



E.H. Booth & Co. Limited Pension & Assurance Scheme

July 2025

Background and Implementation Statement

Background

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

Implementation Report

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

The SIP can be found online at the web address [EH-Booth-SIP-2023.pdf \(booths.co.uk\)](https://www.booths.co.uk/eh-booth-sip-2023.pdf). Changes to the SIP are detailed later in the report.

The Implementation Report details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 5 April 2025 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

Summary of key actions undertaken over the Scheme reporting year

- During the reporting year, the Trustees invested £4.4 million of excess cash from the Trustee bank account into the Insight ABS Fund across three separate transactions. The build up of excess cash was largely due to capital and income distributions from the direct lending funds that were not required to be held in the Trustee bank account to meet immediate cashflows.
- Post-year end, the Trustees conducted an LDI and strategy review. Following the review, the Trustees agreed to increase the hedge ratio to 95–100% of liabilities on the Technical Provisions basis and align the hedge with the expected shorter timeframe on which the Central Asset Reserve (“CAR”) is estimated to be switched off and payments are received. The strategy review also considered alternative growth assets to support the Scheme in achieving its long-term objective of reaching full funding on an estimated solvency basis. The Trustees agreed to introduce a new credit asset, Semi-Liquid Credit, and at the time of writing are undertaking a manager selection exercise.
- Over the reporting year, the Scheme’s close-ended illiquid vehicles made the following distributions:
 - Apollo Accord Fund V distributed c.£1.4m, with the final distribution being received in December 2024, ahead of the projected schedule of August 2025.
 - Partners Group MAC 2016 mandate distributed c.£873k. The fund has returned the majority of capital, it is expected that all residual monies (c.£240k) will be returned by 2027.
 - Partners Group MAC VI mandate distributed c.£3.1m over the period. The Fund continues to periodically harvest positions and is expected that the majority of capital will be returned across 2026 and 2027.

Implementation Statement

This report demonstrates that the E.H. Booth & Co. Limited Pension & Assurance Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Adopted by the Trustees of the E.H. Booth & Co. Limited Pension & Assurance Scheme on 14 August 2025.

Managing risks and policy actions DB

The Trustees have identified the following risks that it has considered in the Scheme's SIP. These risks and the Trustees' policies are set out in the tables below. The key actions the Trustees have taken over the accounting year to address some of these risks have been highlighted below.

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To maintain an appropriate hedge through investing in liability matching assets with the aim of mitigating interest rate and inflation volatility, whilst ensuring compliance with all regulatory guidance in relation to leverage and collateral management.	There were no changes to this policy over the reporting year. However, in July 2025, the Trustees increased the Scheme's LDI hedge from 85-90% to 95-100% of liabilities on the Technical Provisions basis in order to further protect the Scheme's strong funding position against interest rate and inflation volatility.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to meet regulatory guidance around providing collateral to the LDI manager.	The Trustees took several actions to maintain a sufficient liquidity position and provide collateral to support the Liability Driven Investment ("LDI") portfolio with Insight. This included three separate investments of excess cash from the Trustee bank account into the daily dealt Insight ABS fund to strengthen the Scheme's collateral waterfall.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	Whilst there were no changes to the investment strategy over the reporting year, the Trustees and the Sponsoring Employer agreed changes to the investment strategy in July 2025 which will introduce an alternative growth asset, Semi-Liquid Credit, to complement the Scheme's existing investment strategy whilst retaining sufficient liquidity

			over the medium-term. The Trustees are satisfied the revised strategy remains appropriately diversified.
Credit	Default on payments due as part of a financial security contract.	<p>To diversify this risk by investing in a range of credit markets across different geographies and sectors.</p> <p>To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.</p>	No actions to report – the Scheme’s credit mandates are diversified by sector, location, and sub asset class.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme’s investments.	<p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each of the criteria:</p> <ol style="list-style-type: none"> 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory <p>The Trustees monitor the managers on an ongoing basis.</p>	Further detail provided later in this report
Currency	The potential for adverse currency movements to have an impact on the Scheme’s investments.	Hedge all currency risk on all assets that deliver a return through contractual income.	No actions to report – all mandates are GBP denominated. Any currency exposure is therefore hedged by the managers.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme’s investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	No actions to report.

Changes to the SIP

Over the Scheme reporting year to 5 April 2025 there were no changes to the Scheme's Statement of Investment Principles (SIP). Following the completion of the manager selection exercise for the Semi-Liquid Credit mandate the Trustees will update the SIP for the agreed investment strategy changes. Further detail will be provided in the 2026 Implementation Statement.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regards to ESG as a financially material risk.

This page details how the Scheme's ESG policy is implemented, while the following page outlines the Trustees' investment adviser's assessment criteria as well as the ESG beliefs used in evaluating the Scheme's managers' ESG policies and procedures. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

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

Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights and engagement activity	<ul style="list-style-type: none">• The Trustees' investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.• The Trustees receive information from their investment advisers on the investment managers' approaches to engagement.	<ul style="list-style-type: none">• The manager has not acted in accordance with their policies and frameworks.

Areas of assessment and ESG beliefs

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

Engagement

As the Scheme invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12 month period to 5 April 2025, with the exception of Partners Group who provide data semi-annually, so the information shown covers 12 months to 31 December 2024. Some managers may note a smaller number of engagements over the period due to the nature of the fund(s). For example, private market investments (such as Apollo) encourage continuous engagement throughout the holding period.

Please note that not all categories sum to the number of total engagements, as some engagements covered more than one ESG area.

Fund name	
Engagement summary	Commentary
Insight, Global Asset-Backed Securities	Insight's stewardship programme includes their prioritised engagement themes, which are climate change, water management, and diversity and inclusion. Insight uses an approach to identify poor performers to launch targeted engagements.
Number of entities engaged: c.55	Examples of how Insight have engaged are outlined below.
Total engagements: c.60	Mercedes Benz: Insight engaged with Mercedes Benz, a significant issuer of auto ABS, to discuss Insight's additional ESG reporting requirements which include the completion of Insight's proprietary questionnaire. Insight believes their questionnaire provides a more rigorous quantitative ESG score than is currently standard practice. Insight informed Mercedes that should they not complete the more rigorous assessment; Insight may be required to disinvest.
Insight do not provide the split for the Asset-Backed Securities ("ABS") instruments across the three categories: Environmental, Social and Governance. They note that most engagements are direct and substantive in nature, involving discussions to improve data collection provided by originators and the inclusion of ESG into their loan underwriting process.	Pepper: Mercedes agreed to complete the questionnaire and noted their understanding of the importance of the more robust evaluation. Insight will continue to collaborate with the company on the ESG questionnaire and support their efforts to increase transparency in their ESG practice. Insight engaged with Pepper, a leading Australian consumer lending company, to address the absence of ESG integration into their loan origination and underwriting processes. Insight noted the lack of ESG considerations as a significant concern. Insight noted the lack of EPC (Energy Performance Certificate) data analysis as another as a critical issue requiring resolution to maintain its investment in Pepper. Since Insight's last engagement, Pepper explored providing EPC (Energy Performance Certificate) details for investors in their existing portfolio but found limited demand for such reporting beyond Insight. However, Pepper has since committed to integrating several ESG metrics into its annual report and is considering revisions to its loan origination and underwriting processes to incorporate ESG considerations – though it is not an immediate priority at the time of reporting. Overall, Insight deems the outcome to be positive in terms of disclosures in the annual report, however loan level disclosures and loan practices will continue to be addressed as part of their engagements.

<p>Insight, LDI</p> <p>Number of entities engaged: 75</p> <p>Total engagements: 126</p> <p>Environmental: 64</p> <p>Social: 38</p> <p>Governance: 26</p> <p>Other: 345</p>	<p>As the underlying assets are primarily government bonds, ESG engagement is limited to Insight's engagement with underlying counterparty banks. Therefore, the engagements provided by Insight cover their general approach to engagement with counterparty banks and examples of engagements with wider market stakeholders.</p>
<p>Partners Group, Multi Asset Credit Fund 2016</p> <p>Number of entities engaged: 2</p>	<p>Partners Group Multi Asset Credit Fund 2016 is currently in its harvesting period with the majority capital having been returned, therefore they have had limited engagements with the remaining portfolio companies as they are realising positions.</p> <p>An example of an area Partners Group has engaged has been outlined below.</p> <p>Pinard Emballages:</p> <p>Partners Group engaged with Pinard Emballages, a French manufacturer of high-end plastic bottles primarily serving the luxury fragrance and cosmetics markets, in October 2024. This followed Partners Group's receipt of proceeds from the repayment of its first lien debt investment, exiting the position in the company. The full realization generated a gross TVPI (Total Value to Paid-In Capital) of 1.41x.</p>
<p>Partners Group, Multi Asset Credit Fund VI</p> <p>Number of entities engaged: 10</p>	<p>The Multi Asset Credit Fund VI is now in its realisation period and is set to end in December 2027, subject to potential extensions. As the Fund is realising positions, they have had limited engagements with their portfolio companies.</p> <p>An example of where Partners Group has engaged has been outlined below.</p> <p>SEKO:</p> <p>Partners Group engaged with SEKO in November 2024 following significant restructuring of the company, in which the first lien investor group, including Partners Group as a minority lender took ownership of SEKO. The restructuring reduced leverage to sustainable levels by converting a significant portion of first lien debt into company equity, resulting in Partners Group holding a majority stake. Concurrently, the second lien debt and Holdco PIK notes (a type of debt financing used in private equity transactions) were fully retired in exchange for minimal equity.</p>

**Partners Group,
The Partners Fund**

Given Partners Group often have control of the board of their underlying holdings, they are unable to confirm the exact number of engagements.

We are engaging with members of their working group to see how private markets information can best be captured in the future.

Ammega:

Partners Group engaged with Ammega, a global leader in industrial power transmission and conveyor belting solutions, regarding its sustainability framework to support long term value creation.

Partners Group worked with the Company over 2023 and 2024 to enhance board oversight, formalise ESG accountability and drive measurable sustainability improvements across operations.

One of the key initiatives implemented under Partners Group's oversight was Ammega's "Zero Harm" roadmap, which has significantly improved workplace safety, leading to a 10% reduction in total injury frequency between 2023 and 2024. Partners Group also supported the company's transition to a centralised Environmental, Health, and Safety (EHS) system, streamlining compliance and enhancing operational efficiency across global sites.

Partners Group has also guided Ammega in advancing its carbon reduction strategy, including major solar energy installations in Spain and China, which collectively generated over 1.5 million kWh of renewable energy in 2023. Additionally, Ammega's Energy Conservation Task Force achieved a 10% reduction in energy use, reinforcing Ammega's commitment to operational efficiency and reductions in emissions.

Partners Group will continue to support Ammega in scaling its sustainability initiatives, further reducing carbon intensity, optimising energy and water use and deepening ESG integration to drive long term value creation.

Voting (for equity/multi asset funds only)

The Trustees have acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.

Partners Group have provided details on their voting actions including a summary of the activity covering the 12-month period to 31 December 2024, as they unable to provide data to the Scheme's year-end date due to only providing ESG related data semi-annually.

The Trustees have adopted the managers definition of significant votes and have not set stewardship priorities. Partners Group have provided examples of votes they deem to be significant as they represent the largest exposure in the fund.

Fund name	Examples of most significant votes	Commentary
Voting summary		
Partners Group, The Partners Fund		
Proposals eligible to vote on: 781	Partners Group have provided examples of the private markets investments in The Partners Fund as they represent the largest exposure in the fund, the listed equity exposure is usually <5%. Due to the nature of the private markets fund, the direction of the votes is not applicable. Examples of significant engagements include:	Partners Group use the Glass Lewis proxy advisory services with a bespoke Proxy Voting Directive. If there is difference in recommendation between Glass Lewis, the Proxy Voting Directive, and company's management, votes are submitted on a manual basis.
Proposals voted: 781		
Voted with management: 695	Breitling:	
Voted against management: 62	As Partners Group control the board, the vote direction was not applicable. The company's board and management have partnered with Climeworks to implement a long-term carbon removal strategy ensuring a permanent reduction of its carbon footprint. Since Partners Group took control of the board they have strived to improve ethical sourcing of materials, with the company having now improved its material sourcing standards and increased prioritisation of recycled and sustainably mined metals in its watch production. Partners Group is continuing to support Breitling in achieving its target of full net-zero emissions, expanding circular economy initiatives, and ensuring traceability across its supply chain.	<ul style="list-style-type: none">- 98% of votes enacted by the proxy agent were in line with the recommendation.
Abstained from voting: 8		

Velvet Care:

As Partners Group control the board, the vote direction was not applicable. Under Partners Group's leadership, Velvet Care's focus has shifted to establishing a robust governance structure to support long-term sustainable growth. With control of the board, Partners Group has refined Velvet Care's strategic direction, embedding sustainability considerations into decision-making and value creation efforts.

Partners Group has strengthened board governance by formalising sustainability oversight and enhancing workforce engagement strategies. Since taking control, they have also aligned Velvet Care's policies with global best practices, reinforcing the company's commitment to ethical supply chain management and talent retention.

Going forward, Partners Group will continue supporting Velvet Care in scaling its workforce development initiatives and deepening sustainability integration across operations, ensuring the company remains well-positioned for sustainable, long-term value creation.
