

Grundfos Pumps Ltd and Subsidiary Companies Retirement and Death Benefit Scheme – year to 31 October 2024

Implementation Statement

The Trustees of the Grundfos Pumps Ltd and Subsidiary Companies Retirement and Death Benefit Scheme (the 'Trustees' and the 'Scheme' respectively) have prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Plans (Investment and Disclosure) (Amendment) Regulations 2019.

Its purpose is to describe the actions taken over the past year and to demonstrate how the Trustees have followed the policy on voting, stewardship and engagement as set out in the Scheme's Statement of Investment Principles ('SIP'), dated November 2024, and its predecessor dated January 2023. This statement covers the year to 31 October 2024.

The Scheme's assets are held in pooled investment funds with Columbia Threadneedle Investments ('Threadneedle') and the day-to-day management of these investments (including the responsibility for voting and engaging with companies) is delegated to Threadneedle.

As Trustees of the Scheme's assets, we are responsible for the selection and retention of Threadneedle. Reviewing the voting and engagement activities, for which we include details below, is an important exercise to help us ensure they remain appropriate and are consistent with the fund manager's stated policies in this regard.

We are satisfied with the voting and engagement activities of Threadneedle, and in particular, that they are using their position as stakeholder to engage constructively with investee companies; however, we will engage with them should we have any concerns about the voting and/or engagement activities carried out on our behalf. Having discussed Threadneedle's voting and engagement activities with them, at in person meetings over the course of the year, the Trustees believe that their policies on voting, stewardship and engagement, as set out in SIP, were implemented and followed appropriately during the year to 31 October 2024.

Changes to investment strategy

During the year, the Trustees decided to switch the Scheme's assets from actively managed index-linked gilts to passively managed index-linked gilts. This was implemented by disinvesting from the TPEN Index-Linked Bond Fund and reinvesting the proceeds into the CT Regular Profile Unleveraged Real Gilt Fund. Both funds are managed by Threadneedle, so all Scheme assets continued to be managed by a single investment manager. The strategy changes were made following investment advice received from the Trustees' investment consultant.

Voting and engagement

The Trustees' policy, as set out in the SIP, is to consider only factors that are expected to have a financial impact on the Scheme's investments. Details on significant voting and engagement activities provided by Threadneedle are set out below.

In order to produce this statement we have asked them a series of questions on their policies, actions, and for examples relating to their voting and engagement activities and in conjunction with our advisers,

have identified significant voting and engagement activities (i.e. those most relevant to the Trustees' policy). We have then reviewed these and summarised their responses for the purpose of this statement. Threadneedle are only able to provide the information to each quarter end. The data below is in respect of the year to 30 September 2024.

Threadneedle have provided information relating to the Multi Asset Fund and the Dynamic Real Return Fund, as these funds hold equities for which the fund managers have voting rights.

The Regular Profile Unleveraged Real Gilt Fund and the Aquila Life Over 15 Year Gilt Fund do not hold equities and given that the investments do not confer voting rights, no voting or engagement activities were carried out in relation to these funds.

The following commentary is based on the information that Threadneedle have provided in response to our questions and illustrates how they co-ordinate their voting and engagement activities with companies.

"Columbia Threadneedle Investments views an integrated, joined-up approach to stewardship as an integral part of its responsible approach to investment. This includes engagement with companies, both unilaterally and collaboratively, ongoing monitoring and proxy voting. Proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles (Principles) document, and our proxy voting practices are implemented through our Proxy Voting Policy.

For those proposals not covered by the Principles, or those proposals set to be considered on a case by case basis (i.e., mergers and acquisitions, share issuances, proxy contests, etc.), the analyst covering the company or the portfolio manager that owns the company will make the voting decision.

The administration of our proxy voting process is handled by a central point of administration at our firm (the Global Proxy Team). Among other duties, the Global Proxy Team coordinates with our third-party proxy voting and research providers.

Columbia Threadneedle Investments utilises the proxy voting platform of Institutional Shareholder Services, Inc. (ISS) to cast votes for client securities and to provide recordkeeping and vote disclosure services. We have retained both Glass, Lewis & Co. and ISS to provide proxy research services to ensure quality and objectivity in connection with voting client securities.

In voting proxies on behalf of our clients, we vote in consideration of all relevant factors to support the best economic outcome in the long-run. As an organisation, our approach is driven by a focus on promoting and protecting our clients' long-term interests; while we are generally supportive of company management, we can and do frequently take dissenting voting positions.

While final voting decisions are made under a process informed by the RI team working in collaboration with portfolio managers and analysts, our Global Proxy Team serves as the central point of proxy administration with oversight over all votes cast and ultimate responsibility for the implementation of our Proxy Voting Policy. Our voting is conducted in a controlled environment to protect against undue influence from individuals or outside groups.

As active investors, well informed investment research and stewardship of our clients' investments are important aspects of our responsible investment activities. Our approach to this is framed in the relevant Responsible Investment Policies we maintain and publish. These policy documents provide an overview of our approach in practice (e.g., around the integration of environmental, social and governance (ESG) and sustainability research and analysis).

As part of this, acting on behalf of our clients and as shareholders of a company, we are charged with responsibility for exercising the voting rights associated with that share ownership. Unless clients decide otherwise, that forms part of the stewardship duty we owe our clients in managing their assets. Subject to practical limitations, we therefore aim to exercise all voting rights for which we are responsible, although exceptions do nevertheless arise (for example, due to technical or administrative issues, including those related to Powers of Attorney, share blocking, related option rights or the presence of other exceptional or market-specific issues).

This provides us with the opportunity to use those voting rights to express our preferences on relevant aspects of the business of a company, to highlight concerns to the board, to promote good practice and, when appropriate, to exercise related rights. In doing so we have an obligation to ensure that we do that in the best interests of our clients and in keeping with the mandate we have from them.

Corporate governance has particular importance to us in this context, which reflects our view that well governed companies are better positioned to manage the risks and challenges inherent in business, capture opportunities that help deliver sustainable growth and returns for our clients. Governance is a term used to describe the arrangements and practices that frame how directors and management of a company organise and operate in leading and directing a business on behalf of the shareholders of the company. Such arrangements and practices give effect to the mechanisms through which companies facilitate the exercise of shareholders' rights and define the extent to which these are equitable for all shareholders.

We recognise that companies are not homogeneous and some variation in governance structures and practice is to be expected. In formulating our approach, we are also mindful of best practice standards and codes that help frame good practice, including international frameworks and investment industry guidance. While we are mindful of company and industry specific issues, as well as normal market practice, in considering the approach and proposals of a company we are guided solely by the best interests of our clients and will consider any issues and related disclosures or explanations in that context. While analysing meeting agendas and making voting decisions, we use a range of research sources and consider various ESG issues, including companies' risk management practices and evidence of any controversies. Our final vote decisions take account of, but are not determinatively informed by, research issued by proxy advisory organisations such as ISS, IVIS and Glass Lewis as well as MSCI ESG Research. Proxy voting is effected via ISS.

All our voting decisions are available for inspection on our website seven days after each company meeting. In prioritizing our engagement work, we focus our efforts on the more material or contentious issues and the issuers in which we have large holdings – based on either monetary value or the percentage of outstanding shares.

There are many companies with which we have ongoing engagements, as well as a number that we speak to on a more ad hoc basis, as concerns or issues arise.

We actively participate in several investor networks, which complement our approach to engagement. Along with other investors, we raise market and issuer-specific environmental, social and governance issues, share insights and best practice. We do not make use of third-party engagement services.”

Threadneedle Pensions Multi Asset Fund

Threadneedle were eligible to vote on 6,460 resolutions. They voted on 99% of these. Votes: For 92%, Against 7%, Abstained 1%.

The Trustees have reviewed Threadneedle’s voting activity and in conjunction with their adviser, Cartwright, on the Trustees’ behalf, have identified the following as the most significant votes from the perspective that they potentially have the biggest financial impact on the Scheme, as set out in the SIP.

1. Meta Platforms, Inc.

Date: 29/05/2024

Resolution: Report on Human Rights Impact Assessment of Targeted Advertising

Vote: For

Rationale: “Shareholders would benefit from further information on how the company plans to mitigate human rights risks related to its targeted advertising practices given the company faces several investigations regarding its practices and with rising regulatory risks particularly in the EU.”

2. Alphabet, Inc.

Date: 07/06/2024

Resolution: Report on Lobbying Payments and Policy

Vote: For

Rationale: “While we appreciate that the company provides some disclosure around board and management oversight of lobbying activities and information on its policy priorities, we note that the company does not disclose direct lobbying expenses on its website or in a user-friendly format. The company does not disclose indirect lobbying expenses or expenditures made to organizations that may lobby on its behalf, does not disclose a congruency report for its lobbying, and does not address grassroots lobbying in its policies. It also does not describe specific board and management oversight for its trade association memberships.”

3. Cintas Corporation

Date: 24/10/2023

Resolution: Report on Effectiveness of Diversity, Equity, and Inclusion Efforts

Vote: For

Rationale: “The company should disclose its demographic workforce data as per the EEO-1 requirement. This will help to increase transparency and aid shareholders in assessing the

effectiveness of the company's stated efforts to address related human capital material risks and opportunities."

Threadneedle Dynamic Real Return Fund

Threadneedle were eligible to vote on 2,790 resolutions. They voted on 98.8% of these. Votes: For 93%, Against 7%, Abstained <1%.

The Trustees have reviewed Threadneedle's voting activity and in conjunction with their adviser, Cartwright, on the Trustees' behalf, have identified the following as the most significant votes from the perspective that they potentially have the biggest financial impact on the Scheme, as set out in the SIP.

1. Expeditors International of Washington, Inc.

Date: 07/05/2024

Resolution: Adopt GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal

Vote: For

Rationale: "We are supportive of this request to adopt near- and long- term science-based greenhouse gas reduction targets that align with the Paris Agreement."

2. Amazon.com, Inc.

Date: 22/05/2024

Resolution: Commission Third Party Study and Report on Risks Associated with Use of Rekognition

Vote: For

Rationale: "Shareholders would benefit from increased disclosure on the company's approach to customer due diligence. The company faces risks related to human rights in its global operation. Good practices include developing a clear process and narrative on how impacts are monitored and effectively mitigated."

3. Lennar Corporation

Date: 10/04/2024

Resolution: Report on Effectiveness of Diversity, Equity, and Inclusion Efforts

Vote: For

Rationale: "The company should disclose its demographic workforce data as per the EEO-1 requirement. This will help to increase transparency and aid shareholders in assessing the effectiveness of the company's stated efforts to address related human capital material risks and opportunities."

Threadneedle do not systematically capture vote results as they are published. Vote outcomes are reported only for UK and US markets, where public disclosure at the vote level is a regulatory requirement.

Where significant dissent is registered against a particular voting item, they expect companies to engage with their shareholders to discuss underlying issues and identify a path to the resolution. Where they identify that Boards have failed to take appropriate action as a result of a shareholder vote in excess of a relevant threshold, their stewardship approach (and the subsequent voting action we take) will take account of this.