MARSH

Devonport Royal Dockyard Pension Scheme (the "Scheme")

Annual Engagement Policy Implementation Statement for the Scheme year ended 31 March 2026

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year to 31 March 2026. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

Investment objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Scheme included in the SIP are as follows:

- To ensure that the Scheme's benefit obligations can be met.
- That, overall, there is a high level of security of benefits.

While security is paramount, the Trustee recognises that a "least risk" approach to investment strategy would substantially increase the cost of the Scheme (possibly to unacceptable levels). The Trustee has thus decided to pursue a strategy which takes on some investment risk in a controlled fashion.

In setting the investment strategy, the Trustee considers the requirements of the recovery plan, which aims to achieve full funding on the Technical Provisions basis through a combination of contributions and investment returns. In addition, when setting the investment strategy, the Trustee considers the following objectives:

- Aiming for full funding on a gilts +0.5% p.a. basis over the medium-term.
- Aiming for a long-term return which, if achieved, should improve and then maintain the Scheme's funding level.

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- Adopting a strategy which aims to limit the level of investment risk and the resulting funding level, deficit and contribution volatilities, to an acceptable level.

Following a review of the Scheme’s investment strategy, the SIP was updated in October 2025. The update primarily reflected the agreed changes in the investment strategy and removal of additional voluntary contributions (“AVCs”). It also incorporated enhancements to the Trustee’s stewardship and engagement policy, including the identification of priority themes for engagement and the monitoring of significant votes. The SIP can be found here.

Policy on ESG, Stewardship and Climate Change

The Scheme’s SIP includes the Trustee‘s policy on Environmental, Social and Governance (“ESG”) factors, stewardship and climate change. This policy sets out the Trustee‘s beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. The latest version of the SIP is dated October 2025.

In summary, the Trustee believes that ESG factors may have a material impact on investment risk and return outcomes (and so are considered to be financially material), and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee takes a pragmatic approach to ESG issues and considers their materiality in terms of both risk and return.

In order to establish these beliefs and produce this policy, the Trustee has undertaken investment training provided by its investment consultant on responsible investment which covered ESG factors, stewardship, and climate change. The Trustee has requested responses from all of the Scheme’s investment managers regarding the actions they are taking to address ESG issues. The Trustee also asks investment managers to provide updates on ESG issues when they present to the Trustee.

The Trustee keeps the policies under regular review, with the SIP subject to review at least triennially.

The section below outlines the work undertaken during the year to 31 March 2026 relating to the Trustee’s policy on ESG factors, stewardship and climate change.

Engagement

During the year to 31 March 2026, the Scheme’s investment performance reports were reviewed by the Trustee on a quarterly basis – this includes manager ratings and views on ESG integration from the investment consultant.

Managers are expected to provide a summary of their ESG and stewardship policies and to comment on these issues as part of any meeting with the Trustee; over the year, the Trustee asked its investment managers to summarise their investment approach to managing ESG issues when presenting at meetings.

The Trustee also received details of relevant engagement activity for the year from each of the Scheme’s investment managers. Please see Appendix 1 for some examples of engagement activity.

Stewardship

The Trustee has given its investment managers full discretion in evaluating ESG factors, including climate change considerations, exercising voting rights and stewardship obligations attached to the Scheme’s investments in accordance with their own corporate governance policies, and current best practice, including the UK Corporate Governance Code and the UK Stewardship Code.

Insight, L&G, M&G, ICG-Longbow, Cambridge Associates, Aviva, CBRE and Mercer Global Investment Europe Limited (“MGIE”) are on the signatory list of the 2026 UK Stewardship Code (the “Code”).

King Street does not consider the Code to be relevant to the assets and asset class it manages and therefore is not a signatory to the Code.

Voting Activity

The Trustee has delegated its voting rights to the investment managers, principally through being invested in pooled funds (noting that in this case votes are cast on behalf of the pooled fund not the Trustee, which does not own underlying assets directly). As a result, the Trustee does not use the direct services of a proxy voter, although some investment managers employ the services of proxy voters in exercising their voting rights on behalf of the Trustee.

Investment managers are expected to provide voting summary reporting on a regular basis, at least annually.

Over the Scheme year, L&G were appointed to manage a physical equity mandate and were entitled to vote on management resolutions on behalf of the Trustee.

Over the Scheme year, only MGIE and L&G undertook voting activity on behalf of the Trustee. A summary of the voting activity, including any significant votes, is shown in Appendix 2.

Significant Votes

The Trustee defines a significant vote as one that is linked to the Scheme’s stewardship priorities/themes as outlined below:

- Climate change (environmental)
- Human rights, including modern slavery (social)

- Executive remuneration: any vote against a remuneration report where executives are awarded bonuses despite missing targets (governance)
- Diversity: any vote against chair when the board is not sufficiently diverse (governance)

Of these, votes relating to material holdings (defined as more than 5% of the relevant fund’s holdings at the date of the vote) are considered “most significant”. Should there be no holdings meeting this threshold, the next biggest holdings will be considered instead.

As part of this monitoring, the Trustee will engage with the Scheme’s investment managers where appropriate to understand the activity undertaken in relation to these topics.

A summary of significant votes is shown in Appendix 2.

Appendix 1: Engagement examples

Below are examples of the engagement activity undertaken by the Scheme’s investment managers.

L&G (All World Equity Index Fund)

Microsoft Corp

Date engagement occurred: Q3 2025

Action

Microsoft is among several companies that have outsized influence on the integration of AI into our economy through its software products and cloud operation. L&G believes companies like Microsoft should be transparent in their uses of AI and their risk management processes. The objective of their engagement is for Microsoft to improve its transparency, governance and risk management regarding the use of AI and human rights.

Outcome/Next Steps

The manager met with the company again ahead of their AGM to discuss shareholder resolutions that had been filed, in relation to AI and data governance and human rights. While L&G voted against two of the related shareholder resolutions proposed, L&G supported the shareholder resolution requesting a report on AI data usage oversight.

Microsoft has improved its transparency on responsible AI governance and human rights over the past few years. Although the company's disclosures on AI governance are generally better than its international peers, L&G have found that the company could improve its data governance disclosures. L&G will continue to monitor progress in AI governance and related processes.

Mercer Global Investments Europe Limited (MGIE) – Multi-Asset Credit Fund

IFCO

Date engagement occurred: Ongoing

Action

Ares, as an underlying manager within the MGIE Multi-Asset Credit Fund, engaged with IFCO to monitor the company’s progress in increasing the recycled resin content in its reusable plastic containers to 100% by FY25, while also reviewing wider environmental, social and governance matters including workplace safety and climate commitments.

Outcome/Next Steps

The engagement identified strong progress by the company. IFCO achieved its recycled resin target ahead of schedule, with all containers now manufactured using recycled plastics. This was noted as strengthening the company’s competitive position, including in securing contracts with major retailers. Workplace safety also improved significantly, with the Injury Frequency Rate falling from 11 in FY23 to 1.9 in FY24, below the industry benchmark of 3.1. In addition, the company has submitted climate targets to the Science-Based Targets initiative (“SBTi”). Mercer will continue to monitor progress through its underlying managers’ stewardship and engagement reporting.

Appendix 2: Voting activity

Mercer Global Investments Europe Limited (MGIE) – Multi-Asset Credit (MAC) Fund

Due to the "fund of funds" structure of the MAC Fund, no votes are cast on behalf of the Trustee directly with respect to underlying investments. Instead, any voting rights that do apply with respect to the underlying investments are attached to the MAC Fund and those voting rights are, ultimately, delegated to the third-party underlying investment managers appointed by MGIE. MGIE oversees the sub-investment managers' voting and engagement processes and produces a report on an annual basis.

The voting activity undertaken by the sub-investment managers over the year to 31 March 2026 for the MAC Fund is summarised in the table below.

MGIE have confirmed that there were no votes that met the Trustee's definition of "significant votes" over the period.

Number of meetings in which the manager was eligible to vote	Number of resolutions in which the manager was eligible to vote	% of resolutions in which the manager voted	% of votes with management / against management / abstained	% of votes contrary to the recommendation of the proxy adviser
2	28	100%	100% / 0% / 0%	N/A*

Source: MGIE.
**None of the underlying sub-fund managers who voted uses services of a proxy advisor.*

L&G – All World Equity Index Fund

The voting activity undertaken by the investment manager over the year to 31 March 2026 for the Equity Fund is summarised in the table below.

Number of meetings in which the manager was eligible to vote	Number of resolutions in which the manager was eligible to vote	% of resolutions in which the manager voted	% of votes with management / against management / abstained	% of votes contrary to the recommendation of the proxy adviser
6,820	68,549	99.96%	78% / 21% / 2%	9.44%

Source: L&G
Same voting data is applicable to the hedged and unhedged share classes of the fund

L&G has confirmed that no votes met the Trustee’s definition of “significant votes” and satisfied the materiality criteria. Below, we present voting details related to the Scheme’s stewardship priorities for the next-largest holding cast while the Scheme was invested in the Fund.

Fund	Company	Holding size (% of fund)	AGM date	How the manager voted	Vote outcome	Summary of resolution	Rationale for manager vote	Why the vote is significant
L&G All World Equity Index Fund	Meta Platforms, Inc.	1.5%	28/5/2025	Against	Not provided	Resolution 1.1: Elect Director Peggy Alford	A vote against is applied as L&G expects a company to have at least one-third of women on the board.	The vote meets the diversity criteria and is the largest significant vote in the holding relevant to the criteria, applied during the period over the year in which the Scheme held the Fund