

Higgins Group PLC Pension and Life Assurance Scheme - DC Section and Additional Voluntary Contributions (AVCs)

Implementation Statement for the year ending 30 April 2024

Why do the Scheme's investments matter to me?

The Scheme provides you with benefits on a defined contribution ("DC") basis (sometimes called money purchase benefits). This means that the size of the benefits paid to you when you retire will depend on how much the funds where your savings are invested grow over the years.

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

The SIP sets out the investment principles and practices the Trustees follow when governing the Scheme's investments. It describes the rationale for the investment fund, explains the risks and expected returns and the Trustees' approach to responsible investing (including climate change).

This Implementation Statement is in respect of the Scheme's SIP that was in place as at 30 April 2024. The SIP was not reviewed within the Scheme year, but has been updated to include the Trustees' illiquids policy and other general updates since the end of the Scheme year.

If you want to find out more, you can find a copy of the Scheme's current SIP, starting at page 18 at:

What is this Implementation Statement for?

The Trustees are required to prepare an Implementation Statement which sets out how they have complied with the Scheme's SIP during the last Scheme year and other related matters.

Overall, the Trustees are satisfied that:

- **The Scheme's DC investments have been managed in accordance with the SIP; and**
- **The provisions in the SIP remain suitable for the Scheme's DC members.**

How the Scheme's investments are governed

The Trustees have overall responsibility for how the Scheme's investments are governed and managed in accordance with the Scheme's Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations.

At 30 April 2024, the Trustees of the Scheme were: Mr R.G. Higgins, Mr M. Francis and Mr P Lewellen. There have been no changes to the governance processes or the Trustee board during the past year.

The Trustees have delegated day-to-day investment decisions, such as which investments to buy and sell, to the fund manager Prudential. The Trustees receive investment training when required and monitor the performance of the Funds within the Scheme.

The Trustees are satisfied that during the last year:

- **The Scheme's DC governance structure was appropriate; and**
- **The Trustees have maintained their understanding of investment matters.**

How the default arrangement is managed

The objectives and rationale for the default arrangement are set out in the Scheme's current SIP.

The Trustees are satisfied that the default arrangement has performed in-line with their objectives and remains suitable for most members because there has not been a significant change in the Scheme's membership or members' benefit choices at retirement.

There have been no changes to the investment options in the last year. In April 2022, the Trustees along with their investment advisers, conducted an Investment Strategy review to ensure it remains appropriate for the membership. The DC members' age profile continues to mature gradually as the Scheme is closed to new entrants. This is effectively managed by the investment approach of the default arrangement.

The Trustees are satisfied that the default arrangement remains suitable for most members and meets the Trustees' default arrangement investment objectives.

The expected risks on your savings in the DC Scheme

The investment risks relating to members' DC benefits are described in the SIP on pages 10 to 11.

The Trustees believe that the main investment risks members face described in the SIP have not changed materially over the last year. The Trustees are satisfied that the default arrangement is appropriate for managing those risks and meet the objectives set out in the SIP.

Fund managers

Choice of funds

The Trustees monitor the service of the fund manager used by the Scheme, Prudential, by reviewing investment performance reports. There have been no changes to the fund manager during the last year.

The Trustees are satisfied that the fund manager used by the Scheme remains appropriate.

Ability to invest / disinvest promptly

The substantial cash-flows in and out of the Prudential With Profits Fund mean that the Trustees can readily disinvest members from the default arrangement.

The default arrangement is invested in the Prudential With Profits Fund which means that in adverse market conditions a market value adjustment can be applied which reduces payments where benefits are withdrawn before retirement. Also, the final bonus payable when benefits are taken is not guaranteed by Prudential and can be reduced following a longer period of difficult market conditions. This is set out on page 9 of the SIP.

Portfolio turnover

Due to the nature of the With Profits Fund, the Trustees are unable to monitor portfolio turnover. However, as most disinvestments are currently met from cash inflows, the Trustees understand that the Fund will hold many of its assets over the longer-term (in line with the membership age profile).

Security of your savings in the Scheme

In addition to the normal investment risks faced in the fund, the security of your savings in the Scheme depend upon:

- The financial strength of the provider; and
- The legal structure of the fund.

The financial strength of the provider has a bearing on the risk of losses to the Scheme's DC members caused by the remote chance of Prudential getting into financial difficulties. The legal structure of the fund has a bearing on the degree to which the funds' assets are "ring-fenced" from the rest of the manager's business in the unlikely event that they become insolvent.

Conflicts of interest

Due to the nature of the With Profits Fund, the Trustees are not able to monitor conflicts of interest with Prudential. However, the Trustees expect Prudential to invest the Scheme's DC assets in the members' best interests.

Manager incentives

Due to the nature of the With Profits Fund, the Trustees are not able to monitor the incentives of the Fund's investment managers. However, the Trustees believe that it is in Prudential's interests to ensure that the managers invest the Fund's assets in keeping with its long-term strategy as this will have a bearing on Prudential's financial strength.

Responsible Investment

The Trustees believe that responsible investing covers both sustainable investment and effective stewardship of the assets the Scheme invests in.

The Trustees' approach to responsible investing has not changed during the last year.

Sustainable Investment

The Trustees believe that investing sustainably is important to control the risks that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (called "ESG" factors) can have on the value of the Scheme's investments and in turn the size of your retirement benefits.

The Trustees have considered the length of time members' contributions are invested in the Scheme when choosing and reviewing the fund used in the default arrangement.

The Trustees note that their investment advisers rate Prudential's approach to responsible and sustainable investment as "adequate".

The Trustees are satisfied that during the last year the Scheme's investments were invested in accordance with the policies on sustainable investing set out in the SIP.

Investment stewardship

As described on page 12 of the SIP, the Trustees believe it is important that the fund manager as shareholder or bond holder takes an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on major issues which affect a company's financial performance (and in turn the value of the Scheme's investments).

As the Scheme's investments are held at arms-length from the Trustees and members in a With Profits Fund, the Trustees are not able to instruct the fund manager how they should vote on shareholder issues. As a result, the Trustees:

- Delegate voting on shareholder issues to the underlying fund manager in accordance with their house policies; and
- Expect the fund manager to vote in a way which enhances the value of the fund.

Voting activity

The Trustees periodically review the fund manager's approaches to stewardship including voting and engagement policies.

The funds with voting rights attached that are available to members a part of the default fund range or the self-select fund range are listed below along with summary voting statistics for each fund.

- Prudential With-Profits Fund
- Prudential Discretionary Fund
- Prudential International Equity Fund

The Prudential With-Profits Fund is available to members as the default investment strategy. A summary of the major votes cast by the fund manager are shown below.

	Prudential With-Profits Fund	Prudential Discretionary Fund	Prudential International Equity Fund
No. of resolutions eligible to vote	65,638	25,148	20,825
% resolutions voted	98.4	96.0	97.5
Of the resolutions voted, the % voted with management	92.0	93.3	92.6
Of the resolutions voted, the % against management	7.0	6.0	6.7
Of the resolutions voted, the % abstained	1.0	0.6	0.7

Source: Prudential. Voting data for the Scheme year was not available, therefore data over the year to 31 March 2024 is shown.

The Trustees also consider how the fund manager voted on specific issues. The Trustees consider 'significant votes' to be either companies with relatively large weightings in the fund members invest in, or where there were shareholder issues that members are expected to have an interest. This is aligned with the information requested and provided by the manager.

The most significant shareholder votes and how the fund manager voted during the last year were:

	Microsoft Corporation	Exxon Mobil Corporation	Taiwan Semiconductor Manufacturing Co Ltd	Toyota Motor Corp	Apple Inc
Resolution	07/12/2023 Report on Risks of Operating in Countries with Significant Human Rights Concerns	31/05/2023 Report on Social Impact From Plant Closure or Energy Transition	06/06/2023 Management - Amend Procedures for Endorsement and Guarantees	14/06/2023 Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	28/02/2024 Shareholders request Apple report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting
Reason for 'significant vote'	Member interest	Member interest	Size of holding	Size of holding	Size of holding
Prudential	For	Against	Against Management	Against	For
Comments	Prudential operates data centres in countries with significant human rights concerns. Disclosure around due diligence conducted for siting and operating these data centres would help investors assess reputation, legal and human capital risks.	Prudential already has policies in place to address the request being made by the proposal or is already enhancing its relevant policies.	No compelling rationale provided and may expose the company to unnecessary risks.	Prudential has concerns over enshrining requirement in the company's articles.	The median pay gap statistic provides benefits such as transparency and comparability across time and organizations and serves as one measure of representation of women and racial and ethnic minorities in senior positions. Furthermore, as the company discloses for its U.K.

Source: Prudential. Voting data has been provided for the year to 31st March 2024

The following funds are also available to members through the AVC policies but the Trustees were not able to obtain the voting records of them:

- Prudential All Stocks Corporate Bond
- Prudential Discretionary
- Prudential International Equity
- Prudential Long Term Bond
- Prudential With-Profits Cash Accumulation Fund

How do fund managers implement their votes?

The managers often make use of proxy voting to inform their decision making. The managers use the organisations shown on the next two pages as proxies for their voting activity.

The Trustee is satisfied that the fund managers' voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP.

The Trustees also understand that Prudential have had a longstanding practice of private engagement with the companies in which they invest with a view to protecting its interests as a shareholder.

Manager	Comment on approach
Prudential	<p>They use research provided by ISS and the Investment Association; and we use the ProxyExchange platform from ISS for managing our proxy voting activity.</p> <p>Their process for deciding voting is an active and informed voting policy is an integral part of their investment philosophy. In their view, voting should never be divorced from the underlying investment management activity. By exercising their votes, they seek both to add value to their clients and to protect our interests as shareholders. They consider the issues, meet the management if necessary, and vote accordingly.</p> <p>Under the Shareholder Rights Directive II, M&G is required to report on its stewardship activities, including proxy voting and the identification of significant votes. They have therefore determined their own definition of significant votes following internal discussion and consideration of external guidance. They periodically review our definition of significant votes.</p>

Ethical Investing

The Trustee recognises that some members will have strong views on where their pension savings should be invested. The Trustee monitors the investments held by the Scheme's fund options. The Trustee also monitors developments in ethical investing funds which could be appropriate to the Scheme's members.

The Trustee's approach to ethical investing has not changed during the last year.

Communication and member engagement

The Trustees' approach to communicating the Scheme's investment options and investment governance has not changed during the last year. Member engagement is actively encouraged through a variety of means.

During the last year the Trustees followed all the member engagement policies and practices described in the SIP.