

Northern Gas Networks Pension Scheme

Implementation Statement for year ending 31 March 2024

1) Overview

This document is the Annual Implementation Statement (the “statement”) prepared by the Trustee of the Northern Gas Networks Pension Scheme (the “Scheme”) covering the Scheme year from 1 April 2023 to 31 March 2024.

The purpose of this statement is to set out:

- Details of how and the extent to which, in the opinion of the Trustee, the Trustee’s policies on manager engagement and voting as set out in the Statement of Investment Principles (the “SIP”) have been adhered to during the year; and
- A description of voting behaviour (including the most significant votes made on behalf of the Trustee) and any use of a proxy voting services during the year.

The SIP is a document which outlines the Trustee’s policies with respect to various aspects related to investing and managing the Scheme’s assets including but not limited to: investment managers, portfolio construction and risks.

The Statement applies to the Scheme’s DB Section and AVC Investments.

The latest version of the SIP can be found online here: <https://www.northerngasnetworks.co.uk/document-library/>

2) Adherence to the SIP

The Trustee’s objective, as stated in the SIP, is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. The Trustee seeks to achieve their primary objective through two buy-in policies, ensuring the member benefits are funded by the insurers’ payments to the Scheme.

The Trustee’s policies on voting and engagement as stated in the SIP are provided in the below extract:

Investment manager engagement and monitoring: The majority of the Scheme’s assets are held in annuity policies that cover all of Scheme members and therefore has limited scope to implement its investment policies. The Trustee will continue to monitor its residual property positions and receive regular updates from their investment advisor on the process of these investments being wound up.

Exercise of Voting Rights: The Trustee no longer has a policy regarding the exercise of voting rights as all of the Scheme’s assets are held in investments with no voting rights attached.

Overall the Trustee believes the policies outlined in the SIP have been adhered to during the Scheme year.

3) Turnover

Aside from the buy-in policies and Trustee cash, the only remaining investment assets of the Scheme include a holding in a property fund managed by CBRE which is currently winding down and a holding in a property fund managed by KFIM with capital expected to be distributed back to the Scheme at regular periods upon sale of the underlying assets. These investments are no longer managed as a going concern and as such turnover data is not provided.

4) Voting information

The Trustee disinvested from the Scheme's equity holdings in October 2022 and no longer holds any public equities to provide voting data for.

5) Summary

The Trustee believes that the Scheme's policies, as outlined in the SIP, have been adhered to over the Scheme year.