

## **IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2025 (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT)**

### **1) Introduction**

The Trustee Directors are pleased to present their sixth Implementation Statement for the Scheme, prepared in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended), covering the Scheme Year ended 30 April 2025.

The Trustee Directors set out in detail their approach to investing the assets of each Section of the Scheme in the investment principles section of the respective Integrated Statements of Funding and Investment Principles (ISFIP). This document sets out the actions taken by the Trustee Directors over the course of the year in terms of implementing their stated policies under the ISFIPs (excluding members' Additional Voluntary Contributions – which remain invested in external unitised pooled funds).

The Investment Sub Committee (ISC) is responsible for the oversight and governance of the Scheme's investment managers. The role of the ISC is formalised in Terms of Reference reviewed and last updated in May 2021.

### **2) Statements of Investment Principles (SIP)**

The Statement of Investment Principles contained with the ISFIP for the two sections of the Scheme (the Main Section and the London Section) dated 31 May 2023 that was in force at the beginning of the Scheme year, was subsequently updated on 5 December 2024, as part of the merger of the Main Section and the London Section of the Scheme.

The SIP details the Scheme's investment objective, approach and relationships with other parties relating to delivering that objective. These policies are focused on meeting the liabilities of the Scheme over the long-term.

Within the SIPs for Main and London Sections to 4 December 2024 and the updated SIP for Main Section thereafter, there were no material changes to the Trustee Directors' Stewardship & Engagement policies during the year ended 30 April 2025.

Overall, the Trustee Directors are satisfied that their key stated policies have been followed during the year ending 30 April 2025.

### **3) Implementation of the SIP**

#### **3.1) Investment strategy**

Over the year to 30 April 2023, the Trustee Directors decided to significantly reduce the level of risk taken within the investment portfolio. This followed the material change in gilt yields which saw the funding position of each Section of the Scheme (as measured on a Gilts+0.5% basis) improve significantly.

SEI Investments Ltd (SEI), the Trustee's fiduciary investment manager, proposed a series of changes to the strategy for each Section that would target the lower level of investment risk desired by the Trustee Directors. The Trustee Directors took investment advice from Hymans Robertson LLP in relation to the suitability of the new portfolio delivering the Scheme's objectives, and incorporated updated estimates of the Scheme's liabilities, as provided by the Scheme Actuary, Mercer.

Implementation of this strategy took place via the reduction or removal of allocations to return seeking allocations, primarily equity and multi-asset allocations, with the proceeds being allocated to corporate bonds and gilts within the SEI Discretionary mandate. This allowed the Trustee to hedge a greater proportion of the Scheme's liabilities against interest rate and inflation risk, with only limited use of 'levered' hedging arrangements.

Through these investment strategy changes, and prior assessment and implementation of the investment strategy, monitoring and other actions agreed by the Trustee Directors, the funding level of the Scheme has improved and drives long-term value for beneficiaries.

These changes were progressively made over the course of the Scheme year ending 30 April 2023 and the portfolios and target hedge ratios have remained largely unchanged since and over the Scheme year to 30 April 2025.

## IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2025 (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT) (continued)

### 3.1.1) Main Section – prior to merger with London Section

Until 4 December 2024, the Main Section's investments were allocated in line with the strategy set out below:

Asset class	Target allocation
Multi Asset	5%
Property	8%
Global Credit	4%
UK Investment Grade Credit	32%
UK Gilts	49%
Cash & Other	2%

Within the existing investment strategy, SEI were instructed to manage two distinct portfolios:

- The Growth Portfolio, which comprised only an allocation to Global Credit. The goal of this portfolio is to deliver returns in excess of liabilities.
- The Matching Portfolio, which contains allocations to Investment Grade Credit and UK Gilts. The goal of this portfolio is to provide protection against movements in interest rates and inflation while also delivering some outperformance above liabilities.
- In aggregate, this investment strategy was designed to deliver returns in excess of 0.8% pa above gilts.

### 3.1.2) London Section – prior to merger with Main Section

Until 4 December 2024, the London Section's investments were allocated in line with the strategy set out below:

Asset class	Target allocation
Equities	15%
Property	10%
Return seeking Credit	7%
UK Investment Grade Credit	22%
UK Gilts	46%

Within the existing investment strategy, SEI were instructed to manage two distinct portfolios:

- The Growth Portfolio, which comprised allocations to equity and return seeking credit mandates. The goal of this portfolio is to deliver returns in excess of liabilities.
- Matching Portfolio, which contains allocations to Investment Grade Credit and UK Gilts. The goal of this portfolio is to provide protection against movements in interest rates and inflation while also delivering some outperformance above liabilities.
- In aggregate, this investment strategy was designed to deliver returns in excess of 1.4% pa above gilts.

### 3.1.3) Main Section – combined

Following the merger of the Main Section and the London Section of the Scheme on 5 December 2024, the investments of the now combined Main Section have been allocated in line with the strategy set out below. However, in recognition that the actual allocation to each asset class may vary from time to time, the Trustee has also agreed permitted ranges.

Asset class	Target allocation	Permitted range
Equities	4%	0-8%
Multi Asset	5%	0-10%
Property	5%	0-10%
Return Seeking Credit	3%	0-6%
Investment Grade Credit	31%	26-36%
Liability Driven Investment (LDI)	51%	46-56%
Cash & Other	1%	0-5%

## **IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2025 (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT) (continued)**

Within the existing investment strategy, SEI has been instructed to manage two distinct portfolios:

- The Growth Portfolio, which comprises allocations to equity and return seeking credit mandates. The goal of this portfolio is to deliver returns in excess of liabilities.
- The Matching Portfolio, which contains allocations to Investment Grade Credit and UK Gilts. The goal of this portfolio is to provide protection against movements in interest rates and inflation while also delivering some outperformance above liabilities.
- In aggregate, the Main Section investment strategy is designed to deliver returns in excess of 1.0% pa above gilts.

### **3.2) Trustee Directors' cash flow arrangements**

The restructuring of the investment strategy over the year to 30 April 2023 resulted in a significantly greater allocation to pooled funds, an increase in more liquid assets, and an asset allocation much more closely aligned to member liability cash flows. These factors enabled the Trustee Directors to reduce the explicit allocation to cash and only drawing down funds monthly, as needed, for member benefits and expense payments.

Over the course of the year to 30 April 2025 the Trustee Directors received withdrawals from the SEI discretionary portfolio totalling £73.5m, to support the cash requirements for the Scheme.

### **3.3) Delegation of fund manager activity**

#### **3.3.1) Investment Manager agreements**

The Trustee Directors have delegated day-to-day management of the Scheme's assets to the appointed asset managers with appropriate agreements in place as follows. For the multi-asset and property mandates within Main Section, Investment Management Agreements (IMA) have been agreed. For the assets managed by SEI, a Fiduciary Management Agreement (FMA) is in place. These agreements set out in detail the terms of appointment, the investment objectives, investment restrictions (if any), various matters of compliance and governance and require the managers to be familiar with and comply with the Scheme's SIP.

Manager agreements (IMAs and the FMA) are reviewed and updated from time to time but, due to the nature of the agreed investment approaches and also the robust monitoring process in place, the Trustee Directors consider manager performance relative to their mandates over a rolling 3 – 5-year horizon and do not consider it necessary to specify a finite term of appointment within the body of each IMA or FMA.

#### **3.3.1.1) Main Section**

Amendments were made to the Ruffer LLP IMA during the year, to allow investment in their pooled fund.

#### **3.3.1.2) London Section**

No amendments were made to any IMAs or the FMA over the period to 4 December 2024.

#### **3.3.2) Setting of investment strategy**

Investment mandates are clearly defined to complement overall investment strategy and meet the expectation to generate a satisfactory rate of return over the long term, sufficient to meet the Scheme's liabilities as they fall due. The strategy has been determined based on analysis and advice provided by both SEI and Hymans Robertson.

#### **3.3.3) Role of fiduciary manager**

The FMA sets out in detail the terms of appointment of SEI, the investment objectives, investment restrictions (if any), various matters of compliance and governance and requires the underlying asset managers to be familiar with and comply with the Scheme's SIP. The FMA is reviewed and updated from time to time but, due to the nature of the fiduciary mandate agreed and the robust monitoring process in place, the Trustee Directors consider SEI's performance relative to their mandate over a rolling 3–5 year horizon. The Trustee Directors do not consider it necessary to specify a finite term of appointment within the body of the FMA.

## **IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2025 (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT) (continued)**

SEI has responsibility for both the growth portfolio (equities and return seeking credit) and the matching portfolio (UK investment grade credit and Liability Driven Investment). The latter is designed to provide a match to the profile of the Scheme's longer-term cashflows. The Trustee Directors are aware of interest rate, inflation, curve mismatch and leverage risks as they relate to their investments, and take advice from Hymans Robertson on these matters, in addition to currency and credit risk. The SEI portfolios are managed in line with the investment return and hedging targets that are determined by the Trustee.

SEI has sole responsibility for the appointment of underlying asset managers, selection of funds and the allocation of funds between those managers and does so in accordance with the investment objectives as agreed with the Trustee.

Access to income in excess of that passed to the Trustee Directors each month to meet Scheme cash outflows, together with their general discretionary powers, enables SEI to reallocate funds between different managers or different strategies as appropriate to reflect changing market conditions. Information on the changes to the investment Portfolio structure is detailed in section 3.1.

### **3.3.4) Private Markets**

The Trustee is a Limited Partner in several Private Equity/Venture Capital investment funds but have not committed any new money to these private markets since 2010.

### **3.3.5) Conflicts of interest**

The Trustee Directors are comfortable that the appointed Investment Managers have appropriate conflicts of interest policies in place, which is assessed upon appointment of new managers and through ongoing monitoring as provided by their Investment Advisor.

### **3.4) Performance and other monitoring metrics (both Sections)**

Given the change in investment arrangements that took place over the year to 30 April 2023, the Trustee Directors have since sought to evolve their manager oversight, focusing primarily on the mandates overseen by SEI. The Trustee Directors receive whole scheme quarterly performance reporting from SEI supplemented, since January 2024, by monthly updates on funding and hedge positions.

The Trustee Directors also receive funding updates from their actuary, the most recent being 30 April 2025.

The Trustee Directors held two ISC meetings during the year ended 30 April 2025. At each regular meeting they considered a detailed investment report for each Section of the Scheme setting out asset and manager allocations and movements, performance over year to date, rolling one year, three year and since inception time periods, actual versus expected income and growth, and a high-level review of each underlying asset manager.

The Trustee Directors have undertaken training on the latest TCFD related obligations and formalised their TCFD Policy Statement effective from October 2022. As part of this reporting, the Trustee Directors test the resilience of their strategy under different climate related scenarios, take advice from their investment advisor and meet with their appointed investment managers to monitor and discuss areas of concern and relevance to the investment strategy.

### **3.5) Costs and charges**

In October 2024, the Trustee Directors considered a detailed Cost & Charges Report prepared by SEI, in line with CMA requirements, covering all investment related costs for the year ended 31 December 2023 in relation to their appointed listed securities and fiduciary managers. The Trustee Directors were satisfied that these costs were in line with expectations and agreed mandates for each of the managers but continue to strive to reduce costs over time whenever possible.

## **IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2025 (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT) (continued)**

### **3.6) Stewardship and Engagement**

In accordance with each SIP, the Trustee has, as previously stated, delegated the day-to-day management of the Scheme's assets, including voting and engagement, to their appointed investment managers. Each of these investment managers is regulated by the UK's Financial Conduct Authority (or equivalent overseas) in the conduct of their investment business. Each Manager is expected to operate in accordance with their published governance and engagement policies which are reviewed from time to time.

As noted, in line with the SIP, the Trustee Directors aim to meet with their investment managers on at least an annual basis although they recognise that most investment managers are now appointed via the Fiduciary Manager. Meeting agendas include ESG considerations, and activities carried out to implement the rights and responsibilities that are delegated to each manager. The Trustee Directors are satisfied that these considerations and ownership activities (including voting and engagement) are integrated and acted upon by the investment managers in line with the Trustee Directors' expectations (as detailed in the Stewardship and Engagement Policy) and in the best interests of the Scheme beneficiaries.

The stewardship policies for each manager are reviewed from time to time. Several of the Scheme's investment managers have been accepted as signatories to the FRC's Stewardship Code and/or to the United Nations Principles of Responsible Investment (UNPRI). Some investment managers are also members of the Institutional Investors Group on Climate Change and the Net Zero Asset Manager Initiative (NZAMI), amongst other industry initiatives.

Over the year to April 2023, the investment strategies of the Scheme were updated to target a lower level of risk and return. This was implemented through a reduction in the allocations to equities, and an increase in allocations to bonds (including gilts). As at 30 April 2025, only Pyrford held equity allocations. The Trustee Directors recognise that due to the lower allocation to equity in the Scheme portfolios, there is less opportunity to cast votes relating to these investments. The Trustee Directors also recognise that the capacity for engagement with underlying companies and issuers is lower for fixed income investments than for equities (where shareholder proposals can be brought forward, for example), more so in relation to government-issued bonds. In any case, the Trustee Directors expect their appointed asset managers to vote (as applicable) and engage with underlying companies and issuers to the extent available (as relevant for each asset class), to ensure that those stakeholders are acting in a way that best protects the long-term value of the investments and therefore act in the best interests of the Scheme's beneficiaries.

The Trustee Directors have not imposed any investment strategy restrictions relating to ESG issues on their investment managers and there are no exclusions applied to investment arrangements based on non-financially material factors. The Trustee Directors consider the issues which they consider material in the monitoring and appointment of new investment managers and are comfortable with the actions taken by their investment managers in this area.

#### **3.6.1) Delegation of Voting responsibilities**

For the year ended 30 April 2025, the Trustee Directors have confirmed that their investment managers have employed their house voting policies in managing their portfolios and exercising ownership rights on behalf of the Scheme (in relation to voting decisions on stocks). Investment managers use proxy voting services from ISS, whilst the Fiduciary Manager used Glass Lewis. In most cases voting services are execution only. The Trustee Directors also ask their investment managers, including the Fiduciary Manager, to provide an update on their house voting policy each year. The Trustee Directors recognise that the house voting policies that are used to implement voting aim, in each case, to improve the long-term value of the related investments, and are therefore comfortable with the voting activity which is conducted on their behalf.

Again, for the year ended 30 April 2025, the Trustee Directors have confirmed the percentage of company resolutions voted on by their investment managers, and the proportion of votes cast with and against company management. While only one investment manager has voted on 100% of resolutions, the others have voted on at least 85% of resolutions. For the manager with the lowest percentages of resolutions voted (Ruffer), the Trustee Directors have discussed the reasons for this with the manager and consider their approach to be reasonable on the basis that voting is only usually carried out where a shareholding is meaningful.

The Trustee Directors' annual review of significant resolutions, including company reporting on the effects of climate change, has added to the Trustee Directors' knowledge and understanding of investment managers' processes and due diligence.

**IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2025 (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT) (continued)****3.6.1) Delegation of Voting responsibilities (continued)**

During the year, as part of their meetings with their appointed investment managers, the Trustee Directors have engaged with and sought further information from their investment managers on how portfolios may be affected by a particular issue or issues, including climate change, and how this affects default risk and portfolio positioning.

The Trustee Directors have historically highlighted their individual priorities and concerns on individual portfolio holdings to their appointed investment managers during routine meetings which it was expected would be addressed by managers in their discussions with companies and issuers that relate to their respective portfolios, and in the execution of their respective voting strategies. This included the consideration of climate change, and the Trustee Directors have sought to understand where their managers have addressed this and other material ESG issues, giving particular consideration to individual stocks.

Whilst the Trustee Directors request their managers to address their approach to stewardship, to date the Trustee Directors have not yet set any specific priorities for their managers other than the improvement in reporting of climate data within credit mandates as their TCFD goal.

A summary of voting activity for each of the investment managers for the year ending 30 April 2025 is included below as Appendix IIIa.

**3.6.2) Significant votes (samples from year ended 30 April 2025)**

In line with their approach to delegating responsibility to their investment managers, the Trustee Directors have not specified to their managers what matters they consider to be significant although have noted a focus on climate change. The Trustee Directors have therefore sought input from their investment managers on what they consider to be the most significant votes exercised during the year and consider the following cases provided by their continuing managers to be of particular importance given their alignment with the issues the Trustee Directors have discussed with their managers.

**Endeavour Group Ltd. 11 November 2024. Corporate Governance (Shareholder Proposal to elect Directors Ari Mervis and Peter Margin)  
Pyrford (< 0.5% of mandate)**

Pyrford voted for the shareholders proposal. Endeavour had a turbulent time during 2023 as directors representing different shareholding interests clashed over the right strategy for the company. This culminated with the failed attempt of an outside, and unapproved, candidate to stand for election at the 2023 AGM. That episode caused the previous Chairman to stand down and Ari Mervis, an experienced executive in the food and beverage sector, was brought in to signal a refresh. Peter Margin, also an experienced director in the sector, was brought in to replace the former Woolworths appointee who stood down at the end of 2023. Bruce Mathieson Jr, representing the 15% stake of the Mathieson Group stood down in June 2024 thus completing a significant rebuild and hopefully the resumption of normal proceedings.

Pyrford consider proxy votes to be "significant" when we believe the outcome could materially affect shareholder returns over our five-year investment horizon and/or could have a bearing on our decision to continue holding the stock. These may include, but are not limited to, matters relating to management and board appointments, executive compensation, decisions affecting capital structure, and company responses to social, environmental, or competitive pressures. All "significant" votes are discussed and reviewed on a quarterly basis in our ESG Forum.

The resolution outcome was for the shareholder proposal.

## IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2025 (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT) (continued)

### 3.6.2) Significant votes (samples from year ended 30 April 2025) (continued)

#### **Amazon. 22 May 2024. Human Labour Rights (Shareholder Proposal Regarding Customer Due Diligence) Ruffer**

Ruffer voted in favour of a shareholders resolution requesting the Board of Directors to commission an independent third-party report, assessing Amazon's customer due diligence process to determine whether customers' use of its products and services with surveillance, computer vision, or cloud storage capabilities contributes to human rights violations. Ruffer supports for the resolution is based on the belief that such a report may highlight some concerning issues that may protect Amazon from future reputational damage. They will continue to monitor the company and may seek to engage if no progress is seen.

#### **Toyota Motor Corporation. 14 June 2024. Board Governance (Shareholder Proposal to Elect Akio Toyoda) Global Managed Volatility Global Select Equity**

SEI voted Against the proposal to Elect Akio Toyoda who has served as the top management of the Toyota Motor Corporation since June 2009. In recent years a series of fraudulent activities has come to light within the Toyota Group. Shareholders should be concerned about any instances of improper practices that do not align with the appropriate laws and regulations as such matters may expand in scale and prove to dampen shareholder value. These incidents raise serious concerns about the effectiveness of internal controls, governance structure, compliance awareness, and risk management within the Toyota Group. This vote is deemed significant as members of the board bear the responsibility of ensuring that the Group maintains appropriate internal controls as well as fair and reliable public disclosure. Mr. Toyoda holds responsibility for failing to ensure that the Group maintained appropriate internal controls and for the failure to ensure appropriate governance measures were implemented at Group companies. Moreover, given the widespread occurrence of issues throughout the Toyota Group, this further raises questions concerning the corporate culture which has developed under the leadership of Mr. Toyoda.

#### **Coles Group Limited. 12 November 2024. Environmental Governance (Shareholder Proposal cease to procure farmed salmon for its Own Brand products from Macquarie Harbour in Tasmania) Global Select Equity**

SEI voted Against the proposal that the Company cease to procure farmed salmon for its Own Brand products from Macquarie Harbour in Tasmania by no later than 30 April 2025. The Maugean Skate population has declined to just 40-120 adults, with the species on the brink of an extinction event, and removal of salmon farming from Macquarie Harbor has been deemed an urgent priority. The Company said it has steadily reduced the volume of salmon it sources from Macquarie Harbour, with plans to continue this trajectory, which is welcome, but the Company has not committed to completely removing Macquarie Harbour salmon from its product range by a specific date. This vote is deemed significant as the level of reputational risk that the Company exposes itself to from continuing to sell this product is high. However, given that the Company indicates a willingness to both monitor and disclose its nature-related impacts, as well as to comply with any government regulations regarding seafood farming in Macquarie Harbour, it can be deemed not an issue that has been mismanaged by the Company or that its current efforts present an imminent risk to shareholder value.

### 3.6.3) Engagement

As noted, the Trustee Directors have delegated active ownership activities (including engagement) to their investment managers. These responsibilities are delegated by the fiduciary manager to a third party, Sustainalytics. The Trustee Directors have noted the following engagement activities undertaken by their managers.

#### **Manager: SEI**

#### **Company engaged: Vistra Corp.**

#### **Engagement objective: Provide disclosure that provides investors with a full overview of material ESG risks, main mitigation strategies and performance**

Vistra is a leading U.S. integrated retail energy provider and power generation company based in Texas, serving four million residential, commercial and industrial retail customers and is also the largest competitive power generator in the U.S. Sustainalytics began engaging with the company in 2021 under their material risk program promoting disclosure that provides investors with a full overview of material ESG risks, main mitigation strategies and performance. Since first engaging with Sustainalytics, Vistra has announced a long-term goal to achieve net-zero carbon emissions by 2050, assuming advances in technology and supportive public policy. The company states this goal will be science based and will include scope 3 emissions. Additionally, Vistra hired a new chief strategy and sustainability officer as well as a senior director of sustainability and strategy in late 2022.

## IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2025 (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT) (continued)

### 3.6.3 Engagement (continued)

In Q2 of 2024 Sustainalytics held a call with Vistra where they agreed to open the engagement calls to investor participation and also agreed to participate in Sustainalytics' net zero transition engagement program. During the call Sustainalytics recommended that Vistra seek external audit of its environmental management system along with certification to ISO 14001 and disclose external audit frequency and corrective actions to stimulate continual improvement. In addition, it was recommended that the company disclose training and awareness programs for employees and internal and external communications on environmental management. Sustainalytics will hold a follow up call with the company in Q3 of 2024.

**Manager: SEI**

**Company engaged: Grupo México S.A.B. de C.V**

**Engagement objective: Grupo Mexico should improve its labour practices in accordance with international standards. The company should demonstrate how it is meeting these obligations by improving its external disclosure on the implementation of the measures and their effectiveness.**

Grupo México S.A.B. de C.V. is a Mexican conglomerate with operations in mining, transportation, and infrastructure. Sustainalytics has been engaging with Grupo Mexico since 2020, focusing on labour issues, and how the company ensures effective and fair employee communications. The engagement also focused on how the company engages with unions and how employee grievances are addressed so as to prevent abuses of rights and minimize disruptions from industrial action. In calls with Sustainalytics, the company confirmed it has maintained a working relationship with unions and it does not foresee any labour issues. The company has achieved above industry standard workforce satisfaction and is maintaining an industry-average turnover rate. Sustainalytics reports that the company has demonstrated a significantly more productive relationship with labour unions than previously and has avoided further controversies and strikes throughout 2021 and 2022. In the latest conference call with the company in Q4 2024 it reported that it is fully ISO14000 and ISO 45000 certified, which focus on environmental management and occupational health and safety.

Sustainalytics reports that, based on the actions taken by the company to reform how it interacts with unions, and the improved relations to which this has led, Grupo Mexico has managed to avoid further incidents and strikes. The improved management of this area gives confidence that the company will continue to interact productively with labour unions. With these improvements, Sustainalytics decided to resolve the case in Q4 of 2024.

**Manager: Pyrford**

**Company engaged: ComfortDelgro**

**Engagement objective: Better understand the implications of regulatory developments and assess the company's progress towards achieving its environmental targets.**

ComfortDelGro (CD) is one of Asia's largest land transport operators offering public transport and taxi services across its key markets of Singapore, Australia, the UK & China. The nature of the business means that CD ranks within the top quartile of our portfolios for Greenhouse Gas Intensity.

As environmental regulations and sentiment have evolved over time, since 2018 we have periodically engaged with ComfortDelGro to ascertain the impact on the company's operations and the adequacy of its own sustainability targets against this backdrop.

The objective of the engagement can be distilled into two key points: (1) understand the implications of regulatory developments, and (2) assess CD's progress towards achieving its environmental targets (e.g. reduction in GHG emissions).

We arranged a video call with Jonathan Jong, Group Chief Sustainability & Risk Officer, and Christopher White, Head of IR, to specifically discuss these matters.

Our conversation began with a recap of changes to regulation over the last year, since our last engagement, which namely centred on enhanced reporting requirements particularly in the UK and Australia. Jonathan noted that CD's disclosure is already well ahead of the expected minimum, so the additional workload from these changes will be quite limited. When questioned about the impact of the recent political change in the UK, the outcome was also muted and if anything, surprised to the upside. The new Labour government has sought to dissolve centralised power such that local authorities will have a greater say in managing their own public transport operations. CD has already won a new bus contract in Manchester as a result. Expanding bus operations in the UK is a positive for CD's sustainability credentials given that the UK leads the way in electric bus adoption.

On the topic of carbon taxes, CD reiterated that there had also been no change to the targeted sectors (e.g. manufacturing, refineries) in Singapore. As such, the company remains only indirectly impacted via the resultant higher electricity prices. Within the public transport operations, CD has embedded indexation clauses so it can pass through these elevated costs anyway.

## IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2025 (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT) (continued)

### 3.6.3) Engagement (continued)

Our discussion then turned to CD's own sustainability targets, which principally aim for a 54.6% reduction in Scope 1 and 2 emissions and a 61.2% reduction in Scope 3 emissions by 2032, vs 2019 levels. Although some progress towards these targets has been made, the majority will be back-ended due to the timing of government commitments. E.g. the Singaporean government has committed to transitioning 50% of the bus fleet to EVs by 2030. CD also submitted these targets when some of the taxi fleet had over eight years remaining of its useful economic life, so transitioning to clean energy vehicles ahead of this didn't make financial sense. Jonathan was confident that all these reduction goals would be achieved by 2032.

At the same time, the company did admit there were challenges that it needed to overcome. Firstly, capacity constraints on the supply of electric buses may become more acute as we approach 2030. Secondly, another barrier to change comes from the taxi drivers themselves. In Singapore, the average driver is aged over 65 and is accustomed to filling up their vehicle quickly at a petrol station; they are often unwilling to get their head around a new technology and factor in additional time for electric charging. To tackle this, CD is looking to educate drivers of the benefits and offer subsidized charging. In China, over 70% of CD's taxi fleet are already EVs, so transformation is clearly achievable.

The company was cognisant that longer term aspirations, such as net zero by 2050, do depend on the development of new technologies. As a result, CD has taken a proactive stance by investing in a nascent battery recycling company.

In sum, ComfortDelGro is very much awake to the adverse environmental impacts of its operations and the potential for more stringent regulation. It has taken an active stance in managing these risks by setting its own sustainability targets and investing in next generation technologies. We are confident that ComfortDelGro remains committed in addressing this matter.

Until clean energy vehicles are the norm, the transport industry will inherently remain a major contributor of global GHG emissions. As such, regular engagement will be crucial to assess the company's continued commitment to minimizing its carbon footprint and reaching net zero by 2050.

No information gained from the engagement has impacted any voting requirements or portfolio allocations.

### 3.6.4) Engagement with Managers

Whilst the Trustee Directors have regular informal dialogue with their investment managers, they formally engaged with their investment managers (directly and indirectly) as follows over the course of the Scheme year.

Date	Manager engaged	Issues discussed
July 2024	SEI	Performance of underlying asset managers and hedging portfolio.
November 2024	SEI	Review of investment strategy and hedging portfolio.
February 2025	SEI	Performance of underlying asset managers and hedging portfolio. Review of investment grade credit risk and potential mitigation actions.
February 2025	Royal London (underlying manager of SEI fund)	Investment philosophy, performance, positioning and credit market outlook.
February 2025	Barings	Outlook for UK property market; performance of individual properties within the portfolio; market liquidity, potential redemption strategies.
February 2025	Ruffer	Performance, outlook and current positioning.

The Trustee Directors receive reporting on the activities carried out by these parties on a regular basis as part of ongoing monitoring. The Fiduciary Manager and the other Investment Managers report on voting activity although the Trustee Directors also use industry-standard templates (PLSA) to ensure that comparable information is received.

Managers are expected to notify the Trustee Directors of any issue on which it may be beneficial for the Trustee Directors to undertake further engagement, though there were no such notifications made over the Scheme year.

The Trustee Directors are comfortable that these activities are integrated and acted upon in line with the Trustee Directors' expectations (as detailed in the Stewardship and Engagement Policy) and in the best interests of the Scheme beneficiaries.

**IMPLEMENTATION STATEMENT FOR THE STAGECOACH GROUP PENSION SCHEME FINANCIAL YEAR ENDED 30 APRIL 2025 (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT) (continued)****3.7) Portfolio turnover**

The Trustee Directors request and review turnover costs incurred by the Investment Managers over the Scheme reporting year.

**4) Advisors and other service providers**

Consistent with the Investment Consultancy and Fiduciary Management Market Investigation Order 2019, the fiduciary manager role carried out by SEI was retained by the Trustee Directors following completion of a competitive retendering exercise, carried out towards the end of 2021 and early 2022.

In recognition of SEI's dual role as lead adviser and asset manager, the Trustee Directors have also appointed Hymans Robertson LLP (Hymans) as an additional investment adviser to support ongoing monitoring of SEI, in their capacity as a fiduciary manager. The Trustee Directors considered several separate papers from Hymans over the course of the year in relation to SEI's management of the delegated discretionary portfolios including Environmental, Social and Governance (ESG) considerations, and other compliance or related matters.

The Trustee Directors are also mindful of the important role played by their appointed investment consultants and monitor performance against objectives set out in their "Objectives for providers of investment consultancy services" policy dated 10 December 2019, in accordance with the Investment Consultancy and Fiduciary Management Market Investigation Order 2019.

**5) Compliance**

This Implementation Statement was approved by the Trustee Directors on 25 September 2025 and signed on their behalf by:

*John Hamilton*

**John Hamilton**  
**Chair of the Board of Trustee Directors**

**SUMMARY OF VOTING ACTIVITY FOR APPOINTED INVESTMENT MANAGERS**

	Ruffer	Pyrford	Global Managed Volatility	Global Select Equity
Did the manager employ the house voting policy in managing the portfolio? If not, why not.	Yes	Yes	Yes	Yes
Was use made of any proxy voting service during the year?	Yes (ISS)	Yes (ISS)	Yes	Yes
Number of holdings in the portfolio at year end	182 (Equity)	64 (Equity)	752	638
No. of meetings eligible to vote at during the year	79	60	519	489
No. of resolutions eligible to vote on during the year	1315	946	6756	8019
% of resolutions voted	100%	100%	95%	96%
% of resolutions voted with management	97%	96%	89%	91%
% of resolutions voted against management	3%	4%	11%	8%
% of resolutions abstained	0%	0%	0%	1%
% of meetings with at least one vote against management	23%	45%	63%	61%
<b>No of shareholder resolutions where climate change was a significant factor</b>				
	4	3	58	66
<b>% of such resolutions voted against management</b>				
	100%	33%	11%	12%
<b>Approximate number of portfolio companies engaged over the year</b>				
	30	6	712	
<b>Number of engagements where a specific engagement objective has been set</b>				
	38	6	All engagements have specific objectives set	
<b>% of engagements which saw some material progress against the objective over the year</b>				
	16%	100%	74%*	

Note: Figures may not sum due to rounding. \*This figure reflects engagements on climate related issues.