

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2024

DC Structure implementation statement

This Implementation Statement ("the Statement") has been prepared by the Trustee and relates to the DC Structure of the Plan, covering both the Shift Pay Pension Plan (and relevant additional voluntary contributions) and members in the Defined Contribution (DC) New Joiners Benefit Structure.

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; the guidance published by the Pensions Regulator; and The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, and the guidance published by the Pensions Regulator.

This Statement covers the Statement of Investment Principles ("SIP") in relation to the DC Structure only and any reference to SIP in this Statement will mean the SIP for the DC Structure. The Trustee has a separate SIP and relevant Implementation Statement for the DB Structure. The regulations state that the Statement must:

- Set out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year, including how voting and engagement policies set out in the SIP have been followed for the period.
- Describe any review of the SIP undertaken during the year, explain any change made to the SIP during the year and the reason for the change (or where no such review was undertaken during the year, state the date of the last review) (see the section entitled "SIP review and update" below); and
- Describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and state any use of the services of a proxy voter during that year (see the section entitled "Voting Behaviour" below).

Based on regulatory requirements, the Statement will cover the period from 1 April 2023 to the end of the Plan's financial year on 31 March 2024.

The Statement is split into three sections:

1. An overview of the Trustee's actions and highlights during the period covered.
2. The policies set out in the Plan's SIP and the extent to which they have been followed in the reporting period, including the stewardship and engagement policies of the fund managers used by the Plan; and
3. The voting behaviour and significant votes undertaken by the fund managers on behalf of the Plan.

1. Overview of Trustee actions

During the relevant reporting period, the Trustee, with support from the Plan's investment adviser:

1. Completed a value for members assessment in accordance with the statutory guidance for trustees published by the Department of Work and Pensions on 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns' effective from 1 October 2021, which included an update to the relative weightings to assessment areas.
 2. Demonstrated rigour in investment analysis, challenge to investment advice received and evidenced risk monitoring by adding more risk measures in quarterly discussions.
 3. Reviewed the investment beliefs and confirmed they remain suitable for the Plan, in September 2023.
 4. Reviewed member demographics and were satisfied with the choice of glidepath options for the default investment arrangement and fund range of self-select white-labelled funds. This review took place as part of the Plan's triennial review, completed in December 2023.
 5. Reviewed and were satisfied that the Prudential with-profits fund remains suitable for members. This also formed part of the triennial review completed in December 2023. The Value for Members assessment that took place in June 2023 concluded that the Prudential with-profits Fund represents good value for members of the Plan.
 6. Reviewed the scenario analysis included within the Plan's TCFD report.
 7. Reviewed the fees for the default strategy and the self-select range.
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SIP review and update

The SIP was both reviewed and updated in December 2023 to:

- To reflect the addition of the illiquids policy.

Overview of Trustee actions (continued)

Financially material considerations

The Trustee has delegated day-to-day management of the DC assets to BlackRock, via a number of pooled funds accessed through investment platforms from Scottish Equitable plc (branded as "Aegon"). M&G Prudential and Prudential Assurance Company Limited ("Prudential") have been delegated day-to-day management for the With-Profits AVC arrangement only. The Trustee has selected the LifePath Target Date Fund range by BlackRock (referred to as the manager below) as the default investment strategy for Plan members. This means that BlackRock has been delegated the responsibility of managing the mix of assets, where members' savings will be invested in.

The Trustee acknowledges that many members have a long time until their retirement. Therefore, any investment decisions should be considered over a long period of time, with suitable growth targets across a range of asset types. The Trustee's long-term focus leads to the belief that, for investors, the most effective way of enforcing a strong ESG policy is through responsible ownership and proactive engagement with companies.

ESG integration

Within the default

BlackRock continue to develop how members' investments can be better positioned against potential risks arising from ESG factors. A formal ESG policy, which includes a climate objective and other sustainable related objectives, was adopted to LifePath funds within the fund prospectus effective 7 December 2022. This policy includes several climate and other sustainable-related objectives. Following on the LifePath UK ESG Integration journey, in February 2023 BlackRock explored transitioning the EM equity allocation to sustainable building blocks that will support their policies and form part of their optimised and screened funds. Over the Plan Year, BlackRock included an evolved index methodology for developed market equities and small cap equities screened exposure. Looking ahead, they are exploring evolving the emerging market equity allocation. This means it is anticipated that going forward, more of the equity allocation of the LifePath arrangements will have an ESG tilt.

Within the self-select range

The Trustee launched the CNPP ESG Multi-asset Fund during the previous Plan year and has seen some member uptake since being implemented.

Non-Financial Factors

The Trustee continues to make one ethical fund available to members – the CNPP Sharia Law Fund.

The Default Investment Arrangement and Self-Select Investment Range

During the Plan year, the Trustee reviewed on a quarterly basis the performance of each fund against the stated performance objective for that fund. The most recent assessment as of the Plan Year was in Q4 2023. The Trustee concluded that the manager remained well suited for the purpose. The Trustee will continue to monitor the manager on a quarterly basis - considering both the funds' performance and other prevailing circumstances.

The last triennial review of the Plan's default investment options and self-select fund range was conducted by the Trustee in Q4 2023. The main outcomes of the triennial review are detailed below:

Default arrangements:

- The default arrangements are appropriately designed to reflect the different ways members in the two Sections are likely to access their retirement benefits, and investment performance has been in line with expectations.
- They are also designed appropriately to reflect the different expected benefits members will choose at retirement, together with the changing nature of risks over time.

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- The Plan's investment adviser believes that BlackRock continue to have the necessary people and investment skills in order to manage the LifePath funds. There is a focus on continual improvement and ESG is already integrated into the strategies, with further allocations planned.
- The asset allocation is well diversified both within and across asset classes.
- The two main default arrangements (together with the Plan's contribution structure) are invested in a suitable manner to give members the chance of achieving good retirement outcomes.
- Overall, the Plan's investment adviser is satisfied that both default arrangements continue to remain suitable for the respective memberships of the Sections of the Plan.

Self-select investment options:

- The CNPP self-select range offers a mix of active and passive investment options.
- The range of self-select funds covers the main asset classes to enable members to build a portfolio that suits most attitudes to risk.
- The Plan's investment adviser is satisfied that the self-select range offers sufficient choice across the risk/return spectrum for those members who wish to make their own investment decisions. It covers all the main asset classes expected.

Following the review, the Trustee was satisfied that both the default investment options and self-select fund range continue to remain suitable for the respective memberships of the Sections of the Plan. The next triennial review is scheduled for Q4 2026.

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2. Review of policies contained in the SIP

This section sets out a summary of the policies which form the Plan's SIP and the Trustee's opinion as to how and the extent to which those policies (and, consequently, the SIP) have been followed during this reporting period.

Policy	Has the policy been followed?	How has the policy been followed during the scheme year?
Primary objective		
<p>The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee's objective is therefore to make available a range of investment options that, whilst avoiding excessive complexity, should assist the members in achieving the following objectives:</p> <ul style="list-style-type: none">• Optimising the value of retirement benefits from the given contributions;• Protecting the value of those benefits in the years approaching retirement against market falls;• Protecting the value of those benefits in the years approaching retirement against fluctuations when turning fund values into retirement benefits; and• Tailoring their investments to meet their own needs.	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to provide two default investment arrangements specific to the different needs of members in the New Joiners DC Structure and Shift Pay Pension Plan. Where the Default options do not meet the needs of a wider cross-section of members, the Plan provides 11 self-select funds. This self-select range includes both passive and active funds covering multi-assets and single asset strategies as well as an option for members who wish to invest in accordance with Sharia Law.</p> <p>The last triennial review of the default investment options and self-select fund range was conducted by the Trustee in December 2023. The Trustee was satisfied that default investment options continue to remain suitable for the respective membership of the Plan. The next triennial review is scheduled for Q4 2026.</p>
Default arrangements		
<p>The main objective of the default arrangements is to support good member outcomes at retirement while subject to a level of investment risk appropriate to the majority of members who do not make active investment choices.</p> <p>Manage the principal investment risks members face, gradually changing where they are invested as they approach retirement; and reflect that New Joiners DC Structure and Shift Pay Pension Plan ("SPPP") members are expected to choose different benefits at retirement.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The LifePath Funds are sets of Target Date Funds ("TDFs"), each managed to an asset allocation appropriate to its target retirement age range and retirement benefits. To reflect the different ways that members in the New Joiners DC Structure and SPPP sections are likely to access their retirement benefits, the default strategy for these sections differs, targeting income drawdown and cash at retirement respectively.</p> <p>The Trustee continues to receive regular reporting from its DC investment advisers, Redington, on the investment performance of these funds. Member outcome modelling is assessed against the PLSA Retirement Living Standards. Performance of the BlackRock LifePath funds returns (after charges) has been broadly in line with their respective objectives. Based on the Plan's membership this is a suitable investment option with the propensity to</p>

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Designing and maintaining a default arrangement meets the expected different benefits at retirement for the membership.		deliver good retirement outcomes for members at competitive charges.
Choosing the default arrangements and other investment options		
The Trustee believes that understanding the Plan's membership is essential to designing and maintaining a default arrangement which meets the needs of the majority of members.	Yes, the Trustee is satisfied that this policy has been followed.	The last triennial review of the Plan's default investment options was conducted by the Trustee in December 2023. The Trustee was satisfied that default investment options continue to remain suitable for the respective membership of the Plan. The next triennial review is scheduled for Q4 2026.
The Plan should offer members a choice of investment options because the default may: 1) not meet the needs of a wider cross-section of members; 2) members' attitude to risk and needs for returns will vary from member to member.		The Trustee reviewed the self-select range as part of the triennial review, in December 2023. Performance of the Plan's investments were reviewed on a quarterly basis during Investment Sub-Committee meetings.
The Trustee reviews the range of funds available on a regular basis. These reviews will consider a range of inputs such as the changing composition of members and potential member feedback. Advice is received as required from professional advisers. In addition, the Trustee reviews the performance of the Plan's investments on a regular basis.		Following the triennial review in December 2023, the Trustee explored, alongside the investment adviser, the option of including an ESG Global Equity fund to the range of self-select options. The next step of this process is gauging the level of member interest from member presentations, with the assistance of the Plan Secretariat.
Kinds of Investments to be held		
The investment managers may invest in UK and overseas investments including equities, property, fixed and index linked bonds and cash. However, the investments in each fund will depend on the nature of each fund, its objective and benchmark and the risk controls which operate.	Yes, the Trustee is satisfied that this policy has been followed.	BlackRock as investment manager for the default investment options, make sure of the range of asset classes is as described in the Policy. In the Plan Year to March 2024 the Trustee's Investment Sub-Committee, met on a quarterly basis to monitor, with the assistance of the Plan's investment advisers, how well each fund performed against its objective and relevant benchmark. Specifically, the Committee met on the 14 June 2023, 13 September 2023, 13 December 2023 and 20 March 2024 to discuss this.

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Investment Risks		
<p>The Trustee believes that the three principal risks most members will face are: inflation risk, benefit conversion risk and volatility/market risk. The Trustee has developed and maintains a framework for assessing the impact of all investment risks on long-term investment returns.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>In the Plan Year to March 2024 the Trustee received Quarterly Monitoring Reports from its DC investment adviser. These reports are centred around the monitoring framework that assesses the impact of all investment risks on long-term investment returns.</p> <p>This framework looks at member retirement outcome modelling, which considers the long-term investment returns in a base case and downside situations.</p> <p>These reports were discussed at their respective quarterly meetings on the 14 June 2023, 13 September 2023, 13 December 2023 and 20 March 2024. Following each discussion, the Trustee remained comfortable that the investment risks were suitability mitigated in the Plan's investments.</p>
<p>The default investment options manage the three main investment risks as members grow older by automatically switching from assets which are expected to give long-term growth relative to inflation into assets whose values should fluctuate less in the short-term relative to the benefits members are expected to take at retirement.</p>	<p>Yes, the Trustee is satisfied this policy has been followed.</p>	<p>The Plan continues to make use of target date fund structures to implement the default investment options for members.</p> <p>The last triennial assessment of the suitability of the default investment options, including the suitability of the automatic switching of assets (i.e. de-risking glidepath), was carried out in December 2023. The Trustee concluded, based on advice from the Plan's investment adviser, that the default options remain suitable for the membership of the Plan.</p> <p>The Trustee continues to monitor the target date fund structures as part of their quarterly monitoring and is satisfied the funds continue to work as expected and remain suitable for the membership of the Plan.</p>
<p>The self-select fund range provides members with a choice of funds with differing risk and return characteristics.</p>	<p>Yes, the Trustee is satisfied this policy has been followed.</p>	<p>The Trustee undertook a member demographic review over the Plan Year in December 2023. The review found that the range of self-select options remain suitable for members. The self-select range offers a mix of active and passive investment options and covers the main asset classes to enable members to build a portfolio that suits most attitudes to risk. Another conclusion from the triennial review was that the Plan's investment adviser was satisfied that the self-select range offers sufficient choice across the risk/return spectrum for those members who wish to make their own investment decisions. It covers all the main asset classes expected.</p>

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Review of policies contained in the SIP (continued)

Non-financial Factors		
The Trustee recognises that some members will have strong personal views on religious convictions that influence where they believe their savings should, or should not, be invested.	Yes, the Trustee is satisfied that this policy has been followed.	The Plan continues to make available a self-select fund appropriate for members with Sharia beliefs.
The Trustee will take into account what, in its reasonable opinion, members' views of non-financial factors are likely to be. Noting that the arrangements for receiving member feedback on the Plan in general gives members an opportunity to express views on non-financial factors relating to the Plan's investments.	Yes, the Trustee is satisfied that this policy has been followed.	The Plan continues to seek member feedback annually in the annual newsletter publication and during the DC presentations to employees, which were held in the Plan Year.
Financially Material Considerations		
The Trustee regularly monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies,	Yes, the Trustee is satisfied that this policy has been followed.	Following the triennial review in December 2023, the Trustee explored, alongside the investment adviser, the option of including an ESG Global Equity fund to the range of self-select options. The next step of this process is gauging the level of member interest from member presentations, with the assistance of the Plan Secretariat.
The Trustee recognises that the importance of financially material considerations, including ESG factors and climate risk and seeks to manage these risks and factors.		In line with the recommendations of the Task Force on Climate-related Financial Disclosures, in September 2023, the Trustee – with the help of its advisers - published the Plan's second annual Task Force on

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<p>The Trustee seeks to manage these financially material considerations, to protect long-term returns, by:</p> <ul style="list-style-type: none">• Considering the extent to which ESG issues, including climate risk, where relevant, are integrated into the fund managers' investment processes and are satisfied that the fund managers follow an approach, which takes account of financially material factors;• For actively managed funds (where the fund manager decides where to invest), expect the fund managers to take financially material considerations into account when selecting which companies and markets to invest in; and• For passively managed funds, the Trustee recognises that the choice of benchmark dictates the assets held by the investment manager and that the manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark index (which may or may not include ESG factors) and believes this approach is in line with the basis on which their current strategy has been set. The Trustee will review periodically the choice of fund and index benchmarks used and the extent to which these reflect ESG factors.	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Climate-related Financial Disclosures ("TCFD") Report.</p>
Implementation		
<p>Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments. The Trustee reviews the governing documentation associated with any new investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the Plan year there have been no new self-select funds implemented for the Plan. Consideration of a new self-select fund would be based on advice provided by the Plan's advisers and dependent on member interest.</p>

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The Trustee and the investment manager, to whom discretion has been delegated, exercise their powers (in line with the principles in the SIP) to encourage business strategies which should improve or protect the value of these investments where reasonably practicable.	Yes, the Trustee is satisfied that this policy has been followed.	Additional details are provided in the "Voting Behaviour" section of this Statement that highlights how the investment manager has encouraged business strategies, which should improve or protect the value of investments (where reasonably practicable).
When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short-term performance.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has quarterly Investment Sub Committee meetings where its investment adviser shares an assessment of manager performance. To maintain the focus on long-term outcomes, these reviews are structured to show longer term performance (5-year, 3-year) before mention of shorter-term performance (12-month, 3-month).
The following steps are taken to encourage alignment between the Plan and the managers:	See 3 points below	See 3 points below
<ul style="list-style-type: none"> Before investing, the Trustee will seek to understand the manager's approach to ESG (including engagement and climate change). The Trustee has limited influence over managers' investment practices because all the Plan's assets are held in pooled funds. However, the Trustee will ensure the investment objectives and guidelines of the vehicle are consistent with its own objectives where practicable. 	Yes, the Trustee is satisfied that this policy has been followed.	<p>Over the Plan year, there were no new investment options introduced. Before recommending the addition of another fund, the Trustee's adviser will review the Fund's investment objectives and guidelines to ensure they were consistent with the Trustee's objectives.</p> <p>Following the triennial review in December 2023, the Trustee explored, alongside the investment adviser, the option of including an ESG Global Equity fund to the range of self-select options as the CNPP Global Equity Fund has the largest AUM as of March 2024. Introducing an ESG tilted version of the Global Equity fund could be of interest to members, as such, the next step of this process is gauging the level of member interest from member presentations, with the assistance of the Plan Secretariat.</p>
<ul style="list-style-type: none"> To maintain alignment, managers are provided with the most recent version of the Plan's SIP, which includes the Trustee's policy on sustainable investment, on an annual basis and are required to explicitly confirm that the assets are managed in line with the Trustee's policies as outlined in those documents. 	Yes, the Trustee is satisfied that this policy has been followed.	Over the Plan Year the Plan's SIP – including the Trustee's policy on sustainable investment – was shared with the Plan's manager.

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<ul style="list-style-type: none">Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment and ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager may be terminated and replaced.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee receives regular reporting from its investment adviser on its managers' portfolios. The Trustee found that BlackRock's portfolio was aligned with the Trustee's policies.
Additionally, the Trustee has a preference for fund managers who are signatories to the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment.	Yes, the Trustee is satisfied that this policy has been followed.	All fund managers used by the DC section are signatories to both the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment over the period of the Plan Year.

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<p>Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee reviews the costs and value for money incurred in managing the Plan's assets annually, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate. On a quarterly basis the Trustee also monitors manager performance relative to the relevant benchmark, with a focus on long-term performance.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee assessed the costs and value for money of the investment options in preparing the Chair's Statement – a publicly available document on the Plan's website. Further details around the findings (including details on portfolio turnover costs) can be located on the Plan's website. Chair's Statements for earlier Plan Years are publicly accessible through the document library on the Plan's website (www.cnpp.org.uk/document-library). In summary, the Trustee is comfortable with the costs incurred and continues to believe that CNPP offers value for money for members. The main reasons that the Trustee reached this conclusion are:</p> <ul style="list-style-type: none"> • The continuation of strong governance and oversight from the Trustee Board, a competitive contribution structure and low charges. • The quality of the default investment options continues to improve with further ESG integration into the LifePath funds. • For members who choose to self-select they continue to receive a competitive range of self-select investment options. • In the context of the AVC assets, Prudential continues to offer one of the best performing and well rated with-profits funds, which represents good value for members of the Plan. <p>The Trustee is comfortable that these costs are aligned with the expected portfolio turnover costs for similar funds.</p> <p>The Trustee also monitors the manager performance relative to relevant benchmarks at quarterly Investment Sub-Committee meetings. To maintain the focus on long-term outcomes, these reviews are structured to show longer term performance (5-year, 3-year) before mention of shorter-term performance (12-month, 3-month). The purpose of this monitoring is to ensure that the performance of the BlackRock LifePath funds returns (after charges) are broadly in line with their respective objectives.</p>
Expected Return on Investments		
<p>The objective of the equity, property, and multi-asset funds is to achieve an attractive real return over the long term. The objective of the cash and bond funds is to provide for the payment of the tax-free lump sum on retirement and to reduce the volatility of the cost of the annuity that may be purchased, rather than to achieve a specified 'real' or 'nominal' return.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the Plan Year to March 2024 the Trustee's Investment Sub-Committee received quarterly reporting from its DC investment advisers, Redington. These reports include long-term retirement outcome modelling that uses an expected return approach that is aligned with the asset class objectives detailed in the Trustee's SIP policy on expected returns.</p> <p>Each quarterly monitoring report was discussed at the respective Investment Sub-Committee meeting on 14 June 2023, 13 September 2023, 13 December 2023 and 20 March 2024. Following these discussions, the Trustee's Investment Sub Committee remained comfortable that each of the asset class specific funds were performing in line with expectations.</p>

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Investment policy on illiquid assets		
<p>The default arrangement for the Plan does not currently invest in illiquid assets but has small allocation in properties via a REITs fund. Younger members have around a 5% exposure to REITs. This exposure decreases gradually to around 0.5% one year before their retirement. These assets are invested by BlackRock, the investment manager, in respect of the qualifying collective money purchase scheme via a collective investment scheme under Non-UCITS Retail Schemes (NURS) rules. the Trustee plans to explore the feasibility of increasing investment in illiquid assets with its investment adviser and investment manager, and to keep its policy on illiquid investments under regular review.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Plan's default arrangements have investment allocations to property via a REIT fund. During the Plan year, the Trustee engaged with BlackRock, with support from the Plan's investment adviser, on its offering for investment in illiquid assets.</p> <p>The Trustee noted that integration of private markets is a research focus for BlackRock's Lifepath investment team, which is currently examining the following areas.</p> <ul style="list-style-type: none">• What types of assets to own at the right time.• Portfolio construction including factoring in active returns and liquidity, and operational considerations such as access to private markets (e.g. via the newly established Long Term Asset Fund ('LTAF') structure, which would allow DC schemes to access private markets within their default arrangements) and scheme specific operating models. <p>The Trustee will continue to engage with BlackRock on this matter.</p>
Realisation of Investments		
<p>The Trustee expects that the investment platform provider and the fund managers will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions where the investment platform or fund managers need to impose restrictions on the timing of sales and purchases of funds in some market conditions to protect the interest of all investors in that fund.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>During the Plan year, there were no closures or new introductions to any default or self-select funds.</p>
Balance of Investments		
<p>Overall, the Trustee believes that the Plan's investment options:</p> <ul style="list-style-type: none">• Provide a balance of investments; and• Are appropriate for managing the risks typically faced by members.	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The last triennial review of the default investment options and self-select range was conducted in December 2023, concluding that they remain suitable for the membership of the Plan. The next triennial review is scheduled for Q4 2026.</p> <p>In the meantime, the Trustee continues to review the default investment options on a quarterly basis. The Trustee also undertook an assessment of the Plan's self-select range as part of this triennial review.</p>

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Stewardship		
<p>The Trustee recognises that an important part of its role as a steward of capital is to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as ultimately this creates long-term financial value for the Plan and its beneficiaries. The Trustee recognises that good stewardship practices, including engagement and voting activities, are important as they help preserve and enhance asset value over the long-term.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is satisfied that BlackRock, through the work of their Investment Stewardship team, comply with the requirements in the Shareholder Rights Directive II relating to engagement with public companies and other parties in the investment ecosystem.</p> <p>The key responsibilities of BlackRock's Investment Stewardship Team are to:</p> <ul style="list-style-type: none">(i) Engage with company leadership and vote on proxies to maximise long-term value for their client.(ii) Encourage business and management practices that support sustainable financial performance over the long-term.(iii) Work with BlackRock's various investment teams to provide insight on ESG considerations.(iv) Participate in market-level dialogue to understand and contribute to the development of policies that support sustainable long-term value creation. <p>In 2023, BlackRock's Investment Stewardship Team held more than 3,700 engagements with more than 2,500 unique companies across 50 markets.</p> <p>The responsibilities of BlackRock's Investment Stewardship Team, as outlined above, are aligned with the Trustee's policy to ensure high standards of governance and promote corporate responsibility, reflecting the Trustee's belief that it may be appropriate for fund managers to engage with key stakeholders including corporate management, regulators and governance bodies.</p>

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Voting and Engagement		
The Trustee has adopted a policy of delegating voting decisions on stocks to the underlying fund managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The fund managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee continues to delegate voting decisions to underlying fund managers. Additional details on significant votes can be found in the "Voting Behaviour" section of this Statement.
Where relevant, the Trustee has reviewed the voting and engagement policies of the fund managers as well as the approach to governance of the investment platform provider and determined that these policies are appropriate. On an annual basis, the Trustee will request that the investment platform provider and fund managers provide details of any change in their house policy.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee's fund manager reviews and updates their "Global Principles and market-specific voting guidelines" on an annual basis. The aim of these annual updates is to reflect the continuous strengthening of the fund manager's stewardship practices. The Trustee Secretariat has a copy of the fund manager's summary of the latest annual update.
Where appropriate, the Trustee will engage with and may seek further information from the investment platform provider and fund managers on how portfolios may be affected by a particular issue. If an incumbent fund manager is found to be falling short of the Trustee's standards, the Trustee will undertake to engage with the fund manager and seek a more sustainable position.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee did not find cause to engage with the investment platform provider or investment managers for further information on how portfolios may be affected by particular issues.
Monitoring		
The Trustee receives reports from the investment platform provider on the fund managers voting activity on a periodic basis.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee receives voting reports from the investment platform provider at least annually and further details on the managers' voting activity relevant to this period can be found in the "Voting Behaviour" section of this Statement.
The Trustee reviews the fund managers' voting activity on a periodic basis in conjunction with the Plan's investment adviser and uses this information as a basis for discussion with the investment platform provider and fund managers. Where the Trustee deems it appropriate, any issues of concern will be raised with the manager for further explanation.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has reviewed managers' voting activity and did not identify any issues of concern to be raised with the relevant managers. Over the Plan year, the Trustee engaged with Aegon, the Plan's platform provider, to understand its position on BlackRock's stewardship, and any actions that have been taken to address concerns.

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The Trustee meets with the investment platform provider on a regular basis. The fund managers may be challenged both directly by the Trustee and by the Plan's investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio.	Yes, the Trustee is satisfied that this policy has been followed.	The investment adviser has regular engagement and meetings with the investment platform provider on behalf of the Trustee.
Voting		
The fund managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy. The Trustee aims to review engagement activity undertaken by the fund managers as part of its broader monitoring activity.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee was provided with voting reports relating to the period of the SIP. (See the section entitled "Voting behaviour")
Where appropriate, the Trustee will engage with and may seek further information from the Investment platform provider, and fund managers on how portfolios may be affected by a particular issue. The Trustee does not engage directly, but believes it is sometimes appropriate for the fund managers to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours.	Yes, the Trustee is satisfied that this policy has been followed.	

Stewardship and Engagement

The Trustee, without prejudice, delegates to the manager the responsibility for the stewardship activities that apply to the Plan's investments. The Trustee expects the manager to exercise their voting powers with the objective of preserving and enhancing long-term shareholder value.

Use of Proxy Voting Services

Due to the delegation of responsibility for the stewardship activities to underlying asset managers, any use of proxy voting services on the Trustee's behalf is at the respective asset managers' discretion. The Trustee does not appoint or utilise a dedicated proxy voting service provider.

Investment Stewardship Engagements

The Trustee recognises that stewardship encompasses the exercise of engagement with the companies in which the Plan invests, as this can improve the longer-term returns of Plan's investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

Long-term perspective on the Plan's member's assets

In the Statement of Compliance for Shareholder Rights Directive II ('SRD II'), BlackRock states, "BlackRock takes a long-term perspective in its investment stewardship work informed by two key characteristics of our business:

- The majority of end beneficiaries are saving for long-term goals so the Trustee presumes they are long-term shareholders; and
- The majority of equity holdings are invested in index-tracked portfolios, so end beneficiaries are, by definition, long-term shareholders."

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The Trustee finds that BlackRock is well positioned to protect and enhance the long-term value of members' assets. Notably BlackRock has confirmed that they are enhancing their reporting and level of voting and engagement disclosures. They have focussed their improvement on three key themes:

- Moving from annual to quarterly voting disclosure,
- Prompting disclosure around key votes including an explanation of their voting decisions, and
- Enhancing disclosure of their company engagements.

The topics listed below highlight the engagement themes that have been prioritised by BlackRock during the reporting period to encourage good governance practices and to deliver long-term financial performance.

Lifepath Flexi Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	911
Corporate Strategy	982
Remuneration	813
Environmental	
Climate Risk Management	653
Operational Sustainability	0
Social	
Human Capital Management	450

CNPP UK Equity Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	340
Corporate Strategy	358
Remuneration	345
Environmental	
Climate Risk Management	279
Operational Sustainability	0
Social	
Human Capital Management	156

CNPP Global Equity Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	828
Corporate Strategy	882
Remuneration	761
Environmental	
Climate Risk Management	657
Operational Sustainability	0
Social	
Human Capital Management	441

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CNPP Global Equity (ex UK) Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	657
Corporate Strategy	718
Remuneration	592
Environmental	
Climate Risk Management	504
Operational Sustainability	0
Social	
Human Capital Management	364

CNPP Emerging Markets Equity Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	157
Corporate Strategy	194
Remuneration	106
Environmental	
Climate Risk Management	177
Operational Sustainability	0
Social	
Human Capital Management	73

BlackRock's Investment Stewardship ("BIS") team's approach is in line with the Trustees investment policies.

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3. Voting Behaviour

Voting

The Plan invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Trustee asks the managers to produce information that demonstrates the manager is exercising good stewardship.

Year to 31/03/2024:	CNPP Global Equity (ex UK) Fund	CNPP Global Equity Fund	CNPP UK Equity Fund	CNPP Emerging Markets Equity Fund
Number of meetings at which eligible to vote	1,920	2,713	1,036	2,783
Number of resolutions on which eligible to vote	24,856	36,348	14,654	23,079
Proportion of eligible resolutions on which voted	97%	97%	96%	98%
Of the resolutions on which you voted, what % did you vote with management?	93%	94%	96%	87%
Of the resolutions on which you voted, what % did you vote against management?	6%	5%	3%	12%
Of the resolutions on which you voted, what % did you abstain from voting?	0%	0%	1%	2%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.			

Most Significant Votes

BlackRock takes a thematic approach towards voting and engagement. The 5 themes that BlackRock prioritised in their voting behaviour over the Plan Year were:

- Board Quality and Effectiveness
- Strategy, Purpose and Financial Resilience
- Incentives Aligned with Value Creation
- Climate and Natural Capital
- Company Impacts on People

BlackRock's selection of the voting themes is driven by its belief that they are likely to have the most impact on long-term financial value. The outcome it is seeking to achieve is to better understand how corporate leadership is managing risks and capitalizing on opportunities to help protect and enhance the company's ability to deliver long-term financial returns.

The Trustee considers voting to be significant on the basis of ESG factors, such as climate related themes, which aligns with the views of BlackRock.

Therefore, the most significant votes cast by the fund manager on behalf of the Trustee will relate to both some of the largest holdings as well as relevance to the 5 key themes listed above, with emphasis on the climate change and natural capital theme specifically.

Below are the examples of the most significant votes – as defined by BlackRock which aligns with the Trustee – cast over the period, split by fund. All first-person references (e.g. to us, we, our etc.) in the tables below will refer to BlackRock and their views as opposed to those of the Trustee of CNPP.

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LifePath Flexi Fund – Most Significant Votes

Company:	Shell Plc
Date:	23 May 2023
Resolution:	Management proposal(s): Item 25: Approve the Shell Energy Transition Progress Shareholder proposal(s): Item 26: Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement
BlackRock Vote:	BlackRock voted FOR Item 25 and AGAINST Item 26
Rationale:	<p>Item 25: Approve the Shell Energy Transition Progress (FOR) BIS supported this management proposal in recognition of the delivery to date against the company's Energy Transition Strategy. Shell originally proposed their Energy Transition Strategy to shareholders at the May 2021 annual general meeting (AGM). The 2021 proposal received nearly 89% support from shareholders, including from BIS. This decision to support was based on our assessment that management had established clear policies and action plans to manage climate-related risks and opportunities and had provided a well-defined roadmap towards the company's stated climate-related ambitions and targets. At Shell's May 2022 AGM, management proposed an advisory, non-binding shareholder vote on a report on the progress made to date against the Energy Transition Strategy. BIS supported that proposal based on the company's disclosure detailing Shell's delivery against their stated strategy. At Shell's May 2023 AGM, the board submitted another resolution for an advisory vote "requesting shareholders support the progress against Shell's Energy Transition Strategy." BIS also supported this proposal. Overall, Shell has and continues to provide a clear assessment of their plans to manage climate-related risks and opportunities and has demonstrated continued delivery against their Energy Transition Strategy. Given that the speed and shape of a low carbon transition are unclear, company disclosures that include scenario analysis and provide context on the transition plan and targets, help investors' understanding of company-specific risks and opportunities. In our view, Shell's reporting and approach are aligned with our clients' long-term financial interests; therefore, we supported the management resolution.</p> <p>Item 26: Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement (AGAINST) BIS did not support this shareholder proposal because in our view, it was overly prescriptive and unduly constraining on management's decision making. A shareholder proposal on the agenda for Shell's May 2023 AGM requested that the company "align its existing 2030 reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C." In our commentary, "Climate-related risk and the energy transition," we discuss that, as investors, we find it helpful to be able to evaluate companies' assessments of their emissions across their value chain, or scope 3 emissions, where appropriate, and efforts to reduce them over time. A growing number of companies have started disclosing scope 3 emissions estimates, which provide important insight into the full carbon component of companies' goods and services. This further allows investors to evaluate the long-term risks and resilience of companies' value chains. However, we recognize that the methodology, accounting, assurance, and regulatory landscape for scope 3 emissions is complex, varied, and still evolving. Double counting is also a legitimate concern. Accordingly, we understand that the scope 3 disclosures that companies are able to make at this time will necessarily be on a good faith and best-efforts basis.</p>

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For those reasons, BIS determined that the shareholder proposal was not aligned with the financial interest of shareholders. As a minority investor on behalf of our clients, BlackRock relies on the boards and management teams of companies to implement the strategies they deem most appropriate with the objective of delivering durable long-term financial returns.

Therefore, BIS did not consider it in the financial interests of our clients to support this shareholder proposal. As discussed above, in our assessment of their Energy Transition Strategy, the company is addressing the risks and opportunities in their business model stemming from a low carbon transition and has demonstrated that they are delivering against their stated plan.

Company:	ExxonMobil Corporation
Date:	31 May 2023
Resolution:	Item 8: Report on Methane Emission Disclosure Reliability Item 9: Adopt Medium-Term Scope 3 GHG Reduction Target Item 16: Report on Social Impact from Plant Closure or Energy Transition
BlackRock Vote:	BlackRock voted AGAINST Items 8, 9, and 16
Rationale:	<p>Item 8: Report on Methane Emission Disclosure Reliability (AGAINST) 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.</p> <p>This shareholder proposal on the agenda at Exxon's May 2023 AGM requested that the company "issue a report analysing the reliability of its methane emission disclosures. The report should: be made public, omit proprietary information, and be prepared expeditiously at reasonable cost; and summarize the outcome of efforts to directly measure methane emissions, using recognized frameworks such as OGMP; and whether those outcomes suggest a need to alter the Company's actions to achieve its climate targets."</p> <p>In our view, Exxon's disclosures on their operational methane emissions, and their management of associated risks, give investors sufficient information to understand the company's approach. In addition to reporting on their emissions and reduction plans in their 2023 Advancing Climate Solutions Report and greenhouse gas (GHG) data supplement, on May 19, 2023, the company published information further clarifying their approach to methane management. Exxon's approach includes investments in technologies for direct measurement of methane emissions. They also have numerous leak detection and continuous monitoring programs in place and under development.</p> <p>Overall, BIS found Exxon's approach to managing methane emissions in their operations to be on par with the efforts of leading peers. The company has rigorous targets to reduce methane emissions, is deploying a wide range of technologies to more accurately measure progress against these targets and is participating in industry efforts to improve the accuracy of direct methane measurement.</p> <p>Item 9: Adopt Medium-Term Scope 3 GHG Reduction Target (AGAINST) 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.</p> <p>The shareholder proposal requested that Exxon "set a medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C."</p> <p>In our commentary, "Climate-related risk and the energy transition", we discuss that, as investors, we find it helpful to be able to evaluate companies' assessments of their emissions across their value chain, or scope 3 emissions, where appropriate, and any efforts to reduce them over time. A growing number of companies have started disclosing scope 3 emissions estimates, which provide important insight into the full carbon component of companies' goods and services. This further allows investors to evaluate the long-term risks and resilience of companies' value chains. However, we recognize that the methodology, accounting, assurance, and regulatory landscape for scope 3 emissions is complex, varied, and evolving. We understand that the scope 3 disclosures that companies are able to make at</p>

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this time will necessarily be on a good faith and best-efforts basis. We believe that by meaningfully addressing risks relating to operational emissions including by setting emissions reduction targets on scope 1 and 2 emissions, including methane, companies can reduce the risk of climate to their businesses.

Based on these efforts and our engagements with the company, BIS believes that Exxon's management and board have demonstrated a more defined commitment to capturing opportunities relating to a transition to a low carbon economy, as well as minimizing attendant risks. Therefore, BIS did not believe it was in the financial interests of our clients to support this shareholder proposal.

Item 16: Report on Social Impact from Plant Closure or Energy Transition (AGAINST)
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.

The shareholder proposal requested that the board issue "a report regarding the social impact on workers and communities from closure or energy transition of the Company's facilities, and alternatives that can be developed to help mitigate the social impact of such closures or energy transitions."

In our experience, companies that invest in the relationships that are critical to their ability to meet their strategic objectives are more likely to deliver durable, long-term financial performance. By contrast, poor relationships may create adverse impacts that could expose companies to legal, regulatory, operational, and reputational risks. This is particularly the case regarding a company's workforce, as a significant number of companies acknowledge the importance of their workers in creating long-term financial value. Consequently, when we engage with companies on how they navigate material risks and opportunities presented by a low carbon transition, our conversations often include asking questions to understand how they plan to support affected workers.

BIS has engaged with members of Exxon's board and management team numerous times to better understand how the company is managing several high-profile concerns around human capital management and employee retention in order to ensure that the company continues to be able to attract and retain the talent needed for the future. We have found the board to be highly engaged on the subject and taking actions to oversee the company's risk management.

In our assessment, Exxon's current disclosures provide adequate information for investors to make informed investment decisions. We therefore determined not to support the shareholder proposal.

Company:	Chevron Corporation
Date:	31 May 2023
Resolution:	Item 5: Rescind Scope 3 GHG Reduction Proposal Item 6: Adopt Medium-Term Scope 3 GHG Reduction Target
BlackRock Vote:	BlackRock voted AGAINST Items 5, 6.
Rationale:	<p>Item 5: Rescind Scope 3 GHG Reduction Proposal (AGAINST) BIS did not support this shareholder proposal which requested that the company rescind a 2021 shareholder proposal to reduce scope 3 emissions. The original proposal received 61% support in 2021, and the company subsequently took action to include scope 3 GHG emissions in certain of their metrics to help investors understand the company's value chain risk.</p> <p>This shareholder proposal on the agenda at Chevron's May 2023 annual general meeting (AGM) requested that the company rescind a 2021 non-binding shareholder proposal asking the company "to reduce its Scope 3 emissions in the medium- and long-term future." Chevron's board recommended that shareholders vote against this proposal at the 2023 AGM.</p> <p>The 2021 shareholder proposal passed with 61% support, and the company subsequently took action to include scope 3 greenhouse gas (GHG) emissions in certain of their metrics to help investors understand the company's evolving efforts to mitigate risk. From a governance standpoint, we view this as a responsible reaction to shareholder feedback.</p> <p>From a climate risk management perspective, we found Chevron's approach to incorporating scope 3 GHG emissions into their Portfolio Carbon Intensity (PCI) targets to be a meaningful way for the company to reduce GHG emissions in their value chain while maintaining the integrity of their core business. The company states that their approach to scope 3 emissions, included in their PCI metric, "provides Chevron the flexibility to grow its Upstream and Downstream businesses provided it remains an increasingly carbon-efficient operator." This is contrary to the assertion in the proposal</p>

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that the only response for an oil and gas company to scope 3 emissions reductions is through “substantially reducing consumer use of its products.” In our view, reducing sales of company products is not the only means to achieving meaningful scope 3 reductions.

On balance, the proponent’s request to rescind a nonbinding shareholder proposal from two years ago, which subsequently passed and upon which the company has already taken action would not represent good corporate governance practice and therefore would not be in the best financial interests of our clients.

Item 6: Adopt Medium-Term Scope 3 GHG Reduction Target (AGAINST)

BIS did not support this shareholder proposal because the company has already taken actions that address the proponent’s request given that they incorporate scope 3 emissions into their aforementioned PCI metric. Further, complying with the specific ask of the shareholder proposal may be unduly constraining on management’s ability to set the company’s long-term business strategy.

The shareholder proposal requested that Chevron “set a medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.”

In our commentary, “Climate-related risk and the energy transition,” we discuss that as investors we find it helpful to be able to evaluate companies’ assessments of their emissions across their value chain, or scope 3 emissions, where appropriate, and efforts to reduce them over time. A growing number of companies have started disclosing scope 3 emissions estimates, which provide important insight into the full carbon component of companies’ goods and services. This further allows investors to evaluate the long-term risks and resilience of companies’ value chains. However, we recognize that the methodology, accounting, assurance, and regulatory landscape for scope 3 emissions is complex, varied, and evolving, and understand that the scope 3 disclosures that companies are able to make will necessarily be on a good faith and best-efforts basis.

BIS did not support this shareholder proposal because Chevron has already incorporated scope 3 emissions into their PCI metric, including a target to reduce scope 1, 2 and 3 GHG emissions by more than 5% in 2028 from a 2016 baseline. Chevron is also targeting the reduction of carbon intensity by 35% across its upstream business by 2028 compared to 2016 and a goal of zero routine flaring of methane by 2030. The company also maintains a net zero aspiration for equity upstream scope 1 and 2 emissions. Accordingly, we did not support the shareholder proposal as it was not aligned with our clients’ financial interests as long-term investors.

ACS 5050 Global Equity Fund – Most Significant Votes

Company:	YUM! Brands
Date:	18 May 2023
Resolutions:	Item 5: Shareholder Proposal Regarding Issuance of a Report on Efforts to Reduce Plastics Use
BlackRock Vote:	BlackRock voted AGAINST this item.
Rationale:	<p>Item 5: Shareholder Proposal Regarding Issuance of a Report on Efforts to Reduce Plastics Use (Against)</p> <p>BIS did not support this proposal, which requested Yum! to issue a report detailing the company’s efforts to reduce plastics use. In our analysis, Yum!’s existing disclosures on plastics use – particularly their new packaging policy and reduction goals – are comprehensive and provide sufficient information to allow investors to understand the company’s approach to managing the risks of plastics use.</p> <p>This shareholder proposal requested that Yum!’s board issue a report “...describing how the Company will reduce its plastics use by shifting away from single-use packaging...” in response to recent regulatory trends in certain jurisdictions which have levied taxes on and/or banned the use of single-use plastic products. The proposal further clarified that such a report should explicitly “evaluate dramatically reducing the amount of plastic” used in the company’s packaging.</p> <p>BIS engages with companies in certain sectors, including the restaurant industry, on their approach to plastic packaging. Given the impact on long-term shareholder value (such as increasing customer demand for recyclable packaging and potential regulatory costs), we appreciate when companies</p>

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who produce or rely heavily on plastics in their products or operations disclose information on how waste is managed. Where a matter such as plastic usage is material to a company's long-term strategy, we look to their disclosures to assess risk oversight, and to understand how such impacts and dependencies are managed. Specifically, we find it helpful when companies disclose any targets for managing these factors, how they monitor progress against these stated goals, and how these efforts might contribute to process and resource efficiencies.

In July 2022, Yum! updated their sustainable packaging policy, outlining the actions they have taken and those that they plan to take to address the issue of plastic-based packaging. Among other things, the company set goals to eliminate unnecessary plastics use, reduce virgin plastic content by 10%, and move consumer-facing plastic packaging to be reusable, recyclable, or compostable by 2025 across all brands. We note that there are areas where, in our assessment, Yum! could improve their disclosure, particularly in setting targets for reusable packaging. However, Yum!'s existing disclosures and commitments are sufficiently comprehensive for investors to understand their approach. The company's packaging policy and reduction goals are appropriately set by the Board and management team in their oversight and management, respectively, of the business. We, therefore, do not consider it is necessary for shareholders to direct management to undertake a review of them less than a year after the release of the new policy and targets. As a result, BIS did not believe it was in the financial interests of our clients to support this shareholder proposal.

Conclusion

Overall, the Plan has demonstrated key actions by the Trustee during the relevant reporting period that highlight how it continues to make investment decisions in line with the policies set out in the SIP.

From a stewardship and engagement perspective, the Plan is limited in its scope to directly influence how asset managers invest and engage with underlying companies due to the use of pooled funds to implement the Plan's investments, however, the Plan will endeavour to engage with managers where possible and ensure alignment with the Trustees views on significant votes.