

Annual Implementation Statement – for scheme year ending 31 March 2024

Rockwell-Collins (UK) Limited Pension Scheme

Introduction and purpose to this statement

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustees of the Rockwell-Collins (UK) Limited Pension Scheme (the “Scheme”) covering the scheme year to 31 March 2024.

The purpose of this statement is to:

- detail any reviews of the Statement of Investment Principles (‘SIP’), required under section 35 of the Pensions Act 1995, that the Trustees have undertaken, and any changes made to the SIP over the year as a result of the review
- set out details of how and the extent to which, in the opinion of the Trustees of the Scheme (the “Trustees”), the Trustees’ policies on engagement and voting (as set out in the Statement of Investment Principles (the “SIP”)) have been adhered to during the year;
- describe the voting behaviour (including the most significant votes made on behalf of the Trustees) and any use of a proxy voter during the year

A copy of this implementation statement along with the SIP will be made available on the following website [\[https://www.collinsaerospace.com/who-we-are/Global/Europe/UK/Local-Presence\]](https://www.collinsaerospace.com/who-we-are/Global/Europe/UK/Local-Presence) and included in the Trustees’ annual report and scheme accounts for the year to 31 March 2024.

Review of the SIP and changes made during the Scheme year

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

The SIP was reviewed in September 2023 and subsequently in January 2024 to reflect the changes to the strategic asset allocation agreed as part of the investment strategy review that was carried out in June 2023 and the transition of the LDI portfolio from BlackRock to LGIM’s Enhanced Service LDI arrangement in February 2024.

As the SIP was amended during the year, this statement considers the items outlined above by reference to the content of the previous SIPs which applied prior to January 2024 as well as the SIP dated January 2024.

Adherence to the SIP

Overall, the Trustees believe the policies outlined in the SIP have been adhered to during the Scheme year. The remainder of this Statement sets out details of how this has been achieved and these details relate to those parts of the SIP which set out the Trustee’s policies, and not those which are statements of fact or provide introductory comments or background information.

Trustee's voting and engagement policy

The Trustee's policies on voting and engagement, as stated in the SIP, are as follows:

- The Trustees are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Trustees will, however, monitor the performance of each manager relative to its benchmark (or other appropriate comparator).
- The Trustees recognise that a company's long-term financial success is influenced by a range of factors including appropriate management of environmental, social, ethical and corporate governance (ESG) issues. Consequently, the Trustees seek to be an engaged long-term shareholder and via its selection and oversight of its investment managers, seek to encourage the companies in which the Plan invests to adopt sustainable business practices and high standards of corporate governance with the aim of protecting and enhancing long-term shareholder value. Whilst it is the Trustees' preference that all companies should be run in a socially responsible way, it takes the view that its primary responsibility is to act in the best financial interest of the members of the Plan. Therefore, the Trustees' policy is that the extent to which environmental, social and corporate governance considerations may have a financial impact on the portfolio will be taken into account by their investment managers in the exercise of their delegated duties.
- The Trustees expect their managers to sign up to their local stewardship code with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings, in-keeping with good practice. The Trustees will monitor the activities of all of their managers on a regular basis but appreciate that the code's applicability may be limited for certain asset classes. These matters are kept under review by the Trustees, in consultation with their investment consultant and investment managers.
- The Scheme uses different managers and mandates to implement its investment policies. The Trustees ensure that, in aggregate, the Scheme's portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustees will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question.
- To maintain alignment, managers are provided with the most recent version of the Scheme's Statement of Investment Principles on an annual basis and are required to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.
- Should the Trustees' monitoring process reveal that a manager's portfolio is not aligned with the Trustees' policies, the Trustees will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment and ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustees that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.
- For most of the Scheme's investments, the Trustees expect the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

The return-seeking assets of the Scheme with a right to vote as an ultimate owner of a stock are held in two Funds, namely the LGIM Diversified Fund and the Partners Group Generations Fund. Therefore, the Trustees' focus in this implementation statement is on these two funds. Voting information on the Scheme's investment in BlackRock's LDI fund, LGIM's LDI fund and the TWIM's ACF fund is not provided since the vast majority of debt securities do not come with voting rights.

The Scheme's investment managers are signed up to the UK FRC Stewardship Code and the Trustee monitor the Scheme's investment managers' adherence to the Code. The latest statements of compliance can be found via the links below:

BlackRock: <https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>

LGIM: <https://www.lgim.com/uk/en/capabilities/investment-stewardship/>

TWIM: <https://www.wtwco.com/en-gb/solutions/services/sustainable-investing-policy-and-climate-policy>

PGF: https://media.frc.org.uk/documents/Partners_Group_AG.pdf

Summary of voting over the year to 31 March 2024

A summary of the votes made by LGIM on behalf of the Trustees over the year to 31 March 2024 and a summary of the votes made by Partners group over the year to 31 December 2023 is provided in the table below:

Manager and strategy	Portfolio structure	Voting activity
Legal and General Investment Management – Diversified Fund	Fund of funds	<ul style="list-style-type: none"> • Number of meetings at which the manager was eligible to vote: 8,997 • Number of resolutions on which manager was eligible to vote: 93,090 • Percentage of eligible votes cast: 99.79% • Percentage of votes with management: 76.58% • Percentage of votes against management: 23.13% • Percentage of votes abstained from: 0.29% • Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 73.61% • Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 14.47%
Partners Group Fund – Partners Group Generations Fund I	Fund of funds	<ul style="list-style-type: none"> • Number of meetings at which the manager was eligible to vote: 67 • Number of resolutions on which manager was eligible to vote: 999 • Percentage of eligible votes cast: 100% • Percentage of votes with management: 93% • Percentage of votes against management: 6% • Percentage of votes abstained from: 1% • Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 36% • Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 4%

Investment Managers have their own voting policies which determine their approach to voting, and the principles they follow when voting on investors' behalf. Investment Managers also use proxy voting advisers which aid in their voting decisions. Details of how the votes are approached are summarised below:

LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS) electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decision.

LGIM use ISS recommendations to augment their own research. LGIM's internal investment stewardship team also use research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

LGIM have a custom voting policy in place which includes specific voting instructions which apply to all markets globally. LGIM have the ability to override any vote decisions which are based on this custom voting policy if they see fit.

Partners Group have their votes based on internal Proxy Voting Directive. They hire services of Glass Lewis & Co, which is one of the leading global proxy voting service providers, and who have been instructed to vote in-line with Partners Group's Proxy Voting Directive. Wherever the recommendations for Glass Lewis, Partners Group's proxy voting directive, and the company's management differ, Partners Group vote manually on those proposals.

Significant votes

The table below demonstrates significant votes cast on behalf of the Scheme over the year to 31 March 2024. The information included relates to the most significant vote for each stewardship priority:

Fund	Most significant votes cast
LGIM Diversified Fund	<p>Company: <u>Amazon.com, Inc.</u></p> <p>Meeting date: <u>24 May 2023</u></p> <p>Manager resolution: Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps</p> <p>Reason significant: Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p> <p>Stewardship priority: Diversity and Inclusion</p> <p>Size: 0.13% of Diversified Fund</p> <p>Company management recommendation: For (Against Management Recommendation)</p> <p>Intention communicated: LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.</p> <p>Rationale: A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.</p> <p>Next steps: LGIM will continue to engage with the company and monitor progress.</p>
LGIM Diversified Fund	<p>Company: <u>Schneider Electric SE</u></p> <p>Meeting date: <u>4 May 2023</u></p> <p>Manager resolution: Resolution 17 - Approve Company's Climate Transition Plan</p> <p>Reason Significant: Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p> <p>Stewardship priority: Climate</p> <p>Size: 0.07% of Diversified Fund</p> <p>Company management recommendation: Against (against management recommendation)</p> <p>Intention communicated: LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.</p> <p>Rationale: Climate change: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.</p>

	<p>Next steps: LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>
<p>Partners Group Fund – Partners Group Generations Fund I</p>	<p>Company: <u>Breitling</u></p> <p>Meeting date: <u>n.a.</u></p> <p>Manager resolution: As Partners Group controls the Board, please see the ESG efforts of the portfolio company.</p> <p>Reason significant: Size of holding in fund.</p> <p>Stewardship priority: Environmental, Social and Governance</p> <p>Size: n.a.</p> <p>Company management recommendation: n.a.</p> <p>Intention communicated: n.a.</p> <p>Rationale: Breitling is a direct private equity investment in our portfolio of companies, where Partners Group invests directly to obtain control and influence over their operations.</p> <p>Outcome: n.a.</p> <p>Next steps: Environmental: Breitling aims to improve its product supply chain beyond carbon removal. The company launched the "Origins" product line and released the Super Chronomat Automatic 38 Origins, its first raceable watch. More details can be found in the Social section, and the watch's supply chain is mapped on the sourcemap website.</p> <p>Social: The approach Breitling takes to traceability of its "Origins" series, will be rolled out to all its products until 2025</p> <p>Governance: Breitling conducts a double materiality assessment every three years to consider how the company's actions impact people and planet (inside out) but also how its business is affected by sustainability issues (outside in). Going forward, Breitling relies on the frequent materiality assessment to ensure identification of the right priority topics from a sustainability perspective.</p> <p>Sustainability performance is evaluated quarterly by an ESG Committee using key performance indicators. The committee reports to the Board, overseeing ESG topics. A Global Director of Sustainability and supporting staff implement the sustainability roadmap across the organization.</p>
<p>Partners Group Fund – Partners Group Generations Fund I</p>	<p>Company: <u>Telepass</u></p> <p>Meeting date: <u>n.a.</u></p> <p>Manager resolution: As Partners Group controls the Board, please see below the ESG efforts of the portfolio company.</p> <p>Reason significant: Size of holding in fund.</p> <p>Stewardship priority: Environmental, Social and Governance</p> <p>Size: n.a.</p> <p>Company management recommendation: n.a.</p> <p>Intention communicated: n.a.</p> <p>Rationale: Telepass is a direct private infrastructure investment in our portfolio of companies, where Partners Group invests directly to obtain control and influence over their operations.</p> <p>Outcome: n.a.</p> <p>Next steps: Environmental: Strengthening actions on climate change by reducing our environmental footprint and investing in sustainable activities</p> <p>•Reducing GHG footprint: -17% total tCO2e/m2 (-20% tCO2e/person) emissions vs. 2021</p>

	<ul style="list-style-type: none"> •Sustainable investing: 24 million of liters of water saved thanks to Wash Out (waterless car washing services) •Green fleet: 100% of new vehicles are electric or plug-in hybrid (Green, Safe and Clean philosophy) <p>Social: Creating an inclusive and diverse organization where people can thrive and bring value to communities in which we operate</p> <ul style="list-style-type: none"> •Employee engagement: 7000+ hours of training courses delivered (+282% vs.2021) and provision of employees' benefits through T-Welfare portal •Inclusion and Diversity: 36% of total employees are women (of which 22% in senior management and leadership positions) •Community engagement: launch of "Telepass for Social" allowing employees to participate in solidarity activities and partnered with Francesca Rava Foundation donating € 40k to Ukraine hospitals <p>Governance: Adopting a best-in-class corporate governance with strong ethical principles guided by the sustainable business strategy</p> <ul style="list-style-type: none"> •Sustainability ownership: The company's governance framework prioritizes sustainability at all levels. The BoD defines the strategy with Risk Committee and ESG Advisory Group, while a Responsible Sustainability Function oversees the Sustainability Plan implementation and reporting
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Meetings with managers

The Trustees did not meet with any investment managers throughout the year.

Trustees' opinion

Based on the voting summaries set out above, the Trustees' opinion is that the Statement of Investment Principles has been followed during the year to 31 March 2024 in relation to voting and engagement.

The Trustees of the Rockwell-Collins (UK) Limited Pension Scheme

July 2024