

Exeter and Devon Airport Limited 1991 Pension Scheme

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statement of Investment Principles (SIPs) dated March 2020 and March 2025 have been implemented.

It also includes the Trustee's voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 April 2024 to 31 March 2025.

Investment objectives of the Scheme

The Trustee's objectives for setting the investment strategy of the Scheme have been set broadly with regard to the Scheme's Statutory Funding Objective set out in the Statement of Funding Principles.

The Trustee's primary objectives are set out on page 2 of the March 2025 SIP and are as follows:

- To ensure that the assets are of a nature to enable the Trustee to meet the Scheme's benefits as they fall due.
- To invest the Scheme's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Scheme's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustee's funding plan have a reasonable chance of being achieved in practice.
- To gradually reduce the exposure to equity-like risk within the growth holdings, in accordance with the de-risking plan that the Trustee is considering. The intention of the de-risking plan is to protect improvements in the Scheme's funding level (as and when they arise), and to achieve full funding on a low risk funding basis over a medium- to long-term time period.
- To target a level of hedging of around 100% of the risk to funding associated with the impact of changes in long-term interest rates and future inflation expectations on the Scheme's funded liabilities (i.e. up to the value of the Scheme's assets) on a low risk funding basis.
- Where future opportunities arise to reduce expected volatility in the funding position without adversely affecting the funding plan, the Trustee will consider actions to achieve this aim.

The Trustee appreciates that these objectives are not necessarily mutually exclusive.

The Trustee also recognises that it is currently necessary to accept some risk in the investment strategy to achieve the long-term funding objective.

Review of the SIP

The SIP was last reviewed in March 2025. The Trustee updated the SIP to reflect changes in the Scheme's investment strategy that were made over the previous Scheme year.

Prior to this, the SIP had last been updated in March 2020 to take account of previous changes made to the Scheme's investment strategy.

The Trustee has a policy on financially material considerations relating to Environmental, Social, and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustee has a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustee's SIP.

The Trustee's policies on financially and non-financially material considerations were unchanged over the year. The Trustee's policy on engagement and voting rights was updated in the revised SIP that came into force during the year and is shown later in this Statement.

Investment managers and funds in use

The Trustee's investment strategy during the year was as shown in the below table, which is reflected in the Trustee's March 2025 SIP.

| Asset Class | Fund | Target Asset Allocation |
|--|---|-------------------------|
| Global equities | L&G Global Equity Fixed Weights (50:50) Index Fund - GBP Hedged | 15.0% |
| Risk-controlled multi-asset | L&G Dynamic Diversified Fund | 20.0% |
| Multi-asset income | Aegon Diversified Monthly Income Fund | 20.0% |
| Liability Driven Investment (LDI) | L&G Matching Core Funds | 42.0% |
| Absolute return bonds | L&G Absolute Return Bond Fund | 3.0% |
| Total | | 100.0% |

There have been no changes to either the Investment Managers used or the Target Asset Allocation for the Scheme's invested assets over the year, however the March 2025 SIP refers to Legal & General Investment Management ('LGIM'), which rebranded to L&G – Asset Management ('L&G') towards the end of the Scheme year.

Investment governance

The Trustee is responsible for making investment decisions, and seeks advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustee's investment consultant.

The Trustee does not actively obtain views of the membership of the Scheme to help form its policies set out in the SIP as the Scheme is comprised of a diverse membership, which the Trustee expects to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustee has put in place strategic objectives for Broadstone, as the Trustee's investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustee in December 2022. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance, and service standards.

Monitoring of investment arrangements

In addition to any reviews of Investment Managers or approaches, and direct engagement with the Investment Managers (as detailed below), the Trustee receives performance reports on a quarterly basis from L&G and Aegon, together with performance reports from Broadstone on a half-yearly basis to ensure the investment objectives set out in its SIP are being met.

Trustee's policies

The table below sets out how, and the extent to which, the relevant policies in the Scheme's SIPs have been followed:

| Requirement | Policy | Implementation of Policy |
|--|---|---|
| Selection of Investments | <p>The Trustee may select investments from a wide range of asset classes from time to time, including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property and alternative asset classes, such as hedge funds, private equity and infrastructure.</p> <p>The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.</p> <p>The Trustee may invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments.</p> <p>The Trustee may hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it.</p> <p>The Trustee may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.</p> | No deviation from this policy over the year to 31 March 2025. |
| Balance of Investments | <p>The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting its investment objectives.</p> <p>The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustee's view of the Principal Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment.</p> <p>The Trustee has agreed the range of funds to be used in the investment strategy, taking into account the maturity of the Scheme's liabilities, and to ensure the range is sufficiently robust to allow easy adjustment between the funds as the Trustee's risk appetite changes and the Scheme matures.</p> | <p>No deviation from this policy over the year to 31 March 2025.</p> <p>The Trustee's target investment strategy allocations as at the year end are reflected in the latest SIP.</p> |
| Delegation to Investment Managers | The Trustee will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments. | No deviation from this policy over the year to 31 March 2025. |
| Maintaining the Target Asset Allocation and Target Hedging Ratios | <p>The Trustee has responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation and Target Hedging Ratios.</p> <p>The Trustee will regularly review the balance of the Scheme's investment holdings to maintain the allocation and hedging levels within a reasonable range of the respective targets in conjunction with its adviser, Broadstone, and will make any necessary transfers, taking account of the reasons for and extent of any deviation, together with the costs associated with rebalancing the portfolio.</p> | <p>No deviation from this policy over the year to 31 March 2025.</p> <p>The asset allocation and level of hedging exposure provided by the assets at the year end were broadly in line with their targets and are reflected in the SIP.</p> |

| Requirement | Policy | Implementation of Policy |
|--|---|---|
| Realising Investments | The Trustee makes disinvestments from the Investment Managers with the assistance of its administrators, Aptia, as necessary, to meet the Scheme's cashflow requirements, seeking input from Broadstone as investment consultants on the source of such disinvestments. | No deviation from this policy over the year to 31 March 2025. |
| Performance Benchmarks and Objectives | <p>The equity fund is an index-tracking fund, meaning that its objective is to track the total return on a specified market index within an agreed margin over a specified timescale.</p> <p>The multi-asset income, multi-asset and absolute return bond funds are actively managed, and the Investment Managers have been set Performance Objectives to achieve returns in line with, or in excess of, a benchmark.</p> <p>The L&G Matching Core Funds have an objective to provide a prescribed level of hedging against changes in the value of liabilities for a typical defined benefit pension scheme caused by interest rate and inflation risks. The practical method of implementing this level of hedging is delegated to L&G, with the expectation that L&G will choose the most cost-effective method.</p> | <p>The funds' performance benchmarks and objectives were reviewed on a biannual basis over the year to 31 March 2025.</p> <p>There were no changes to the funds' performance benchmarks and objectives over the year.</p> |
| Investment Management Charges | <p>The annual investment management charges of the funds used during the Scheme year are set out on page 8 of the SIP and are as follows:</p> <ul style="list-style-type: none"> L&G Global Equity Fixed Weights (50:50) Index Fund – GBP Hedged: 0.178% p.a. Aegon Diversified Monthly Income Fund: 0.450% p.a.* L&G Dynamic Diversified Fund: 0.380% p.a.** L&G Absolute Return Bond Fund: 0.250% p.a. L&G Matching Core Funds: 0.240% p.a. <p>* Discounted from 0.50% p.a. **Discounted from the standard charge of 0.50% p.a. until further notice.</p> <p>In addition, L&G charge a flat administration fee of £1,500 per annum.</p> | There were no changes to the funds' investment management charges over the year to 31 March 2025. |
| Financially and Non-Financially Material Considerations | The Trustee's policy on financially and non-financially material considerations is set out on page 11 of the March 2025 SIP and in full below. | No deviation from this policy over the year to 31 March 2025 (see below). |

| Requirement | Policy | Implementation of Policy |
|-------------------------------------|---|--|
| Engagement and Voting Rights | <p>From the start of the year to 17 March 2025 (March 2020 SIP):</p> <p>Responsibility for engagement with the issuers of the Scheme's underlying investment holdings and the use of voting rights is delegated to the Investment Managers. The Trustee can therefore only influence engagement and voting policy indirectly.</p> <p>The Investment Managers provide, on request, information to the Trustee on its actions in relation to engagement and use of voting rights. The Trustee is therefore aware of the policies adopted by the Investment Managers.</p> <p>From 18 March 2025 to the end of the year (March 2025 SIP):</p> <p>The Trustee's voting and engagement policy is to use its investments to improve the Environmental, Social and Governance behaviors of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices.</p> <p>The Trustee believes that having this policy, and aiming to improve how companies behave in the medium and long term, are in the members' best interests. The Trustee will aim to monitor the actions taken by the Investment Managers on its behalf and if there are significant differences from the policy detailed above, it will escalate its concerns which could ultimately lead to disinvesting its assets from the managers.</p> | No deviation from either policy whilst each was in force during the year to 31 March 2025 (see below). |

Financially and non-financially material considerations

The Trustee recognises that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets.

The Trustee delegates responsibility for day-to-day decisions on the selection of investments to the Investment Managers. The Trustee has an expectation that the Investment Managers will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustee's views on how ESG issues are taken account of in each asset class used during the Scheme year are set out below.

| Asset Class | Active/Passive | Trustee's Views |
|------------------------|----------------|---|
| Global equities | Passive | The Trustee acknowledges that the Investment Manager must invest in line with specified indices and, therefore, may not be able to disinvest from a particular security if they have concerns relating to ESG. The Trustee does expect the Investment Manager to take into account ESG considerations by engaging with companies that form the index, and by exercising voting rights on these companies. |

| | | |
|---|--------|---|
| Risk-controlled multi-asset / multi-asset income | Active | The Trustee expects the Investment Managers to take financially material ESG factors into account, given the active management style of the funds and the ability of the managers to use its discretion to generate higher risk adjusted returns. The Trustee also expects its Investment Managers to engage with the underlying investee companies, where possible, although they appreciate that fixed income assets within the portfolio do not typically attract voting rights. |
| LDI funds | Active | The underlying assets of the LDI solution consist of government bond funds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities. |
| Absolute return bonds | Active | The Trustee expects the Investment Manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the manager to use its discretion to generate higher risk-adjusted returns. The Trustee also expects its Investment Manager to engage with the underlying investee companies, where possible, although it appreciates that fixed income assets within the portfolio do not typically attract voting rights. |

The Trustee does not currently impose any specific restrictions on the Investment Managers with regard to ESG issues but will review this position from time to time. The Trustee receives information from the Investment Managers on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustee takes the view that this falls within its general approach to ESG issues. The Trustee regards the potential impact of climate change on the Scheme's assets as a longer-term risk and likely to be less material in the context of the short to medium term development of the Scheme's funding position than other risks. The Trustee will continue to monitor market developments in this area with its investment adviser.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects the Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.

Voting rights

The Trustee currently invests in pooled investment funds with the Investment Managers, and it acknowledges that this limits its ability to directly influence the Investment Managers. In particular, all voting activities have been delegated to the Investment Managers, as the Trustee is unable to vote on the underlying holdings, given the pooled nature of the Scheme's investments.

However, the Trustee periodically meets with its Investment Managers, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustee. As part of this, the Trustee will seek to challenge its Investment Managers on these matters where it thinks this is in the best interests of members.

Out of the funds held by the Trustee over the year, the global equity, risk-controlled multi-asset and multi-asset income funds contain publicly listed equity holdings. These funds have voting rights attached to the underlying equities held within the funds, and the Trustee has delegated these voting rights to the managers, where each manager sets its own voting policy.

A summary of the votes made by the managers from 1 April 2024 to 31 March 2025 on behalf of the Trustee for each fund used by the Scheme during the year that includes voting rights was requested from the managers. It was requested that the managers provide voting data broken down into Environmental, Social,

and Governance categories. However, the managers advised that the data is not yet available in this format. The breakdown of this data will continue to be requested in future periods. The data in the table below is therefore provided at total fund level.

| Manager | Fund | Resolutions Voted On | Resolutions Voted: | | |
|----------------|---|----------------------|--------------------|---------|-----------|
| | | | For | Against | Abstained |
| L&G | Global Equity Fixed Weights (50:50) Index Fund – GBP Hedged | 37,698 | 82% | 18% | - |
| L&G | Dynamic Diversified Fund | 101,822 | 77% | 22% | 1% |
| Aegon | Diversified Monthly Income Fund | 693 | 97% | 2% | 1% |

At the year end, all of the Scheme's assets were invested in pooled funds. Information regarding proxy voting, for each manager the Scheme invested with during the year in a fund that has voting rights, is shown below:

- L&G do not use a proxy voting service to determine their voting policy, which is formed in-house. L&G do, however, use Institutional Shareholders' Service's (ISS's) Proxy Exchange voting platform to vote on resolutions electronically.
- Aegon do not use a proxy voting service to determine their voting policy, which is formed in-house. Aegon do, however, use ISS and Institutional Voting Information Service (IVIS) research to help inform their voting decisions, and use the Proxy Exchange voting platform to vote on resolutions electronically.

Significant votes

The Trustee has requested details of the significant votes made on behalf of the Trustee by each manager of a fund the Scheme invested in that has voting rights. In determining significant votes, each manager's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile votes which have such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at the manager's annual Stakeholder roundtable event, or where the manager notes a significant increase in requests from clients on a particular vote;
- Sanction votes as a result of a direct or collaborative engagement;
- Votes linked to any manager engagement campaign, for example in line with L&G Investment Stewardship's 5-year ESG priority engagement themes.

The Trustee believes the following are the most significant votes undertaken on its behalf over the Scheme year:

| SIGNIFICANT VOTE 1 | |
|---|---|
| Investment Manager | L&G |
| Company | Shell plc |
| Date of vote | 21 May 2024 |
| Percentage of portfolio invested in Company at date of vote | L&G Global Equity Fixed Weights (50:50) Index Fund – GBP Hedged: 3.9% L&G Dynamic Diversified Fund: 0.3% |
| Resolution | Approve the Shell Energy Transition Strategy |
| Why significant | L&G is publicly supportive of so called "Say on Climate" votes. L&G expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C temperature increase scenario. Given the high-profile nature of such votes, L&G deem such votes to be significant, particularly when L&G votes against the transition plan. |
| Voting decision | Voted Against |

| | |
|------------------|--|
| Manager comments | <p><i>“L&G acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025.</i></p> <p><i>Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and [Liquified Natural Gas] business this decade, L&G expects the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. L&G seeks more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation.</i></p> <p><i>Additionally, L&G would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capital expenditure allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in the company’s decarbonisation strategy.”</i></p> |
| Vote outcome | Resolution Passed |

| SIGNIFICANT VOTE 2 | | |
|---|---|------|
| Investment Manager | Aegon | |
| Company | AstraZeneca plc | |
| Date of vote | 11 April 2024 | |
| Percentage of portfolio invested in Company at date of vote | Aegon Diversified Monthly Income Fund: | 0.5% |
| Resolution | Approve Remuneration Policy | |
| Why significant | Remuneration | |
| Voting decision | Voted Against | |
| Manager comments | <p>“Whilst acknowledging the global reach of the company, the generally high paying sector it operates in, and the high regard in which the CEO is held, the proposed increase appears excessive and positions itself significantly above peers. Whilst a debate is currently continuing regarding the competitiveness of the UK market, the company appears to be pre-empting any outcome. It is also likely that other FTSE 10 companies (and further down) will use AstraZeneca’s revised pay to benchmark against and argue for higher levels.”</p> | |
| Vote outcome | Resolution Passed | |

Engagement activities

The Trustee has also delegated engagement activities to the Investment Managers. A notable engagement activity of each Investment Manager the Scheme invested with during the year is provided below:

- **L&G** engaged with Colgate-Palmolive, an American multinational consumer products company, focusing on the company's deforestation approach as well as challenges and opportunities in meeting their deforestation management commitments. L&G met with the company's Chief Sustainability Officer, and explored how the company is ensuring supplier compliance and increased traceability across commodities in their supply chain, as well as the suitability of the company's escalation procedures for non-compliance.

L&G also sought to encourage increased oversight from the Board of Directors, and prioritisation of the issue of deforestation within the company's risk management agenda. L&G noted that the company have demonstrated progress in appreciating responsible sourcing as a critical issue, whilst building relationships and furthering engagement with their suppliers and ending relationships with those found to be non-compliant. L&G note that, overall, the company meets their minimum expectations on deforestation management.

L&G note that Colgate-Palmolive have introduced satellite imaging for monitoring purposes, and are undertaking the complex process of mapping palm oil derivatives. L&G also note that the frequency of Board-level updates on deforestation has increased.

L&G will further engage with the company in 2025, with a focus on traceability progress across key commodities, along with collaborative efforts with their peers to eliminate net deforestation. L&G will also look to further discuss

- **Aegon** engaged with Tesco plc, a British multinational groceries and general merchandise retailer headquartered in the UK, and the market leader in UK groceries with a 28.5% market share. Tesco also operates in Czechia, Ireland, Slovakia, and Hungary. Aegon engaged following a BBC report highlighting potential human rights abuses in the tomato purée industry, including allegations of deliberate mislabelling of products manufactured in the Xinjiang Region of China, where forced labour camps have been reported. Given the reputational and operational risks associated with supply chain violations, Aegon sought to understand how Tesco monitors and manages these risks.

Aegon contacted Tesco to discuss the steps it was taking to investigate the allegations and ensure that forced labour is not present in its supply chain. Aegon also requested clarity on Tesco's supplier monitoring and auditing processes, particularly in high-risk regions, and whether any third-party certifications or verifications are required to ensure compliance with ethical labour practices.

Tesco responded promptly with a comprehensive explanation of its supplier management and human rights strategy. The company is a member of the Ethical Trading Initiative, with forced labour identified as a key focus area. Tesco confirmed it had suspended supply from the implicated supplier and had requested the BBC share its data, noting that the testing method used was not a definitive proof of origin. Aegon recognises Tesco's swift and serious response and will continue to monitor the outcomes of the ongoing investigation.

The Trustee also considers an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Signed: *Sasha Jain*

Date: 26 September 2025

On behalf of the Trustee of the Exeter and Devon Airport Limited 1991 Pension Scheme