

Lincoln Electric (UK) Limited Retirement and Death Benefits Scheme (“the Scheme”)

Annual Engagement Policy Implementation Statement for the Year Ended 5 April 2025

1. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (‘SIP’) produced by the Trustee have been followed during the 12-month period to 5 April 2025 (“**the Scheme Year**”). This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 (as amended) and the guidance published by the Pensions Regulator.

The statement is based on, and should be read in conjunction with, the relevant versions of the Statement of Investment Principles (“SIP”) that were in place for the Scheme Year, which were the SIPs dated April 2025.

2. Statement of Investment Principles

2.1. Investment Objectives of the Scheme

The Scheme’s assets can be categorised into one of two components:

1. Buy-in policy

The Trustee has purchased an insurance policy covering all members in the Scheme, known as “buy-in” policy, whereby the policy is under the name of the Trustee.

2. GMP Equalisation Reserve

The Trustee has also retained assets to account for the GMP equalisation exercise, which refers to the process of equalising benefits provided to members of the Scheme who have accrued Guaranteed Minimum Pension (“GMP”) rights (i.e., a “GMP Equalisation Reserve”). As a result, the Trustee has agreed that an appropriate objective for the assets held in respect of the GMP equalisation exercise is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet the GMP equalisation liabilities as and when they fall due and to ensure the assets are liquid enough to meet all liabilities when they fall due.

2.2. Review of the SIP

Over the year, the SIP was updated in April 2025 to reflect the changes to the strategy at the time.

2.3. Investment Structure

The Scheme’s investments are held in a Trustee Investment Policy with Mobius Life Limited (“Mobius”). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by a third party investment manager, Legal and General Investment Management (“LGIM”). As such, the Trustee has no direct relationship with the Scheme’s underlying managers.

The Trustee also has an insurance policy with Aviva.

2.4. Policy on ESG, Stewardship and Climate Change

The Trustee understands that they must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance ("ESG") factors.

The Scheme's SIP includes the Trustee's policy on ESG factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. The Trustee keeps their policies under regular review, with the SIP subject to review at least triennially. The policies were last reviewed and approved in April 2025 following the purchase of a 'buy in' policy with the insurance provider, Aviva.

The Trustee notes that the majority of the Scheme's uninsured assets are invested in fixed interest and index-linked gilts issued by the UK Government, and that ESG considerations do not readily apply to these investments.

The Trustee has reviewed the ESG policies of their investment manager and concluded that they are appropriate. These are available online via the investment manager's website.

The Trustee will therefore rely on the policies and judgement of their investment manager when assessing the impact on the value of the Scheme's investments.

The Trustee reviews ESG considerations as appropriate to make sure that their policy evolves in line with emerging trends and developments.

3. Engagement Activity

During the Scheme Year, the Trustee has not engaged with either the underlying investment managers on matters pertaining to ESG, stewardship or climate change.

Further information on the investment managers' approach to responsible investment, voting (including significant votes) and engagement with the investee companies is available at the following LGIM website: <https://www.lgim.com/uk/en/responsible-investing/>

The Trustee also notes that LGIM has been a signatory of the UK Stewardship Code since 2020. A copy of their latest report can be found on the Financial Reporting Council's website: UK Stewardship Code Signatories | Financial Reporting Council (frc.org.uk)

Taking all the above into consideration, the Trustee is satisfied that responsible investment is embedded appropriately in the investment managers' approaches to investing. A further update will be provided in next year's Statement.

4. Voting Activity

As noted above, the Scheme purchased a buy-in policy with Aviva and is also invested in passive pooled funds, all of which have no voting rights. As such, the Trustee does not assess any form of voting information, as it is not applicable to the Scheme's investments.

5. Assessment of how the Engagement and Voting policies in the SIP have been followed for the year to 5 April 2025

The Trustee is satisfied that the engagement and voting policies, set out in the latest SIP, have been followed.