



Carlsberg UK Limited Pension Scheme Implementation Statement

Year ending 5 April 2025

Background and Implementation Statement

Background

The Department for Work and Pensions (DWP) has increased regulation to improve disclosure of financially material risks. This regulation recognises Environmental, Social and Governance (ESG) factors as financially material and schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their Statement of Investment Principles (SIP) and demonstrate adherence to these policies in an implementation report.

Statement of Investment Principles (SIP)

The Scheme's SIP responds to the DWP regulation and covers:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments

The SIP can be found online at the web address:

<https://www.carlsbergmarstons.co.uk/media/55menef0/carlsberg-uk-limited-pension-scheme-statement-of-investment-principles-march-2023-final.pdf>

Implementation Report

This Implementation Report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Trustee has taken to manage financially material risks and implement the key policies in its SIP;
- the Trustee's current policy and approach with regards to ESG and the actions taken with investment managers on managing ESG risks;
- the extent to which the Trustee has followed policies on engagement covering engagement actions with the Scheme's fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandates;
- voting behaviour covering the reporting year to 5 April 2025 for and on behalf of the Scheme, including the most significant votes cast by the Scheme or on its behalf;
- The voting behaviour of the Scheme's investment managers covering the reporting year to 5 April 2025 (noting the Trustees' delegation of Scheme voting rights to the investment managers through its investment via pooled fund arrangements).

Summary of key actions undertaken over the Scheme reporting year

- At the end of 2024, the Trustee agreed to disinvest the Scheme's holdings in the LGIM Future World Net Zero Buy and Maintain Pooled Fund, and invest in the LGIM US Securitised Fund (GBP Hedged). This was implemented at the beginning of 2025, with the Fund now forming part of the Scheme's collateral waterfall as primary collateral, alongside the LGIM Absolute Return Bond fund (secondary collateral).
- In March 2025, the Trustee decided to further de-risk the Scheme's investment strategy by reducing the notional exposure to Equity (via the synthetic equity positions) and marginally increasing the Scheme's liability hedge in respect of interest rates and inflation. These changes were implemented after the accounting year-end and will be reflected in future reporting.

Implementation Statement

This report demonstrates that the Trustee of the Carlsberg UK Limited Pension Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions (Changes to the SIP during the year)
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To target interest rate and inflation risk hedge ratios close to the funding level, on a Technical Provisions basis. The Trustee monitors the hedge and will update the strategic hedge on a regular basis with advice from the investment consultant.	The target hedge ratios specified in LGIM's documents changed over the year as the funding level moved. At year end the target hedge ratios were at: 100.0% on interest rates and 100.0% on inflation, vs the Technical Provisions liabilities.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	The Trustee has a separate cashflow policy in place. In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustee requires the investment manager(s) to be able to realise the Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time of the disposal is required and subject to the best interests of the Scheme. The majority of the assets are not expected to take an undue time to liquidate.	The Scheme's cashflow policy remains in place, which states upper and lower limits for the bank account balance. This ensures there remains sufficient liquidity to meet cashflow requirements. This is monitored on a monthly basis. There is no strategic weighting to cash, however LGIM utilise cash within LDI and Synthetic Equity for the efficient management of these portfolios. The Scheme was able to realise sufficient assets in a timely manner to meet all LDI capital calls over the reporting period.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	The Trustee, after seeking appropriate investment advice, has selected an appropriately diversified strategic asset allocation benchmark for the Scheme. The Trustee expects the investment managers to maintain diversified portfolios subject to their respective benchmark and guidelines.	The Scheme's Investment Policy Implementation Document ('IPID') was updated in November 2024 to reflect changes made to the asset allocation.
Manager	Experiencing losses due to factors that affect the performance of the investment managers.	Each fund in which the Scheme invests has a stated performance objective by which investment performance will be measured. These are shown in the Trustee's IPID. Within each asset class, the investment managers are expected	Over the reporting year, the Trustee reviewed investment managers' performance to ensure they were in line with the Trustee's policies.

		<p>to maintain a portfolio of securities (or funds), which ensures that the risk being accepted in each market is broadly diversified.</p> <p>The divergence of the actual distribution of the investments from the benchmark weighting will be monitored by the Scheme's investment consultant. Any deviation from the target asset allocation will be discussed periodically with the investment consultant.</p>	
Credit	Default on payments due as part of a financial security contract.	The investment managers are expected to maintain a portfolio of securities which ensures that the risk being accepted in each market is broadly diversified.	No actions or changes to policy.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	<p>The Trustee expect its investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.</p> <p>The Trustee's policy is to delegate responsibility for engaging and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.</p>	<p>The Trustee reviews how their investment managers are incentivised to align their decision making with the Trustee's policies and on assessments of medium to long-term financial and non-financial performance, through the year via attendance at meetings and through engagements via their Investment Consultant.</p> <p>The Trustee have stated in their ESG Policy that their stewardship priority is climate change. The Trustee is currently reviewing this position, and any change to their views on ESG issues will be reflected in any future update to the SIP.</p>
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	The investment managers are expected to maintain a portfolio of securities which ensures that the risk being accepted in each market is broadly diversified.	No actions or changes to policy.

Changes to the SIP

Statement of Investment Principles

There were no updates to the Scheme's SIP over the reporting period.

The Trustee did, however, review and update the Scheme's IPID in November 2024. The updates to the IPID accounted for a marginal strategic re-alignment, and the switch from the LGIM Future World Net Zero Buy and Maintain Pooled Fund, to the LGIM US Securitised Fund (GBP Hedged).

The SIP is due to be updated in October 2025 to reflect the Trustee's up-to-date policies and approach to investing, including the level to which ESG will be integrated in the near-term. Future changes to the SIP will be reflected in future reporting.

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Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP describes the Trustee's policy with regards to ESG as a financially material risk.

The Trustee has agreed a more detailed ESG policy which describes how it monitors and engages with the investment managers regarding the ESG policies. This page details the Trustee's ESG policy.

The Trustee intends to review their own ESG policy periodically to ensure it remains fit for purpose. The next review is due in September 2025.

Risk Management	<ol style="list-style-type: none">1) ESG factors are important for risk management and can be financially material. Ensuring these risks are managed appropriately forms part of the fiduciary duty of the Trustee.2) The Trustee believes that ESG integration leads to better risk adjusted outcomes and wants a positive ESG tilt to the investment strategy.3) The Trustee will consider the ESG values and priority areas of the stakeholders and sponsor.
Approach / Framework	<ol style="list-style-type: none">4) The Trustee wants to understand how investment managers integrate ESG considerations into its investment process and in its stewardship activities.5) The Trustee wants to agree an objective to align its investment portfolio with the UK government's ambition to be a net zero greenhouse gas emitter by 2050, or before.
Voting & Engagement	<ol style="list-style-type: none">6) ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG factors.7) The Trustee wants to understand the impact of voting & engagement activity within its investment mandates.8) The Trustee believes that engaging with managers (including on stewardship priorities) is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers in the first instance.9) The Trustee's stewardship priority is climate change. As good stewards of investments, the Trustee has set clear stewardship priorities in the members' best interests. These priorities will be communicated to investment managers to influence stewardship activity. The Trustee expects companies to begin reporting climate governance, strategy, policies and performance against the TCFD's disclosure framework. If

	<p>companies do not meet this expectation, the scheme may take a number of actions including:</p> <ul style="list-style-type: none"> • Co-filing or supporting a shareholder resolution on the issue; • Voting against the company's report and accounts; • Voting against the reappointment of the Board Committee Chair responsible for climate change issues; • Voting against the Chair, reappointment of the auditor (where the auditor's report does not reference climate change), or the reappointment of the Audit Chair.
Reporting & Monitoring	<p>10) ESG factors are dynamic and continually evolving, therefore the Trustee will receive training as required to develop its knowledge.</p> <p>11) The Trustee will seek to monitor key ESG metrics within its investment portfolio to understand the impact of their investments.</p> <p>12) The Trustee will set ESG targets considering both the Trustee's and Sponsor's views.</p>
Collaboration	<p>13) Investment managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices as well as sign up and comply with common codes such as UNPRI, TCFD and Stewardship Code.</p> <p>14) The Trustee will consider at what stage it should sign up to recognised ESG frameworks (e.g., should this be in line with or ahead of regulatory requirements).</p>

Voting and engagement

Investment managers' engagement activity

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 5 April 2025.

The Scheme does not invest in physical equity funds and therefore does not have exposure to funds where managers would have shareholder voting rights.

Fund name	Engagement summary	Commentary
Partners Group Multi Asset Credit (2016)	Total Engagements: N/A As the fund is winding down, no further engagement reporting will be produced.	At a firm-level, Partners Group actively engage with the management teams of their portfolio companies, aiming to identify key ESG improvement opportunities – where relevant - and define their vision and strategy in relation to these factors for the loanee company. Partners Group were unable to provide us with details of an engagement they have completed at the strategy level.
LGIM QIAIF	Total Engagements: 50 Of which: Environmental: 28 Social: 2 Governance: 16 Other: 4 Note: Due to reporting timescales for the QIAIF, engagement data covers 12- month period to 31 December 2024.	LGIM actively engage with the management teams of their portfolio companies at the strategy and firm level, taking a long-term perspective and have a focus on emerging governance and sustainability issues. An example of a significant engagement includes: Cemex SAB de CV – LGIM met with Mexican buildings material company CEMEX to discuss their energy transition plans in a hard-to-abate sector, and to better understand its strategy. In this engagement, LGIM discussed CEMEX's decarbonisation strategy and targets, as well as business opportunities in the Urbanization Solutions business. LGIM also discussed growth initiatives in the company's Urbanization Solutions segment, a growth focus for the Company. LGIM concluded the engagement by encouraging CEMEX to continue highlighting their initiatives in the low-carbon space and emphasise the opportunities ahead in their Urbanisation Solutions business.
LGIM US Securitised Fund	Total Engagements: N/A LGIM have confirmed there is no engagement data available yet for this fund.	At a firm level, LGIM use their scale as one of the largest passive equity managers in the UK to engage with companies, and where engagements are unsuccessful, the team will assess where problems arose and new approaches to be employed. LGIM engage with regulators, governments, and other industry participants to address long-term structural

		<p>issues, including within the securitised credit space. However, due to the nature of securitised assets (thousands of underlying loans, direct investment removed via a Special Purpose Vehicle), engagements can be difficult. However, LGIM continue to assess securitised issuers and counterparties.</p>
<p>LGIM Absolute Return Bond Fund</p>	<p>Total Engagements: 355 Environmental: 224 Social: 91 Governance: 74 Other: 48</p> <p>Note: One engagement may cover multiple E, S and/or G topics.</p>	<p>LGIM have a strong and integrated ESG approach for pooled funds which follow a robust framework.</p> <p>At a firm level, LGIM regularly monitor companies and where engagements are unsuccessful, the team will assess where problems arose and new approaches to be employed. LGIM engage with regulators, governments, and other industry participants to address long-term structural issues.</p> <p>An example of a significant engagement includes:</p> <p>BP Plc - LGIM has initiated an 'in depth' Climate Impact Pledge engagement with BP Plc. As one of the largest oil and gas producers in the world, BP has a significant role in the global transition to net zero. LGIM have had an ongoing dialogue with the company, spanning several years in order to engage effectively and instigate change. Since this time, BP has introduced a Net Zero ambition by 2050 and expanded the company's target for Scope 3 emissions. Following the company's decision to revise oil production targets, LGIM have reflected their concerns of this through active and consistent engagements with BP, including voting against the re-election of the Chair in 2023. LGIM remain the "lead" on the engagement between BP and the large climate engagement institution Climate Action 100+.</p>
<p>BlackRock Diversified Private Credit (DPC) Fund</p>	<p>BlackRock do not currently provide fund-level engagement data for the DPC fund.</p> <p>Note: Due to reporting timescales for the QIAIF, engagement data covers 12- month period to 31 December 2024.</p>	<p>BlackRock's investment team conducts regular, direct engagement with borrowers. However, explicit number of ESG engagements are not currently available for DPC's underlying strategies.</p> <p>Examples of ways in which BlackRock look to incorporate ESG within their engagements include:</p> <ul style="list-style-type: none"> - ESG risk considerations, which are fully embedded in their fundamental research, due diligence, and investment decision processes across the Global credit platform, on which DPC is constructed. - Margin ratchets and annual ESG questionnaires are used. - Providing options for pricing incentives based on disclosure of ESG information, progress on ESG KPIs and emissions reduction targets. <p>BlackRock have been able to provide details of several project engagements, an example of one they believe is significant is below:</p> <p>Project Balance DaVinci – HH Global EnvironmentEvondos</p> <p>BlackRock collaborated with climate consultancy ERM to deliver a focussed 6-week engagement programme,</p>

		<p>which was well-attended, including by the Deputy CEO, CFO, Head of Marketing, Head of Operations, and Procurement Lead. The analysis shown in this session identified the greatest opportunity for emissions reduction in transitioning from virgin aluminium, plastic, and rubber to recycled alternatives.</p> <p>In response, the Company established a target-setting working group to investigate sustainable material sourcing and innovative product design for a forthcoming product model. Paris-aligned targets are also expected to be finalised by the end of 2025, with ongoing discussions between BlackRock and the CFO to integrate a margin ratchet tied to the Company's decarbonisation roadmap (climate incentivisation).</p> <p>Company actions include setting ambitious medium- and long-term emission reduction targets, switching to SBTi reporting for emissions and committing to a net zero goal by 2050. With a record of surpassing annual 5% reduction intensity targets and evidenced commitment towards SDG 13: Climate Action, BlackRock confirmed this engagement as successful and integral to global low-carbon transition. They anticipate continual emission reductions in line with Project Balance's objectives.</p>
<p>Ares Secured Income Fund</p>	<p>Total Engagements: N/A</p> <p>Ares announced the closure of the Fund in Q3 2023 and do not track the number of engagements at a strategy or firm level.</p>	<p>Ares engages with multiple parties, including partners and clients to share pioneering ESG practices to encourage the adoption of ESG considerations.</p> <p>However, Ares were unable to provide us with details of any engagements they have completed at the strategy level – only a firm level.</p>

Investment managers' voting activity

The Scheme does not invest in physical equity funds, or funds with indirect equity holdings, that would entitle investment managers to have shareholder voting rights on behalf of the Scheme.