

# Engagement Policy Implementation Statement (“EPIS”)

## Lockheed Martin UK Pension Plan (the “Plan”)

Plan Year End – 5 April 2025

The purpose of the EPIS is for us, the Trustees of the Lockheed Martin UK Pension Plan, to explain what we have done during the year ending 5 April 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”).

This EPIS includes:

1. How our policies in the SIP about asset stewardship (including engagement activity) in relation to the Scheme’s investments have been followed during the year.

### 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 Plan’s material investment managers were able to disclose good evidence of engagement activity, and the activities completed by our managers align with our stewardship expectations. Over the reporting year, the Plan did not hold any material investments with voting rights. Therefore, no voting rights have been exercised on our behalf this year.

We delegate the management of the Plan’s assets to our fiduciary manager, Aon Investments Limited (“AIL”). We believe the activities completed by our fiduciary manager to review the underlying managers’ engagement policies, and activities align with our stewardship expectations.

### Summary of our Engagement Action Plan

AIL will continue to engage with the underlying managers to maintain consistency in their reporting. The Trustees will continue to undertake an annual review of the AIL stewardship report and evaluate how the underlying investment managers’ Responsible Investment policies align with those of the Trustees.

## How engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for engagement is delegated to the Plan's investment managers, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, most of the investment managers were able to disclose good evidence of engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from our investment adviser, AIL. In particular, we received quarterly ESG ratings from AIL for the funds the Plan is invested in where available via the online reporting platform.

During the year, we received training on climate change, its associated risks and opportunities and considered the possible short, medium and long-term effects of climate change on the scheme's objectives and its operations. We also reviewed AIL's Annual Stewardship Report to understand and evaluate how the responsible investment policies of the underlying investment managers appointed by AIL align with those of Trustees.

Each year, we review the engagement policies of the Plan's investment managers to ensure they align with our own policies for the Plan and help us to achieve them.

The Plan's stewardship policy can be found in the SIP:  
<https://pensioninformation.aon.com/lockheedmartinukpensionplan>

## Our Engagement Action Plan

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

1. The Trustees will continue to undertake an annual review of the AIL stewardship report and evaluate how the underlying investment managers' Responsible Investment policies align with those of the Trustees.

### 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*

## Our fiduciary manager's engagement activity

We delegate the management of the Plan's defined benefit assets to our fiduciary manager, AIL. AIL manages the Plan's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. AIL selects the underlying investment managers on our behalf.

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

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

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

AIL has a net zero commitment to deliver UK delegated investment portfolios and default strategies which have a net zero carbon emissions profile by 2050.

AIL 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. But 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' 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 Plan's material managers. The managers have provided information for the most recent calendar year available.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
Aegon - European Asset Backed Securities Fund	115	422	Environment - Climate Change Social - Human and Labour Rights; Public Health Governance - Financial and Reporting - Reporting Other - General Disclosure
M&G - Sustainable Total Return Credit Investment Fund	12	406	Environment - Net Zero/Decarbonisation; Nature and Biodiversity; Climate Change; Climate Action 100+ Specific Engagements Social - Diversity & Inclusion Governance – Remuneration
Ardea - Global Alpha UCITS Fund*	40	40	Environment - Climate Change Other - Market Development of Green Government Bonds

Source: Managers.

\*Ardea's engagement activities are conducted centrally, and no additional strategy-specific engagements occurred during the reporting period, thus responses at both the firm and strategy level reflect the same data.

## Data limitations

This report does not include commentary on the Plan's holdings in gilts, cash or synthetic credit because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Plan's assets that are held as AVCs.