Implementation Statement ("IS")

C-MAC Pension Plan (the "Plan")

Plan Year End – 5 April 2024

The purpose of the Implementation Statement is for us, the Trustee of the C-MAC Pension Plan, to explain what we have done during the year ending 5 April 2024 to implement our policies and achieve our objectives set out in the Statement of Investment Principles ("SIP"). The Plan holds both Defined Benefits ("DB"), in the form of a GMP underpin, and Defined Contribution ("DC") funds. All funds are invested in the same way, irrespective of the benefit provided and this Statement therefore covers both DB and DC. It includes:

1. A summary of any review and changes made to the SIP over the year;
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Plan's material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations.

1. Changes to the SIP during the year

The SIP was formally reviewed during the year to 5 April 2024 and was updated on 25 October 2023.

The SIP was revised to satisfy the following new requirement which is effective for SIPs updated from 1 October 2023:

- Addition of the Trustee's policies on illiquid investments.

The revised SIP also includes updates to the Trustee's stewardship policy and Trustee's policy regarding the expected return on investments.

The Plan's latest SIP can be found here:

https://www.apexgroup.com/statement-of-investment-principles/c-mac-pension-plan/

2. How the policies in the SIP have been followed

We set out below what we have done during the year to meet the policies in the SIP.

a. To ensure members have an appropriate choice of assets for investment

For members who do not wish to make an active investment decision, a default lifestyle strategy which targets a retirement benefit of 75% annuity and 25% cash is in place. This strategy gradually moves members from higher risk growth-seeking assets to assets that reflect how members are expected to take benefits as they approach retirement. In addition, there are 2 alternative lifestyle strategies and 9 self-select funds available, which members can choose from depending on their risk appetite and if they are comfortable making their own investment decisions.

The Trustee, with assistance from its investment advisers, undertook a review of the Plan's investments during the period, including formally reviewing the default arrangement. The review concluded on 7 December 2023. This review considered the suitability of the default arrangement and other investment funds with reference to the membership demographics and how members access their benefits, as well as industry data and wider market trends. The Trustee took advice from its investment advisers ("Aon") and decided that retaining the existing default arrangement would best meet the needs of the membership. No changes were made to the two alternative lifestyle strategies (one of which targets cash at retirement and the other targets income drawdown). The next investment strategy review is planned to take place in Q4 2026.

The Trustee receives and reviews semi-annual monitoring reports from Aon which provide information regarding the short and long-term performance of all the funds offered to members, including the default lifestyle strategy. Over this reporting period, these reviews did not raise concern over the suitability of the investment strategy to meet the Trustee's objectives stated above.

Since there are a range of options available to members covering the main asset classes and different levels of risk, the Trustee is comfortable that it has met its objective of providing a range of investments likely to be able to meet members' needs.

b. *To enable members to benefit from investment in assets which are expected to produce a return in excess of inflation until they reach retirement.*

The Trustee works with Aon to consider the long term expected returns from the funds that are available to members. Aon's long term (10 year) asset class expectations continue to support the Trustee's view that the investment options available to members, and in particular the default strategy, are consistent with the objective of achieving asset returns that are in excess of inflation over the long term.

The Trustee also receives semi-annual monitoring reports from Aon which provide information regarding the short and long-term performance of the funds offered to members.

During the course of the year, all of the lifestyle funds produced returns above inflation, with the exception of the Prudential Long-Term Gilt Passive Fund. Considering longer term performance, the table below shows 5 year annualised performance relative to annual CPI for the year to the end of March 2024. The Prudential Long-Term Gilt Passive Fund and the Prudential Cash Fund have delivered long term returns that are below the current rate of inflation at the end of this reporting year. These returns are from a period with considerable volatility in the UK gilt market and inflation at levels in excess of long term expectations.

The majority of the funds included in the default lifestyle (with the exception of the Prudential Discretionary Fund) continue to broadly meet their individual benchmarks over the longer term and the Trustee does not have any immediate concerns over performance. The Trustee will continue to assess performance using the monitoring reports and remains satisfied that this objective will be met over the long term once inflation returns to more normal levels. However, if its investment advisers propose actions to be taken, then the Trustee will act accordingly.

Fund	5-year performance (% p.a.)	Inflation (% p.a.) based on CPI*	Relative
Prudential Long-Term Gilt Passive Fund	-8.0	3.2	-11.2
Prudential BlackRock Aquila Consensus Index Fund	6.4	3.2	3.2
Prudential Discretionary Fund	5.2	3.2	2
Prudential Cash Fund	1.6	3.2	-1.6
Prudential Dynamic Growth IV	5	3.2	1.8
Prudential Dynamic Growth II	3.5	3.2	0.3

Source: Prudential

Performance is shown gross of fees and annualised.

*Consumer Price Index year to 31 March 2024

c. *To provide members with an investment choice that seeks to reduce the volatility in investment returns*

The Trustee has made a range of fund options available to members covering the main assets classes and different levels of risk. The default strategy is designed to reduce the volatility of annuity purchasing power for a member who intends to use 75% of their retirement benefits to purchase an annuity and take the remainder as cash. Alternative lifestyle strategies are available for members who wish to target either drawdown or cash at retirement. Members are also able to choose from the range of funds on a self-select basis, targeting a variety of asset classes.

An investment strategy review was completed on 7 December 2023 and the Trustee concluded the investment options remain suitable for members. The Trustee is comfortable that it has met its objective of providing members with an investment choice that seeks to reduce risk and volatility in the returns achieved.

d. *Funding Objective – "Where required…. to ensure the Plan has sufficient assets available to pay the Guaranteed Minimum Pension ("GMP") as and when they arise."*

The actuarial valuation at 6 April 2023 was completed on 1 May 2024 and showed a deficit of £715K on the technical provisions basis, with an approximate allowance made for GMP equalisation. The Trustee and Plan Actuary discussed how the funding objective can be met and a Recovery Plan, dated 1 May 2024, has been agreed between the Trustee and the Company to remove the deficit, with quarterly contributions of £100,000 being paid between 31 July 2021 and 31 January 2025 inclusive. The Plan has had sufficient assets to meet the GMP payments over the year as and when they have arisen. This objective has therefore been met over this reporting period.

e. *Security Objective – To ensure that the Solvency position of the Plan is expected to improve*

The actuarial valuation at 6 April 2023 showed a solvency deficit of £715K, with an approximate allowance made for GMP equalisation. The estimated solvency position improved over the year to 5 April 2024 and is expected to continue improving, due partly to the deficit contributions agreed under the Recovery Plan dated 1 May 2024. This objective is therefore met.

f. *"Stability Objective" – To have due regard to the Company's ability in meeting its contribution payments given their size and incidence*

Under the Recovery Plan agreed between the Trustee and the Company on 1 May 2024, deficit contributions continue to be paid at £100,000 per quarter. These contributions have been paid and the Trustee has no concerns about the Company's ability to make the agreed payments. This objective is therefore met.

In addition to the above investment objectives, the Trustee has several policies set out in the SIP. Below, the Trustee has explained how these have been met.

g. Choosing Investments – The SIP states that 'the Trustee's policy is to obtain advice concerning the continued appropriateness of the investment strategy, investment manager and the range of funds available every three years, or sooner in the event of any significant changes to their investment objectives.'

The Trustee continues to take advice from Aon regarding the appropriateness of the investments for members.

h. Social, Environmental or Ethical Considerations – The SIP states that 'the Trustee expects the Plan's investment managers to, where appropriate, engage with investee companies with the aim to protect and enhance the value of the assets and exercise the Trustee's voting rights in relation to the Plan's assets.'

The Trustee receives voting and engagement data from the Plan's platform provider, Prudential, to evidence that the investment managers are actively voting and engaging with investee companies on behalf of the Trustee. Further detail of this is provided in the Voting and Engagement section.

i. Effective Decision Making – The SIP states that 'The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. It also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice received.'

The Trustee continues to take advice from Aon regarding the appropriateness of the investments for members. The last formal investment strategy review considered the suitability of the default arrangement and other fund options with reference to the membership demographics and how members access their benefits, as well as industry data and wider market trends. The Trustee took advice from Aon, and decided that retaining the existing default arrangement would best meet the needs of the membership. The next investment strategy review is planned to take place in Q4 2026.

Investment monitoring takes place on a semi-annual basis with a monitoring report being provided to the Trustee by Aon. The reports monitor performance of the Plan against benchmark and target and highlight any areas for action or concern. Fund performance is evaluated based on Aon's PlanWatch methodology. This assigns red, amber or green ratings to fund performance over the short and long term. Any funds that are assigned a 'Red' rating are monitored closely by Aon and discussed with the Trustee. Over the period, funds received mixed ratings; however, most of the funds met or marginally outperformed their benchmarks over the longer term before fees. There were no immediate concerns with performance and no actions were recommended.

The Trustee is an independent professional organisation, which acts as a trustee across a number of different pension schemes. Internal processes exist within the organisation to ensure employees are appropriately trained and conversant with Plan documentation and undertake continuous professional development throughout the year in line with the requirements of their professional organisation.

The Trustee has engaged with their professional advisers regularly throughout the period to ensure that it exercises its functions properly and takes professional advice where needed. In exercising its functions, this has required knowledge of key Plan documents such as the Trust Deed & Rules, Trustee Report & Accounts and SIP.

Given this and the advice provided by its advisers, the Trustee considers that it is well placed to effectively make appropriate decisions regarding the investments of the Plan.

3. The exercise of our voting rights

The Plan invests in pooled funds, and the Trustee has delegated responsibility for the selection, retention and realisation of investments to the Plan's appointed investment managers. This means that the Trustee has also delegated its stewardship activities, including the exercise of its voting rights, to its managers.

The rest of this section sets out the stewardship activities, including the exercise of voting rights, carried out on the Trustee's behalf over the year to 5 April 2024.

Based on the information provided, we are comfortable that most managers are carrying out stewardship activities that are in line with our expectations and policies set out in the SIP.

Where managers have been unable to provide the requested information, we are engaging with these managers to set expectations regarding the provision of this data in the future.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, **engaging** with investees/issuers, and **exercising voting rights**.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Voting statistics

The table below shows the voting statistics for the Plan's material funds with voting rights that had assets invested in as at 5 April 2024.

Note that voting information is only produced by the Plan's investment managers on a quarterly basis so information for the year to 5 April 2024 was not available. We are comfortable that the information provided (which reflects the 12 months to 31 March 2024) is reflective of the voting carried out on their behalf over the Plan year to 5 April 2024.

Underlying fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
BlackRock Aquila World ex-UK Index S3	27,144	94.3%	5.8%	0.5%
BlackRock Aquila Consensus S3	62,863	96.2%	6.6%	1.4%
M&G Discretionary Fund S3	25,148	96.0%	6.0%	0.6%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's material managers use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

	Description of use of proxy voting advisers ***(in the managers' own words)***
M&G Investments ("M&G")	**We use research provided by Institutional Shareholder Services (ISS) and the Investment Association; and we use the ProxyExchange platform from ISS for managing our proxy voting activity.**
BlackRock	**BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of BIS with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.** **While we subscribe to research from the proxy advisory firms ISS and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.**

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Plan's funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the most recent calendar year.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	**Firm level**	
BlackRock Aquila World ex-UK Index S3	1,518	3,768	Environmental - Biodiversity, Climate Risk Management, Water & waste and others Social - Human Capital Management, Diversity and Inclusion, Health and Safety and others Governance - Board Composition and Effectiveness, Board Gender Diversity, Business Oversight/Risk Management and others
BlackRock Aquila Consensus S3	2,185		Environmental - Biodiversity, Climate Risk Management, Water & waste and others Social - Human Capital Management, Diversity and Inclusion, Health and Safety and others Governance- Board Composition and Effectiveness, Board Gender Diversity, Business Oversight/Risk Management and others
M&G Discretionary Fund S3	896	297	Environmental - Biodiversity, Climate Risk Management, Land Use/Deforestation Social - Human Capital Management, Diversity and Inclusion, Health and Safety and others Governance-Board Composition and Effectiveness, Board Gender Diversity, Business Oversight/Risk Management and others

Source: Managers
[1]*The Engagement numbers are for the period from 1 April 2023 to 31 March 2024*

Data limitations

At the time of writing, BlackRock did provide fund-level engagement information but not in the Investment Consultants Sustainability Working Group ("ICSWG") engagement reporting template format, which our advisors consider to be industry standard. Our investment advisor is engaging with the manager on our behalf to set expectations regarding the provision of this data in the requested format in future years.

We acknowledge that the concept of stewardship may be less applicable with respect to fixed income and property investments, particularly for short-term money market instruments and gilt investments. As such, this report does not include commentary on the Plan's gilt or cash investments because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Plan's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

BlackRock Aquila World ex-UK Index S3	**Company name**	Alphabet Inc.
	Date of vote	02-Jun-23
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not Provided
	Summary of the resolution	Approve Recapitalization Plan for all Stock to Have One-vote per Share
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.
	Rationale for the voting decision	In line with our view that one vote per share is in the best economic interests of long-term shareholders, BIS supported this shareholder proposal to disband the company's multi-class stock structure. We believe that "one vote for one share" is a guiding principle that supports effective corporate governance.
	Outcome of the vote	Fail
	Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome?	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	On which criteria have you assessed this vote to be "most significant"?	As discussed in our Global Principles, effective voting rights are a fundamental right of share ownership. We believe that "one vote for one share" is a guiding principle that supports effective corporate governance.
BlackRock Aquila Consensus S3	**Company name**	Toyota Motor Corp.
	Date of vote	14-Jun-2023

	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not Provided
	Summary of the resolution	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.
	Rationale for the voting decision	[TK-S0810-002] AGAINST shareholder proposal as the proposal will not serve shareholder's interest.
	Outcome of the vote	Fail
	Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome?	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	On which criteria have you assessed this vote to be "most significant"?	Not Provided
M&G Discretionary Fund S3	**Company name**	Exxon Mobil Corporation
	Date of vote	31-May-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1%
	Summary of the resolution	1) Adopt Medium-Term Scope 3 GHG Reduction Target 2) Report on Methane Emission Disclosure Reliability 3) Report on Social Impact From Plant Closure or Energy Transition
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Not Provided

	Rationale for the voting decision	1) The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company 2) The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies. 3) The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.
	Outcome of the vote	Fail
	Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome?	1) BIS did not support this shareholder proposal because, in our view, the methodology for setting scope 3 targets in carbon intensive industries is still under development. Until there is a common framework for managing the related uncertainty and complexity, we look to company management to determine the appropriate disclosures to help investors understand their approach. Further, complying with the specific ask of the shareholder proposal may be unduly constraining on management and the board's ability to set the company's long-term business strategy. 2) BIS did not support this shareholder proposal because, in our assessment, Exxon has provided sufficient disclosures on both their approach to methane emissions abatement as well as how they are working to accurately measure and monitor methane emissions. 3) BIS did not support this shareholder proposal because, in our assessment, Exxon is taking the appropriate steps and already providing disclosure regarding their approach to workforce continuity amid a transition to a low-carbon economy.
	On which criteria have you assessed this vote to be "most significant"?	Not Provided

Source: Managers