TWIL GROUP PENSION FUND

Engagement Policy Implementation Statement

Scheme year ending 31 December 2025

1. Introduction

This document is the Engagement Policy Implementation Statement ("the Statement") prepared by the Trustee of the TWIL Group Pension Fund ("the Fund") for the year ending 31 December 2025. The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the Scheme's Statement of Investment Principles ("SIP") required under section 35 of the Pensions Act 1995 has been followed during the year;
- detail any reviews of the SIP the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review; and
- describe the voting behaviour by, or on behalf of, the Trustee over the year.

This Statement will be published on the Fund's website https://twilpension.org

2. Review of the SIP

The SIP was reviewed and updated following the 2023 Fund year end, and the revised version was published during 2024. The updated SIP included how the Fund would deal with rebalancing of the Fund's investments and included minor amendments to reflect best practice.

The SIP was published on the Fund's website, https://twilpension.org but did does not cover details of any changes in the regulatory environment since the current SIP was formally agreed during the 2024 Fund year.

As a result of the buy-in entered into with Canada Life on 12 December 2025 an update to the SIP is required and is currently under review by the Trustee. This will take account of the changes in the investment portfolio and to update it for recent changes in regulatory requirements.

3. Adherence to the SIP

Overall, the Trustee believes the policies outlined in the SIP(s) were adhered to during the Fund year. The remaining parts of the Statement set out details of how this has been achieved for the Fund. These details relate to those parts of the SIP which set out the Trustee's policies, and not those which are statements of fact.

3.1. Fund Objectives

The Trustee summarises its investment objectives in the SIP being to guide them in their strategic management of the assets and control of the various risks to which the Fund is exposed. The Trustee has adopted the following objectives:

1. To endeavour to meet its obligations to the beneficiaries of the Fund.
2. To achieve, over the long term, a return on the investments which is consistent with the long-term assumptions made by the Actuary in determining the funding of the Fund.
3. To minimise the investment risk of the Fund's assets relative to the liabilities.
4. To avoid volatility in the funding level and deficit contributions required.

In order to achieve these, Trustee uses a combination of the following actions and monitoring processes, assisted by its investment advisor, Mercer.

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3.2. Investment Strategy

The Fund undertakes a strategy review at least triennially. The strategy was set prior to the beginning of the year under discussion, following consultation with the principal employer, Betafence Limited.

Historically, the assets of the Fund were invested in a mix of equities and bonds with a strategic bias towards equities. The Trustee, recognising the increasing maturity of the Fund, has reduced the level of investment risk and equity investment over a number of years.

The level of growth risk was completely removed as the Trustee disinvested the remaining allocation to growth assets during 2016, and the Fund was solely invested in bond and liability hedging instruments. The Fund then had a strategic split of 75% corporate bonds, 25% liability hedging portfolio.

However, following the bulk annuity contract entered into with Canada Life in December 2025, all known benefits of the Fund are now secured by the policy and Canada Life is obligated to fund all future benefits. From December 2025 the residual Insight funds were held in pooled liquidity funds to meet the Fund's ongoing expenses.

The Trustee monitors adherence to the strategy and any requirements to rebalance through the regular monitoring reports from the investment advisor.

3.3. Investment Managers

The Trustee is not involved in the investment managers' day-to-day method of operation and does not directly seek to influence attainment of their performance targets. The Trustee has delegated the detailed monitoring of the Fund's investment manager, Insight Investment Management (Global) Limited ("Insight") to Mercer and reviews the investment performance on a regular basis. The Trustee receives quarterly investment reports from Insight, and regular monitoring reports provided by Mercer. The Trustee monitors and considers relevant issues relating to the markets, via a dedicated section of the Mercer monitoring report and discussions in Trustee meetings. In addition, the Trustee meets Insight periodically for a full review.

Fees are issued by Insight quarterly. Insight's fees are monitored by the Trustee throughout the year, in line with the Trustee's governance responsibilities. There were no fee changes throughout the year in question.

3.4. Responsible Investment

The Trustee believes long-term sustainability to be an important and relevant issue to consider throughout the investment process. The Trustee expects Insight, where appropriate, to have integrated ESG factors as part of their investment analysis and decision-making process. As Insight is reviewed on an ongoing basis, sustainable investment and ESG principles are a key part of this process.

The Trustee has undertaken training on ESG and sustainable investment. Socially responsible investment and corporate governance forms a key part of the SIP.

The regular monitoring report provided by Mercer also includes an assessment of Insight and includes an embedded assessment of an Insight's culture and attitude towards sustainability. Socially responsibility investment is built into the Mercer research process which informs the Trustee's selection and retention process.

3.5. Other Matters

The Trustee consider risk from a number of perspectives including:

- Solvency risk and mismatching risk
- Active Manager risk
- Liquidity risk
- Custodian risk
- Interest rate and inflation risk
- Credit risk
- ESG risk

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During the Fund year the Trustee has considered, monitored and managed these risks in a number of ways:

- regular monitoring reports from the investment advisor (normally aligned on a quarterly or four-monthly basis to meetings of the Trustee). The reports received during the year indicated that the level of risk in the fund was appropriate and consistent with its objectives. The report also includes the ongoing monitoring of Insight.
- ongoing monitoring of expected cashflows into and out of the Fund over each month.
- ongoing conversations with representatives of the principal employer to understand the security of the guarantee provided by the principal employer.
- through the triennial investment strategy review and, where appropriate, its regular review of the integrated risk management process.

4. Voting and engagement

The Trustee will, where relevant, delegate responsibility to investment managers (which may include Insight) for the exercising of ownership rights (including voting rights, where these apply) attach to the investments.

The nature of the Fund's investments during the year, being corporate bonds (75%) and liability hedging instruments held in pooled investment vehicles (25%) had minimal voting entitlement. From December 2025 the residual Insight funds were held in pooled liquidity funds to meet the Fund's ongoing expenses.

It is the Trustee's policy to engage with Insight in ongoing discussion to understand their policies on sustainability and stewardship and review Insight's policies regularly to ensure that they are carrying out their delegated responsibilities.

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