

# Analog Devices Limited Pension Scheme Implementation Statement – 30 April 2025

## Why have we produced this Statement?

The Trustees of the Analog Devices Limited Pension Scheme have prepared this statement to comply with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustees have complied with the voting and engagement policies detailed in the Scheme's Statement of Investment Principles (SIP).

## What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustees' investment objective and investment strategy.

It also explains how and why the Trustees delegate certain responsibilities to third parties and the risks the Scheme faces and the mitigated responses.

The Trustees last reviewed the SIP in October 2023.

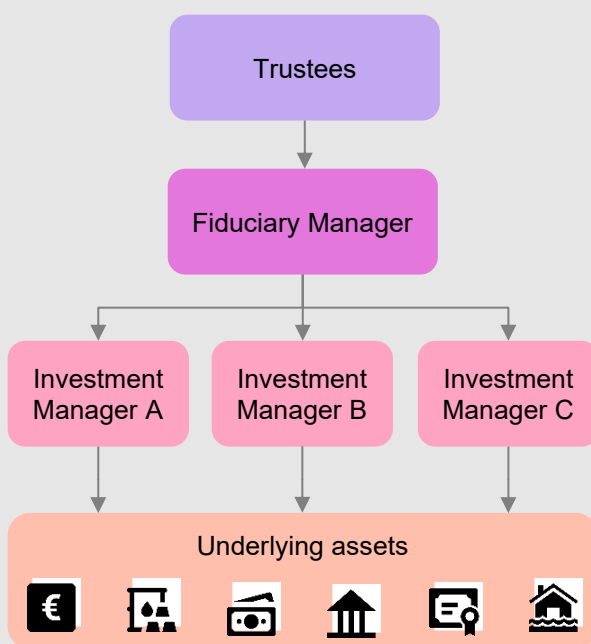
## What is the purpose of this Statement?

1. To explain how the Trustees' engagement policy has been applied over the year.
2. To describe the voting rights attached the Scheme's assets have been exercised over the year.

## What changes have we made to the SIP?

There were no changes made in the SIP over the year.

## How are the Scheme's investments managed?



**Trustees** - The Trustees' key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustees retain overall responsibility for the Scheme's investment strategy, but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

**Fiduciary Manager (WTW)** – The Trustees employ a Fiduciary Manager to implement the Trustees' investment strategy. The Fiduciary Manager allocates the Scheme's assets between asset class and investment managers.

**Investment managers** – The Fiduciary Manager appoints underlying investment managers either using a pooled vehicle or a segregated mandate where these assets are held directly in the Scheme's name. The Fiduciary Manager will look for best in class specialist managers for each asset class.

**Underlying assets** – The investment managers pick the underlying investments for their specialist mandate e.g. shares in a company or government bonds.

## Why does the Trustees believe voting and engagement is important?

The Trustees' view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustees further believe that voting and engagement are important tools to influence these issues.

The Trustees have appointed a Fiduciary Manager who shares this view and considers and integrates ESG factors, voting and engagement in its processes.

The Trustees incorporate an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

## What are the Trustees' voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting, the Trustees expect investment managers to address broad ESG considerations, but has identified climate change and human and labour rights as key areas of focus for the Trustees.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustees expect investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors are considered to be particularly influential to outcomes, the Trustees expect the Fiduciary Manager to engage with investment managers to improve their processes.

## What are the Fiduciary Manager's policies?

### Climate change and net zero goal

The Trustees believe Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has a goal to achieve net zero greenhouse gas emissions across 'In Scope Solutions' by 2050. They believe the trajectory is important, so are also aiming to approximately halve emissions per amount invested by 2030.

### Public policy and corporate engagement

The Fiduciary Manager employs an external stewardship service provider, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustees).

Some highlights from 2024 include:

- 994 companies engaged across regions on 4,267 issues and objectives
- 62 companies in their core programme featured engagements with the CEO or chair
- Making voting recommendations on 143,075 resolutions at 14,701 meetings, including recommended votes against 25,070 resolutions
- Participation in a range of global stewardship initiatives.

### Industry initiatives

The Fiduciary Manager participated in a range of industry initiatives over the year to seek to exercise good stewardship practices. Please refer to their latest UK Stewardship Code for more information:

<https://www.wtwco.com/en-gb/solutions/services/sustainable-investment>.

## How does the Fiduciary Manager assess the investment managers?

**Investment manager appointment** - The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2024 the Fiduciary manager conducted engagements with over 70 managers across asset classes. They also engaged over 100 products on sustainability and stewardship. In addition, over 150 sustainability-theme strategies were researched.

**Investment manager monitoring** - The Fiduciary Manager produces detailed reports on the investment managers' ESG integration and

stewardship capabilities on an annual basis. These reports form part of the Trustees' portfolio monitoring. We have provided the Fiduciary Manager's ratings of the equity managers' ESG integration and stewardship capabilities in the later pages.

**Investment manager termination** - The Fiduciary Manager engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Fiduciary Manager may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no investment managers were terminated on these grounds during the year.

## Example of engagements carried out over the year

### Secure Income manager A General ESG issue

Issue: Engagements have been conducted with the manager to provide feedback on their environment, social, and governance (ESG) process and share information on the latest best market practices. This collaboration aims to enhance their sustainability efforts and ensure alignment with current industry standards.

Outcome: The manager has made progress in various ESG initiatives, including providing Scope 3 emissions data and making their Inclusion & Diversity (I&D) policy publicly available. While they do not report on climate risk explicitly, it is included as part of their Task Force on Climate-Related Financial Disclosures (TCFD) reporting process, and they utilize the Climonomics platform to integrate climate and transition risks into a single output. However, they are not aligned with Global Real Estate Sustainability Benchmark (GRESB) and have no plans to implement it, nor are they considering other benchmark providers. Additionally, a formal carbon reduction policy is not yet in place. The Fiduciary Manager will continue to monitor the manager's ESG practices and engage with them to ensure ongoing improvements.

### Secure Income manager B General ESG issue

Issue: As part of the annual ESG review, the manager focused on addressing key deficiencies identified during the previous engagement. These deficiencies included the lack of a dedicated Inclusion and Diversity (I&D) resource, the absence of climate scenario and Climate Value-at-Risk (CTVaR) analysis for underlying assets, and the lack of disclosure for carbon emissions at both the firm and fund levels.

Outcome: The manager has made significant strides in addressing key areas of improvement. The lack of a dedicated I&D resource has been mitigated by establishing a management committee specifically responsible for Diversity, Equity, and Inclusion (DEI). Additionally, a separate workstream has been initiated to develop a comprehensive DEI strategy, which includes a thorough review of current policies.

The absence of CTVaR and climate scenario analysis for underlying assets is being tackled on a firmwide level. For the Solar II project, a provider has been engaged during the due diligence phase of potential investments. The team is currently in the process of evaluating various providers and aims to finalize their selection by the end of the year.

While there has been no disclosure of firm or fund-level carbon emissions previously, the manager has now reported firm-level emissions. Although Scope 3 emissions are still pending, efforts are actively underway to address this gap.

### Listed Infrastructure manager Environment – Climate issue

Issue: The manager discussed the current Situational Analysis, Forecasting, and Engagement (SAFE) Transition Methodology given some questions on alignment of certain stocks.

Outcome: This manager has produced an emissions abatement analysis to determine the baseline emissions of companies and understand their progress in meeting their net zero targets. Positively, the majority of the 20 high-emitting companies have made strong progress on their targets. Whilst one company reported higher emissions than the baseline due to higher utilization rates, it has implemented initiatives to reduce emissions overall. The manager is continuously monitoring its constituents through the emissions abatement analysis and its "SAFE" transition methodology framework to ensure companies are making progress on their targets. The SAFE framework classifies each stock as 'Secure', 'Aligned', 'Transforming', and "Vulnerable". 'Transforming' and 'Vulnerable' companies are analysed further for stranding risk and are engaged with through a staged escalation process, where ultimately divestment would occur if companies do not deliver results within a reasonable timeframe.

The Fiduciary Manager have asked the manager to include changes in company ratings from the SAFE framework to be included in annual reporting. We continuously monitor the evolution of the SAFE framework.

### **What are the voting statistics we provide?**

The Scheme is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Scheme's equity investment managers.

Responses received are provided in the following pages. The Trustees used the following criteria to determine the most significant votes:

- Trustees' stewardship priorities (climate change, and human and labour rights)
- Financial outcome for members, including size of holding
- High profile vote, including votes not supporting company management

The Trustees have also included the Fiduciary Managers assessment of the investment managers ESG integration and stewardship (including voting and engagement) capabilities.

### **In conclusion...**

The Trustees are satisfied that over the year, all SIP policies and principles were adhered and in particular, those relating to voting and engagement.

# Multi-Asset Diversified Growth Sub-Fund

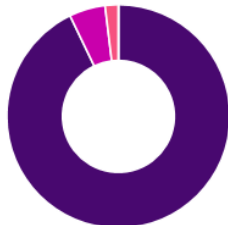
## Voting activity over the year



Fiduciary Manager's assessment

### Voting activity over the year

Number of votes eligible to cast: 6,510  
Percentage of eligible to cast: 100%



■ For: (92.9%) ■ Against: (5.2%) ■ Abstain: (1.9%)

### Significant vote

**Company:** Novo Nordisk A/S

**% Fund:** 0.2%

**Vote topic:** Approve proposal regarding regulated working conditions at construction sites

**Issue:** The proposal does not merit support as the company's disclosures related to facility safety are reasonable.

**Voting instruction:** Against shareholder resolution, for management recommendation

**Outcome:** Failed the resolution

**Why a significant vote?** Human and labour rights is one of the stewardship priorities.

**Next steps:** The manager will aim to continue the engagement with the major holdings on material risks and opportunities, including health and safety of the workforce.

### Significant vote

**Company:** Cintas Corporation

**% Fund:** 0.1%

**Vote topic:** Report on efforts to reduce greenhouse gas emissions in alignment with Paris agreement goal

**Issue:** There was no interim climate targets to accompany long-term climate ambitions

**Voting instruction:** For shareholder resolution, against management recommendation

**Prior communication of against vote:** No

**Outcome:** Failed the resolution

**Why a significant vote?** Climate change is one of the stewardship priorities.

**Next steps:** The manager will aim to continue the engagement with the major holdings on material risks and opportunities.

**Voting policy:** The manager have discretionary proxy voting authority over most of the client accounts. The manager will carefully vote these proxies in the manner that will protect and promote the long-term economic value of the clients' investments. The manager's Stewardship team activities are overseen by the ESG Committee who are responsible for reviewing the stewardship strategy, engagement priorities and proxy voting guidelines, and monitors the delivery of voting objectives. In addition, the ESG Committee provides oversight of the Stewardship team, reviews departures from the proxy voting guidelines, and reviews conflicts of interest involving proxy voting.