

Implementation Statement (“IS”)

Biffa Pension Scheme (the “Scheme”) Scheme Year End – 31 March 2024

The purpose of the Implementation Statement is for us, the Trustee of the Biffa Pension Scheme, to explain what we have done during the year ending 31 March 2024 to implement our policies and achieve our objectives as set out in the Statement of Investment Principles (“SIP”).

It includes:

1. A summary of any review and changes made to the SIP over the year;
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Scheme’s material investment managers were able to disclose adequate evidence of voting and engagement activity, the activities completed by our managers align with our expectations regarding stewardship of the Scheme’s assets, and on the whole, our voting rights have been exercised effectively on our behalf.

Despite all managers having robust stewardship policies in place, some investment managers were unable to provide all the information requested. As set out in our Engagement Action Plan, we will encourage Aon to engage with these managers to encourage them to provide detailed and meaningful disclosures about their stewardship activities and better understand their engagement practices.

1. Changes to the SIP during the year

We reviewed the SIP during the year and updated it in September 2023. The changes made included:

- An update to the Stewardship section to reflect new guidance released by the Department for Work and Pensions (DWP).
- An update to the Long Term Strategic Allocation and Trigger Strategy as agreed as part of the 2022/23 investment strategy review

The Scheme's latest SIP can be found here:

<https://pensioninformation.aon.com/biffa>

2. How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP.

Investment Objectives

"The Trustee aims to invest the DB Section assets prudently with a view to ensuring that the benefits promised to members are provided. In setting the investment strategy, the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk."

As part of meeting the Scheme's investment objectives, the Trustee monitors the funding level on a quarterly basis. This allows the Trustee to consider the current funding level within the context of the long-term funding objective. The funding level is monitored on a daily basis by the Scheme's investment advisor and actuary in line with the funding level trigger strategy and reviewed from time to time.

The portfolio is constructed to deliver an overall total return in line with achieving the long-term funding objective. The Trustee actively manages the portfolio, making changes to the asset classes, fund managers and allocation as the Trustee sees fit to ensure it remains well diversified and on track to meet the Scheme's objective.

Investment Strategy

"The Scheme's Long Term Strategic allocation chosen to meet the investment objectives is set out [in the SIP]."

The Trustee has put in place a de-risking strategy to move the Current Strategic Asset Allocation to the Long Term Strategic Allocation based on the estimated funding level of the Scheme."

The investment strategy outlined in the SIP is monitored frequently to ensure the strategy remains appropriate.

The Trustee regularly conducts deep dives into parts of the Scheme's investment strategy. Over the course of the year the following strategies were reviewed:

- Active Global Fixed Income Strategy (June 2023)
- Active Global Equity Strategy (November 2023)
- Active Diversifiers Strategy (March 2024)

The Trustee discussed the Scheme's investment strategy in Q1 2024 and agreed to maintain the de-risking triggers outlined at the Q1 2022 investment strategy review. Both reviews considered the timeframe to full funding, approach to flight plan and realisation of assets. The Trustee agreed to complete a more detailed investment strategy review following the results of the 2024 triennial actuarial valuation.

There were no new investments made during the year. In choosing investments, the Trustee reviews the types of investments held and the balance between them as part of the investment strategy review.

Investment Risk Measurement and Management

“The Trustee has identified a number of risks which have the potential to cause deterioration in the Scheme’s funding level and therefore contribute to funding risk.”

The SIP outlines risks which have the potential to cause deterioration in the Scheme’s funding level. The Trustee reports on several of the risks associated with the Scheme’s investments annually in the investment risk disclosure report which accompanies the Reports and Accounts. In this report, the Trustee monitors the risks associated with the DB, DC and Additional Voluntary Contributions (“AVCs”) portions of the Scheme, concentrating on market risks, credit risk, interest rate risk, inflation risk and others. Other areas in which the Trustee monitors the risks outlined in the SIP includes Aon’s quarterly monitoring report that monitors ongoing performance and risks as part of the regular reporting.

In June 2023, the Trustee agreed to increase the Scheme’s hedge ratios from 85% to 92%. This was implemented in Q3 2023. This decision was taken as gilt yields had risen and there was an opportunity for the Trustee to expedite planned hedge increases by buying gilts at attractive levels. Consideration to the Scheme’s collateral and liquidity were taken as part of the decision.

In Q3 2023, following agreement to advice from Aon, the Trustee submitted a partial redemption request for the M&G Inflation Opportunities Fund (the “Fund”). Due to developments in Q4 2023, the M&G investment is being monitored on account of potential loss of value from leasehold reform. The Trustees continues to monitor latest developments with assistance from Aon.

The Trustee’s administration team monitors the cashflow requirements of the Scheme on a monthly basis and have authority to disinvest from assets when required to fulfil pension obligations. The Scheme invests some of its assets in daily traded funds so that assets are readily accessible for disinvestment purposes. In addition, the fiduciary arrangement has an agreed monthly disinvestment which is paid out for cashflow purposes unless otherwise stated.

In November 2023, the Trustee reviewed the existing cashflow management policy and deemed it appropriate for a further 12 months, subject to an increase in the minimum level of float to be maintained in the Trustee’s Bank Account.

Arrangements with Investment Managers and Custodians

“The Trustee regularly monitors the Scheme’s investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee’s policies, including those on non-financial matters. This includes monitoring the extent to which investment managers:

- *make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and*
- *engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.”*

The Trustee receives a Quarterly Monitoring Report (“QMR”) from the Scheme’s investment advisor outlining the valuation of all investments held, monitoring the performance of these investments and recording any transactions encountered during the quarter. Investment returns are compared with appropriate performance objectives to monitor the relative performance of these investments. The asset allocation is also monitored and compared to the strategic asset allocation set out in the SIP.

Within the QMR, the Trustee also receives an overview of each manager, produced by Aon’s Investment Manager Research (“IMR”) team, giving a quarterly update on the manager.

The Trustee received verbal reports on the Scheme's investment strategy, performance, and longer-term positioning of the portfolio at each quarterly Trustee meeting.

"Day to day control of custody arrangements is delegated to the custodians."

The investment manager custodians provide independent performance measurement services. The custodians provide performance monitoring on a quarterly basis and covers a range of different time periods.

"Before appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies."

There were no new investments made during the year however the Trustee will review governing documentation before any new appointment.

Investment Manager Cost Monitoring

"The Trustee receives annual cost transparency reports from AIL, their fiduciary manager. These reports present information in line with prevailing regulatory requirements for fiduciary managers."

"For investment managers other the AIL, the Trustee collects annual cost transparency reports and asks that investment managers provide this data in line with appropriate reporting standards. The Trustee works with their investment consultant and investment managers to understand these costs in more detail where required."

During the year, the Scheme's fiduciary manager provided the Trustee with their Cost Disclosure report, covering the assets held under the fiduciary arrangement. The report provided the Trustee with insights into how the Scheme's fiduciary manager and the underlying investment managers are remunerated, including details on the fiduciary fee, underlying management fees, transaction costs and Scheme expenses.

The Trustee and the investment consultant collate annual cost transparency reports that cover all investment managers in line with the appropriate Cost Transparent Initiative ("CTI") template for each asset class. The CTI templates help the Trustee better understand transaction costs and other hidden costs, such as administration and auditing fees. CTI templates were collected from all investment managers and will be shared with the Trustee post Scheme year end.

Evaluation of Investment Manager Performance and Remuneration

"The Trustee assesses the performance of their managers on a rolling three-year basis. The remuneration paid to the investment managers are provided annually."

The Trustee regularly reviews the performance of the investment managers as part of the ongoing monitoring of the Scheme's portfolio, supported by the Scheme's investment advisor. A review of the remuneration paid to the investment managers will be conducted post Scheme year end.

Environmental, Social, and Governance ("ESG") considerations

"...the Trustee expects AIL to:

- *Where relevant, assess the integration of ESG factors in the investment process of underlying managers;*
- *Use its influence to engage with underlying managers to ensure the Scheme's assets are not exposed to undue risk; and*
- *Report to the Trustee on its ESG activities as required"*

The Trustee undertakes an annual review of the entirety of the Scheme's investments, which includes assessing ESG and related issues. In November 2023, Aon Investment Limited ("AIL") provided a portfolio deep dive on the Scheme's Active Global Equity Strategy. As part of the discussion, AIL addressed its approach to ESG and ESG

engagement with managers. In March 2024, AIL provided a portfolio deep dive on the Scheme's Active Diversifiers Strategy and explained how ESG considerations are integrated in the strategy.

"The Trustee reviews the stewardship activities of their investment managers covering both engagement and voting actions, on appointment, on an annual basis, and whenever the need arises. The Trustee will review the alignment of the Trustee's policies to those of the scheme's investment managers and ensure its managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include AIL monitoring its underlying asset managers' voting and engagement activities and engaging with these managers to promote good corporate governance, accountability, and positive change."

The Trustee delegates engagement and voting activities to the Scheme's underlying managers. Aon also actively engages with asset managers; this is used to support Aon in their fiduciary services.

Aon's Investment Manager Research ("IMR") team is responsible for researching, rating, and monitoring investment managers across all asset classes. This includes some aspects on the manager's alignment with the Trustee's policies generally, for example, whether the manager is expected to achieve the performance objective and a review of their approach to ESG issues. Aon invests only in buy-rated managers. IMR meet with each of buy rated managers on a quarterly basis to receive an update on the portfolio performance and any major developments. IMR also meets with managers on an ad-hoc basis if there are significant changes to any monitoring points which raise concern (changes to investment team, poor performance, etc.)

In June 2023, the Trustee received training on the Department for Work and Pensions' updated guidance on stewardship reporting via the SIP and IS. The SIP was updated to ensure compliance with the new guidance.

Governance

"The Trustee's policy is to review their direct investments and to obtain written advice about them at regular intervals (normally annually). These include vehicles available for members' Additional Voluntary Contributions."

Over the year, there were no new fund managers introduced to the portfolio. The Trustee has delegated the mix of underlying funds invested in through fund solutions to the Scheme's fiduciary manager.

The Scheme provides a diversified range of investments for members with AVC assets including equity, fixed income, and lifestyle strategies. We consider information on the AVCs during the quarterly meetings. A review of the AVCs is completed on an annual basis.

Our Engagement Action Plan

Based on the work we have done for the IS, we have decided to take the following steps over the next 12 months:

1. Marshall Wace and Harris Associates did not provide the engagement data requested while M&G and Man Group did not provide fund level engagement data. Aon will engage with these managers on our behalf to let the managers know our expectations of better disclosures in future.
2. GQG did not provide the full information requested in relation to their significant votes cast. Again, Aon will engage on our behalf to improve the availability of this information in future.
3. We will invite AIL to a meeting to get a better understanding of how it is monitoring voting practices and engaging with underlying managers on

our behalf, and how these help us fulfil our Responsible Investment policies.

3. The implementation of our stewardship policy

As above, the Trustee has delegated the exercise of its voting rights as well as engagements with underlying security issuers to investment managers.

The rest of this section sets out the stewardship activities, including the exercise of our voting rights, carried out on our behalf over the year to 31 March 2024.

Based on the information provided, we are comfortable that most managers are carrying out stewardship activities that are in line with our expectations and policies set out in the SIP.

Where managers have been unable to provide the requested information, we are engaging with these managers (via Aon) to set expectations regarding the provision of this data in the future.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance (“ESG”) issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Aon’s engagement activity

We have delegated the management of some of the Scheme’s assets to Aon Investments Limited (“AIL”). This includes investments in AIL’s Global Equity Strategy, Active Global Fixed Income Strategy and Active Diversifiers Strategy. These are fund of fund arrangements, where AIL selects the underlying investment managers on behalf of the Trustee.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon’s latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients’ portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. The trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 March 2024. These funds reflect the underlying strategies and managers selected by Aon Investments Limited in their capacity as our fiduciary investment manager.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
GQG Global Equity Fund	828	95.7%	15.4%	1.3%
Harris Global All Cap Equity Fund	749	97.7%	1.2%	0.0%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
GQG Partners	To augment our independent research, we use Institutional Shareholder Services Inc. ("ISS") as an additional source of information to guide our voting. While we find ourselves voting with ISS on the majority of issues, we do not blindly follow their lead and will vote against their recommendations when we deem it necessary.
Harris Associates L.P.	We use our own Harris policy that ISS implements on our behalf.

Source: Managers

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the Appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. These funds, with the exception of the BlackRock Property Fund, reflect the underlying strategies and managers selected by Aon Investments Limited in their capacity as our fiduciary investment manager.

The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
BlackRock Property	Not provided	3,768	Environment – Net Zero Carbon Commitment, Climate Risk Analysis, EPC Management (Energy performance certificates) Social – Tenant Engagement, Property Manager and Vendor Monitoring Strategy Financial and Reporting - Sustainability Data Collation and Monitoring Others - ESG integration in the Fund's due diligence processes, Green Leases / Green Clauses within Lease Agreements
GQG Global Equity Fund	36	68	Environment - Climate Change; Natural Resource Use/Impact Social - Human Capital Management; Conduct, Culture and Ethics Strategy, Financial & Reporting - Risk Management
Aegon European ABS Fund	127	528	Environment - Climate Change Governance - Brd Eff. - Diversity; Leadership - Chair/CEO; Remuneration Other - General Disclosure
M&G Sustainable Return Credit Investment Fund	13	297	Environment* - Net Zero/Decarbonisation; Nature and Biodiversity Social* - Diversity and Inclusion; Inequality Governance* - Board Composition
Boussard & Gavaudan Fund	19	19	Environment - Climate Change Governance - Shareholder Rights; Remuneration Social - Human Capital Management Strategy, Financial & Reporting - Reporting
Man ARP	Not provided	81	Environment* - Climate Change; Natural Resource Use/Impact Social* - Human and Labour Rights; Public Health Governance* - Remuneration

M&G Investments Inflation Opportunities Fund	33	297	Environment* - Climate Change Social* - Human Capital Management Governance* - Remuneration; Brd Eff. - Diversity Other* - Multiple Topics
Marshall Wace ESG (Market Neutral) TOPS UCITS Fund	Not provided	Not provided	Not provided
Harris - Global All Cap Equity	Not provided	Not provided	Not provided

Source: Managers. Brd eff. refers to Board effectiveness.

*The following managers did not provide fund level themes; themes provided are at a firm-level:

- Man Group
- M&G

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- BlackRock did not provide any engagement data for its UK Property Fund. The manager stated that the Fund does not hold publicly listed securities, hence they do not produce an engagement report. The manager did, however, share the fund's quarterly report which details its active engagement initiatives with tenants.
- Marshall Wace and Harris Associates did not provide engagement data requested.
- Man Group and M&G did not provide fund-level engagement information requested.
- GQG did not provide all of the information requested in relation to their significant votes.

Over the year, the Scheme was also invested directly in the Christofferson Robb & Co ("CRC") Single Investor Fund. CRC invests principally in synthetic securitisations that provide credit protection to large European banks on exposures to SMEs, typically many thousands of SME loans in each transaction. CRC states that it is not practical for it to seek engagement with the banks (their practices are highly regulated and well-established) nor the reference SMEs (by virtue of bank secrecy laws, CRC cannot know their identities). CRC therefore states that its engagement is either with businesses outside its core strategy or with the ESG scholarly literature and so it was unable to provide the requested information on number of engagements and engagement themes as per the table above.

This report does not include commentary on the Scheme's cash or liability driven investments because of the limited materiality of stewardship to these asset classes. Furthermore, this report does not include the AVCs due to the relatively small proportion of the Scheme's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

GQG Global Equity Fund	Company name	Exxon Mobil Corporation
	Date of vote	31 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Commission Audited Report on Reduced Plastics Demand
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	<i>Not provided</i>
	Rationale for the voting decision	A vote FOR this proposal is warranted, as shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste.
	Outcome of the vote	<i>Not provided</i>
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
	On which criteria have you assessed this vote to be most significant?	<p>GQG defines a "significant vote" by the criteria listed below. The threshold for significance is determined by whether the items on a company's proxy agenda meet four of the seven factors that we consider. Significant votes may include instances where GQG voted to abstain on certain proposals.</p> <ul style="list-style-type: none"> • Potential impact on financial outcome- votes which might have a material impact on future company performance, for example approval of a merger or a requirement to publish a business strategy that is aligned with the Paris Agreement on climate change • Potential impact on stewardship outcome- any decision which may reduce the investor voice (e.g., around shareholder rights), such as a debt for equity swap, management buyout of a significant share of equity, a downgrading of voting rights • Significant size of holding in the mandate • High-profile or controversial vote - a significant level of opposition from investors to the company resolution; a significant level of support for an investor resolution; level of media interest; level of political or regulatory interest; level of industry debate

- Any vote in non-listed equity asset classes - e.g., in private equity, infrastructure or other asset classes.
- Any vote against management or our default voting policy
- Any vote on climate related or social proposals

Harris Global All Cap Equity Fund	Company name	Alphabet Inc.
	Date of vote	02 June 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	5.5
	Summary of the resolution	Advisory Vote on Say on Pay Frequency
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	We believe that a yearly say on pay vote is most appropriate.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue to monitor executive compensation at the company, and will engage with management on this issue if necessary.
	On which criteria have you assessed this vote to be most significant?	Voted against management

Source: Managers