

Newcastle Building Society Pension and Assurance Scheme - Implementation Statement for 2019 DB Regulations

Statement of Compliance with the Newcastle Building Society Pension and Assurance Scheme Stewardship Policy for the year ending 30 June 2025.

Introduction

This is the Trustees' statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and subsequent amending legislation, and those of the Pensions Regulator's General Code of Practice. This statement sets out how the Trustees have complied with the Scheme's Stewardship Policy and Statement of Investment Principles during the period from 1 July 2024 to 30 June 2025.

The Trustees are broadly satisfied that:

- The Scheme's investments have been managed in accordance with the Scheme's Stewardship Policy during the period.
- The Scheme's investments have been managed in accordance with the remainder of the Scheme's Statement of Investment Principles; and

The provisions of the Statement of Investment Principles remain suitable for the Scheme's members.

Statement of Investment Principles

The Statement of Investment Principles ("SIP") sets out the principles and practices the Trustees follow when governing the Scheme's investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used, as well as the Trustees' approach to responsible investing (including climate change).

The Trustees have prepared this Implementation Statement on the basis of the Statement of Investment Principles in force at throughout the period, with reporting within this document in line with the Statement of Investment Principles applicable at the relevant time.

The Scheme's/Plan's Statement of Investment Principles can be consulted online at
<https://www.newcastle.co.uk/about-us/governance/statement-of-investment-principles/>

Investments governance

The primary objective of the Scheme 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 Trustees have overall responsibility for how the Scheme's investments are governed and managed, in accordance with the Scheme's Trust Deed and Rules, as well as Trust Law, Pensions Law and Pension Regulations.

The Trustees have set objectives for the Scheme's investment adviser designed to align with the Trustees' own objectives and investment strategy as set out in the Statement of Investment Principles. The suitability of these objectives was last reviewed by the Trustees in October 2024 and is scheduled for review no later than October 2025.

The investment risks relating to the Scheme are described in the Statement of Investment Principles and the expected return is also set out on page 6 of the SIP. The Trustees' views on the expected levels of investment risk and return inform decisions on the strategic asset allocation (i.e., what type of assets and areas of the world

the Scheme invests in over the longer term), and the style of management adopted by the Scheme. The Scheme has conflicts of interest policies in place covering its service providers, including the asset managers and investment adviser. The Trustees formally ask service providers to confirm any conflicts of interest when the Trustees meet with them.

Stewardship policy

The Trustees' Stewardship (voting and engagement) Policy sets out how the Trustees will behave as an active owner of the Scheme's assets which includes the Trustees' approach to:

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustees monitor and engage with their investment managers and any other stakeholders.

The Scheme's Stewardship Policy is reviewed at least every three years in line with the Scheme's Statement of Investment Principles (SIP) review which was last reviewed and completed in October 2025.

You can review the Scheme's Stewardship Policy (October 2024 version) which can be found within the Scheme's Statement of Investment Principles.

The Trustees have delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment manager. The Trustees believe it is important that their investment manager take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustees' own engagement activity is focused on their dialogue with their investment manager which is undertaken in conjunction with their investment advisers. The Trustees meet regularly with their manager and the Trustees consider manager exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustees also monitor their compliance with their Stewardship Policy on a regular basis and are satisfied that they have complied with the Scheme's Stewardship Policy over the last year.

Voting activity

The Trustees seek to ensure that their manager is exercising voting rights and where appropriate, to monitor the managers' voting patterns.

The Trustees have investment in equity assets solely through the funds managed by Legal & General Investment Management ('LGIM'). LGIM have reported on how votes were cast in aggregate across all of the Scheme's equity holdings in the table below:

	Diversified Growth Fund	World Index Fund
No. of meetings eligible to vote at during the year	10,796	2,928
No. of resolutions eligible to vote on during the year	107,020	35,761
% of resolutions voted	99.77%	99.74%
% of resolutions voted with management	76.53%	79.13%

% of resolutions voted against management	22.37%	20.58%
% of resolutions abstained	1.10%	0.29%
% of meetings with at least one vote against management	69.33%	74.21%

Source: LGIM, data as at 31 March 2025

The resolutions which LGIM voted against management the most on over the Scheme year were mainly in relation to:

- Board Leadership;
- Diversity;
- Climate and;
- Nature

Significant votes

The Trustees have asked LGIM to report on the most significant votes cast within the portfolios they manage on behalf of the Trustee. LGIM were asked to explain the reasons why votes identified were significant, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote.

From the managers' reports, the Trustee have identified the following votes as being of particular relevance to the Scheme:

Vote 1: Data Sourcing

On the 10th of December 2024, LGIM voted for Microsoft Corporation's Resolution on reporting on AI Data Sourcing Accountability. In their view, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models, as the company is facing risks related to copyright infringement regarding its data sourcing practices.

Vote 2: Board Leadership

On the 22nd of May 2024, LGIM voted for Amazon's resolution on reporting on Customer Due Diligence. They advocated for enhanced transparency over material risks to human rights as key to understanding the company's functions and organisation. LGIM continues to push for increased public transparency and better reporting on AI-related risks.

Engagement activity

The Trustees meet with LGIM once a year and use the opportunity to discuss stewardship issues in further detail, amongst other things. In addition, the investment advisor monitors the Scheme's investment manager on an ongoing basis, including a formal assessment of the manager's approach to responsible investment. This provides the mechanism for the Trustees to understand wider responsible investment issues and subsequently challenge the Scheme's investment manager where appropriate.

Summary of manager engagement activity

LGIM have actively engaged with both funds on 6407 occasions over the past 12 months. These engagements have been on the following topics (noting that an engagement can cover more than a single topic, so the numbers won't sum):

	Diversified Growth Fund	World Index Fund
Total number engagements	4652	1755
Environment issue engagement	2874	1176
Governance issue engagement	435	191
Social issue engagement	653	332
Other*	690	56

Source: LGIM. *Including engagements in relation to company disclosure and strategies. Data as of 31 March 2025.

The individual subject areas which LGIM have most frequently engaged with companies on over the Scheme year were in relation to:

- Climate change and related activities;
- Human Rights;
- Capital Management
- Remuneration;
- Deforestation
- Gender Diversity
- Corporate strategy.

LGIM confirmed that there was no engagement activity information for LDI funds. However, LGIM's Buy and Maintain Funds had the following reported engagement activity:

	CAAW 2030-2034	CAAV 2025-2029
Total number engagements	525	564
Environment issue engagement	218	222
Governance issue engagement	96	112
Social issue engagement	87	92
Other*	124	138

Source: LGIM. *Including engagements in relation to company disclosure and strategies. Data as of 31 December 2024.

The trustees have actively engaged with the Buy and Maintain Funds on various issues over the past year. These engagements have primarily focused on environmental, governance and social issues, as well as strategy, financial and reporting concerns.

Use of a proxy advisor

LGIM have appointed ISS ProxyExchange to advise on voting and/or conduct company engagement.

Review of policies

The Trustees have committed to reviewing their investment managers' RI policies on an annual basis. This review was last undertaken by the Trustees in December 2024. The review considered LGIM's broader approach to

responsible investment including compliance with industry governance codes. The Trustees also considered changes to their managers voting policies.

The Trustees and their advisors remain satisfied that the responsible investment and voting policies of the investment manager remain suitable for the Scheme.

Signed for and on behalf of the Trustees of the Newcastle Building Society Pension and Assurance Scheme

Mick Thompson

Chair of Trustees