

Annual Implementation Statement - covering 1 January 2022 to 31 December 2022 (the “Scheme Year”)

Prysmian Pension Scheme: Defined Benefit Section

Introduction

In accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustees of the Scheme is required to produce an annual statement to set out:

- How and the extent to which, in the opinion of the Trustees of the Scheme, the Statement of Investment Principles (“SIP”) produced by the Trustees has been followed during the Scheme Year;
- Details of any review of the SIP during the Scheme Year;
- Subsequent changes made with the reasons for the change;
- The dates of the last review of the SIP.

The Implementation Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is set out in the table below.

This Implementation Statement covers the Scheme's defined benefit (“DB”) section. A separate statement covers the Scheme's defined contribution section. The statement flows directly from and should be read in conjunction with the SIP for the DB section of the Scheme (in place at the Scheme Year end and dated March 2023).

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. As set out in the SIP, the Trustee’s primary investment objective for the Scheme is to ensure the Scheme’s assets and future contributions are invested in such a manner that the benefits (due to members and their beneficiaries) can be paid from the Scheme as they arise. In addition, the Trustee also considers the following as investment objectives:

- To return the Scheme funding level to 100% of the projected past service liabilities and then to maintain this funding level;
- To maximise investment returns subject to an acceptable level of risk, and by doing so, to minimise the level of contributions required of the employer;

- To pay due regard to the interests of the sponsoring employer in relation to the funding of the Scheme.

The Trustee believes that its investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Scheme Actuary.

Review of the SIP

The Plan's SIP was updated in March 2023, to account for the investment strategy change and to update it to include the current investment structure (mentioned below). The SIP also includes the requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How arrangements with the asset managers incentivise the asset managers to align their investment strategy and decisions with the Trustee's policies in SIP.
- How those arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of asset manager's' performance and the remuneration for asset management services are in line with the Trustees' policies mentioned in the SIP.
- How the Trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of arrangements with the asset managers.

Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in the table below summarises the work undertaken by the Trustee during the year (or over a longer term where relevant) and sets out how this work has followed the Trustee's policies in the SIP (insofar as the SIP relates to the DB section of the Scheme). The Trustee considers that it has generally adhered to all of its policies as set out in the SIP over the course of the year.

	Matter	Summary of Trustee's policy / key extracts from policy	Summary description and evaluation of work undertaken in the year to 31 December 2022
1	Securing compliance with the legal requirement to obtain and consider proper advice on the question of whether an investment is satisfactory.	An investment consultant has been appointed by the Trustee to provide relevant advice to the Trustee. <i>SIP Introduction</i>	<i>Mercer provided advice on the Scheme's investment strategy in November 2020, the implementation of the strategy occurred in April 2021.</i>
2	The kinds of investments to be held.	The Trustee has adopted investment arrangements to enable benefits to be paid as and when they fall due. <i>SIP section 4.3</i>	<i>The Trustee is permitted to invest across a wide range of asset classes.</i> <i>All the funds in which the Scheme invests are pooled and unitised. The use of derivatives is permitted by the guidelines that apply to the pooled funds.</i> <i>The Trustee recognises the benefits of diversification across growth asset classes, as well as within them, in reducing the risk that results from investing in any one particular market. Where they consider it advisable to do so, the Trustee has appointed investment managers to select and manage the allocations across growth asset classes, in particular where it would not be practical (or appropriate) for the Trustee to commit the resources necessary to make these decisions themselves.</i>
3	The balance between different kinds of investments.	For the DB portfolio, the Trustee has established a strategic benchmark for the Scheme assets. The Trustee monitors the asset allocation from time to time and may rebalance the Scheme's investments if necessary to bring them in line with the strategic benchmark. <i>SIP section 6 and Appendix 1</i>	<i>The Trustee receives monitoring reports on the performance of the underlying investment managers from Mercer on a quarterly basis. Investments and disinvestments should be applied in such a way as to bring the actual asset allocation back towards the Scheme's central benchmark asset allocations.</i>
4	Risks, including the ways in which risks	The Trustees recognise risk from a number of perspectives. Detail on	<i>As detailed in Section 5 of the SIP, the Trustee considers both quantitative and qualitative</i>

	are to be measured and managed.	<p>the risks considered and the approach taken to risk management and measurement is set out in Section 5 of the SIP.</p> <p><i>SIP section 5</i></p>	<p><i>measures for these risks (Solvency and Mismatching Risk, Manager Risk, Liquidity Risk, Political Risk, Corporate Governance Risk, Sponsor Risk, Legislative Risk, Credit Risk, Market Risk (Currency Risk, Interest rate risk, Other Price risk) and ESG Risk) when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</i></p> <p><i>On a quarterly basis, the Trustee reviews the Scheme's asset allocation compared with target and the portfolio may be rebalanced to ensure that the targeted level of risk and return are maintained.</i></p>
5	Expected return on investments.	<p>The Scheme's assets are expected to provide an investment return so that the benefits due to members and their beneficiaries can be paid from the Scheme as they arise.</p> <p><i>SIP section 2</i></p>	<p><i>The investment monitoring report is reviewed by the Trustee on a quarterly basis. The monitoring report includes how each investment manager is delivering against their specific mandates.</i></p>
6	Realisation of investments.	<p>Ad hoc Cashflow requirements are taken from the Scheme's assets in a manner consistent with the strategic asset allocation.</p> <p>The Trustee considers the liquidity of the investment in the context of the likely needs of members.</p> <p><i>SIP section Appendix 3</i></p>	<p><i>The Scheme's assets are invested in pooled investment vehicles. All of the funds that the Scheme invests in are dealt on a daily basis, and are considered to be liquid investments.</i></p>
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in	<p>The Scheme is invested solely in pooled investment funds. The Trustee's policy is to delegate responsibility for engaging with, monitoring investee companies and exercising voting rights to the pooled fund investment managers and expects the investment</p>	<p><i>The Trustee understands that they must aim to consider all financially relevant factors in making investment decisions on behalf of the Scheme.</i></p> <p><i>The Trustee receives monitoring reports on the performance of the underlying investment managers from Mercer on a quarterly basis,</i></p>

	the selection, retention and realisation of investments.	managers to use their discretion to act in the long term financial interests of investors. <i>SIP section 4.6</i>	<i>which presents performance information over 3 months, 1 year and 3 years. As such, a long term view is adopted when making ' decisions regarding the 'Selection, Retention and Realisation of Investments'</i>
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.	The Trustee do not take account of non-financially material considerations. <i>SIP section 4.5</i>	<i>Whilst, the Trustee aims to consider any non-financial factors to the extent that they have the ability to impact the financial results of the Scheme's investments over the duration of the Scheme; there were no explicit decisions during the reporting period where non-financial considerations materially impacted the overall outcome.</i>
9	The exercise of the rights (including voting rights) attaching to the investments.	<i>The Trustees have delegated its voting rights to the investment managers.</i> <i>SIP section 4.4</i>	<i>The Scheme is invested solely in pooled investment funds. The Trustee's policy is to delegate responsibility for engaging with, monitoring investee companies and exercising voting rights to the pooled fund investment managers and expects the investment managers to use their discretion to act in the long term financial interests of investors.</i> <i>The Trustee notes that the investment managers' corporate governance policies are available on request and on their respective websites.</i> <i>If the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee would exercise its right in accordance with what it believes to be the best interests of the majority of the Scheme's membership.</i>
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons	<i>The Trustee has delegated its engaging activities to the investment managers.</i> <i>SIP section 4.4</i>	<i>As above.</i>

	about relevant matters).		
11	<p>How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement]</p>	<p>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class or classes they are selected to manage.</p> <p>The Scheme currently invests entirely in pooled investment vehicles, and therefore the Trustee accepts that it has no direct ability to specify the risk profile and return targets of the managers, but appropriate mandates can be selected to align with the overall investment strategy.</p> <p><i>SIP section 3.3</i></p>	<p><i>Over the period the Trustee believed that the appointments with its investment managers were consistent with its long-term objectives.</i></p> <p><i>New investments were made into the BMO LDI Equity-linked Nominal DLDI Fund, the Ninety One Global Total Return Credit Fund, the L&G Life Over 15 Year Index-Linked Gilts Index Fund and the L&G Life AF Over 15 Year Gilts Index Fund. The funds have been included in the portfolio in order to help generate the investment returns required to achieve full funding, whilst aiming to mitigate a proportion of the interest rate and inflation risk faced by the Scheme.</i></p>
12	<p>How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.</p>	<p>The investment manager is aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage.</p> <p><i>SIP sections 3.3 & 6.2</i></p>	<p><i>The Trustee is a long-term investor and does not look to change the investment arrangements on a frequent basis. The Trustee receives monitoring reports on the performance of the underlying investment managers from Mercer on a quarterly basis, which presents performance information over 3 months, 1 year and 3 years. The reporting reviews the performance of the Scheme's individual funds, against their benchmarks, of the Scheme's assets in aggregate against the Scheme's strategic benchmark and also of the development of the Scheme's assets relative to their liabilities.</i></p> <p><i>The Trustee takes a long-term view when assessing whether to replace the underlying investment managers, and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant downgrade of the investment manager by Mercer's Manager Research Team. This in turn would be due to a significant reduction in Mercer's confidence</i></p>

			<p><i>that the investment manager will be able to perform in line with their fund's mandate over the long term.</i></p> <p><i>Changes will be made to the underlying investment managers if there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager.</i></p>
13	<p>How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies required under Sub-Paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement].</p>	<p>The Trustee is a long-term investor and does not look to change the investment arrangements on a frequent basis.</p> <p><i>SIP sections 3.3 & 6.2</i></p>	<p><i>The Trustee receives monitoring reports on the performance of the underlying investment managers from Mercer on a quarterly basis, which presents performance information over 3 months, 1 year and 3 years. The reporting reviews the performance of the Scheme's individual funds, against their benchmarks, of the Scheme's assets in aggregate against the Scheme's strategic benchmark and also of the development of the Scheme's assets relative to their liabilities.</i></p>
14	<p>How the Trustee monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.</p>	<p>For the DB Section, the Trustee does not currently monitor portfolio turnover costs.</p> <p><i>SIP section 6.3</i></p>	<p><i>Given that the Scheme invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Scheme, although notes that the performance monitoring which it receives is net of all charges, including such costs. .</i></p> <p><i>The Trustee is working with Mercer to determine the most appropriate way to obtain and monitor the information required in relation to the pooled funds in which the Scheme is invested and will include further information about this when next updating the SIP.</i></p>

15	The duration of the arrangement with the asset manager.	The Trustee is a long-term investor and does not look to change the investment arrangements on a frequent basis. <i>SIP sections 3.3</i>	<i>No action was taken in relation to investment manager appointments during the year.</i>
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Investment Manager Voting Summary

Fund	Votes cast		
	Votes in total	Votes against management endorsement	Abstentions
Columbia Threadneedle – Multi Asset Fund	6,082	477	124
Nordea Diversified Return Fund	2,353	215	32

Fund	Proxy voter used?	Most significant votes (description)	Significant vote examples
Columbia Threadneedle – Multi Asset Fund	<p>Columbia Threadneedle Investments utilises the proxy voting platform of Institutional Shareholder Services, Inc. (ISS) to cast votes for client securities and to provide recordkeeping and vote disclosure services.</p> <p>Columbia Threadneedle have retained both Glass, Lewis & Co. and ISS to provide proxy research services to ensure quality and objectivity in connection with voting client securities. Additionally MSCI ESG research is also considered in the process.</p>	Threadneedle defines “significant” votes to be any dissenting vote i.e. where a vote is cast against (or where they abstain/withhold from voting) a management-tabled proposal, or where we support a shareholder-tabled proposal not endorsed by management.	<p>Threadneedle have provided a number of examples. These were predominantly where they had voted against election of a director or changes remuneration benefits.</p> <p>For example, Amazon.com Inc., Threadneedle voted against an election of a director, as there were concerns that the director was not independent.</p>
Nordea Diversified Return Fund	Nordea rely on their bespoke voting policy, and/or vote manually, for an overwhelming majority of all votes. Nordea initiated a large scale-up in 2021, during which they have managed	Significant votes are those that are severely against our principles, and where we feel we need to enact change in the company. The process stems from first identifying the most important	Nordea have provided a number of examples. These were predominantly where the manager had voted against the

to vote in more than 4000 individual AGMs/EGMs, and have for some minor holdings relied on ISS' standard sustainability policy. However, Nordea still review all ESG related issues and most other contentious issues for those small holdings. This is due to a current lack of resources on ISS' part to do bespoke policy recommendations in peripheral markets and for very minor holdings. Nordea expect ISS to have ratified this by 2022.

NIS –provides analytical input/external opinion to facilitate proxy voting and execution.

holdings, based on size of ownership, size of holding, ESG reasons, or any other special reason. From there, we benchmark the proposals against our policy.

advisory to Ratify Named Executive Officers' Compensation.

For example, on Oracle, Nordea voted against the advisory to Ratify Executive officer's compensation. Nordea Believe that bonuses and share based incentives only should be paid when management reach clearly defined and relevant targets which are aligned with the interest of the shareholders. For a majority of executive officers, Nordea deemed the current targets in some cases as overly vague and in some cases bonuses are extremely high. Nordea also voted against re-election of the proposed board members in the Compensation Committee.

Notes: ISS = Institutional Shareholder Services Inc.
IVIS = Institutional Voting Information Service
NIS = Nordic Investor Services