025	4.5%	Abolishing Inclusion and Diversity Program and Policies	Against the resolution (With Management)	The proposal asked Apple to consider abolishing its Inclusion & Diversity program, policies, department and goals. In the supporting statement, the proponent cites the US Supreme Court’s rulings in SFFA v. Harvard and Muldrow v. City of St. Louis which have raised legal concerns regarding corporate Diversity, Equity, and Inclusion (DEI) programs. Despite these discussions, Cardano voted against the proposal, in line with management recommendations. There are several federal laws prohibiting various types of job discrimination (including the Civil Rights Acts of 1964 and 1991 and the Equal Pay Act of 1963), which the company must adhere to. Additionally, Cardano believes that inclusive and diverse workplaces benefit companies by creating a more innovative, productive and equitable environment, ultimately improving business performance. Asking the company to abolish its existing practices on the topic is contrary to these beliefs.	n/a	No – the proposal was rejected by 97.7% of the shareholders.

Most Significant Votes – Cardano’s NOW Global Equity Fund								
now: theme	Company	Date	% Ownership	Shareholder Proposal	Vote	Third Party Manager’s Reason	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Was proposal passed?
Gender equality	Procter & Gamble Co.	10/08/2024	0.8%	Median Gender & Racial Pay Report	For the resolution (Against Management)	<p>Whilst Cardano acknowledges Procter &amp; Gamble’s efforts in Diversity, Equity, and Inclusion (DEI), including assessing and addressing pay gaps, the company has yet to commit to disclosing median, adjusted, and unadjusted gender and racial pay gaps as requested in the proposal.</p> <p>Cardano believes that such transparency would strengthen the company’s diversity and inclusion initiatives and represent a significant step toward ensuring pay equity.</p>	No	No – only 30% of shareholders supported the resolution.

Most Significant Votes – Cardano’s NOW Global Equity Fund								
now: theme	Company	Date	% Ownership	Shareholder Proposal	Vote	Third Party Manager’s Reason	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Was proposal passed?
Living wages	Nike Inc	09/10/2024	0.2%	Report on Supply Chain Management / Shareholder Proposal Regarding Worker-Driven Social Responsibility	For the resolution (Against Management)	Nike is a part of Cardano’s engagements on living wages within the Platform for Living Wage Financials, where garment and footwear brands are assessed and engaged on their practices relating to enabling a living wage in the value chain. Nike has been the subject of controversy linked to the non-payment of workers in Cambodia and Thailand by factories in their supply chain. In October 2023, Cardano signed a joint investor letter addressed to Nike relating to these controversies but did not receive a response. In light of this, as well as Cardano’s ongoing commitment to improving human rights and living wage in the value chain, Cardano has supported two relevant shareholder resolutions at the company’s September AGM and wrote to Nike explaining their rationale. The email has been acknowledged however Cardano are still waiting for concrete answers.	Yes	No – The resolution did not pass as it did not gain majority support.  Nike is part of the Platform for Living Wage Financials engagements. Nike’s response to Cardano’s email will be monitored as well as their performance against the platform’s assessment methodology. Further escalation could be considered depending on Nike’s response.

**Table 2. Most Significant Votes – Shariah (third party manager)**

Most Significant Votes – Shariah (third party manager)								
now: theme	Company	Date	% Ownership	Shareholder Proposal	Vote	Third Party Manager's Reason	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Was proposal passed?
<b>Climate action</b>	Meta Platforms	29/05/2024	4.4%	Report on Framework to Assess Company Lobbying Alignment with Climate Goals	For the resolution (Against Management)	Cardano believes that the proposal would contribute to the better management of climate issues, particularly relating to lobbying.	No	The shareholders resolution did not pass.
<b>Gender equality</b>	Eli Lilly and Company	06/05/2024	2.3%	Report on Effectiveness of Diversity, Equity, and Inclusion Efforts	For the resolution (Against Management)	Cardano believes that the proposal would improve transparency on equality issue.	No	The shareholders resolution did not pass.
<b>Gender equality</b>	Exxon Mobile Corp.	29/05/2024	1.8%	Report on Median Gender/ Racial Pay Gaps	For the resolution (Against Management)	Cardano believes that the proposal would contribute to improving gender inequality.	No	The shareholders resolution did not pass.

**Information correct as at October 2025. NP/D0268/10/2025.**

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