Implementation Statement (“IS”)

Aon Retirement Plan (the “Plan”) (Defined Benefit (“DB”) Sections) Plan Year End – 31 March 2025

The purpose of the Implementation Statement is for us, the Trustee of the Aon Retirement Plan, to explain what we have done during the year ending 31 March 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”) for the DB Sections of the Plan. The Implementation Statement for the Defined Contribution (“DC”) Section is prepared separately. This Statement includes:

1. A summary of any review and changes made to the SIP over the year, including how our policies in respect of the DB Sections in the SIP have been followed during the year.

2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we conclude that the policies set out in the SIP have been implemented effectively.

Over the year, the DB assets of the Plan were not materially invested in any funds with voting rights. Therefore, no significant voting rights have been exercised on our behalf this year.

In our view, most of the Plan’s material investment managers were able to disclose adequate evidence of engagement activity, and the activities completed by our managers align with our stewardship expectations.

We delegate the management of some of the Plan’s assets to our fiduciary manager, Aon Investments Limited (“AIL”). We consider the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations. We consider our voting rights to have been implemented effectively on our behalf. Our fiduciary manager will continue to engage with the investment managers in order to ensure engagement and associated stewardship obligations are met.

Changes to the SIP during the year

We reviewed the SIP during the year and updated it in September 2024.

The changes made included:

- Reflecting the partial desectionalisation of the Plan on 30 September 2024; and
- Reflecting new considerations such as the decision to pay DC contributions from liquid, uninsured DB surplus with effect from 1 January 2025.

The Plan's latest SIP, including the stewardship policy, can be found here (albeit this also reflects changes since the year-end):
https://www.aonretirementplan.co.uk/public-documents/

On the next page, we explain how the main policies in this SIP have been followed throughout the Plan year.

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

How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP.

Strategy *"When choosing each Section's planned asset allocation strategy and investment return objective the Trustee considered advice from their investment adviser."*	**Support.** We take advice from our investment adviser, AIL, in setting the investment strategy and monitoring the investments. In 2024, we also appointed and successfully onboarded AIL as the Outsourced Chief Investment Officer ("OCIO") to manage the Aon UK Limited Section's ("AUKL's") portfolio in accordance with the parameters set out in the Investment Management Agreement ("IMA"), allowing us the time to focus on more strategic decisions. **Growth assets.** The illiquid assets continued to unwind over the year. Proceeds were primarily swept into the Plan's liability driven investment ("LDI") portfolios to reduce leverage. **Matching assets.** There were no changes over the year to the hedge on rates and inflation. However, in Q3 2024, we adjusted the Plan's hedge on credit spreads. Hedge targets were reduced to better match the sensitivity of insurer pricing to credit spreads. Both the AUKL and Hewitt Pension Fund ("HPF") Sections targeted, as of 31 March 2025, a 30% hedge on credit exposure relative to uninsured liabilities. **Benchmarks.** Following the Plan's partial desectionalisation, we agreed to implement a light touch refresh of the cashflow benchmarks for the AUKL Section (used for liability hedging purposes), to reduce tracking error by reflecting more recent market conditions. **Looking ahead**. In Q1 2025, we commenced discussions with our investment adviser regarding the most appropriate investment strategy going forward. For the AUKL and HPF Sections, we agreed to target sufficient returns to maintain a funding buffer to help mitigate against residual risks and better protect members' benefits. For the HAPLAP Section, we agreed to restructure the DC Trustee Reserve to better align with the liabilities. The new strategies were implemented following the Plan's year-end.
Risks *"The Trustee's policy is to monitor, where possible, (…) risks on a regular basis."*	We monitor risks throughout the year via quarterly investment monitoring reports from our investment adviser. We have continued to receive: • More detailed monitoring of the AUKL Section's LDI portfolio which assesses the effectiveness of the hedge and collateral resiliency; and • Illiquid pacing analysis which highlights any liquidity constraints facing the Plan over the next few years. We also received pertinent developments relating to our underlying managers over the year. For example, we received updates regarding the Plan's Global Infrastructure manager, KKR, whilst they were being investigated by the US Department of Justice. Aon Manager Research has, however, maintained its Buy-rating, so no action has been taken.
Arrangements with asset managers *"Before appointing a new asset manager, the Trustee reviews the governing documentation associated with the investment and considers the extent to which it aligns with the Trustee's policies."*	The FISC appointed and successfully onboarded AIL as OCIO, following a review of the governing documentation. With respect to assets held within the Plan, we take advice from our investment adviser. Additionally, all appointed funds completed operational and investment due diligence reviews by the Aon specialist manager research teams.

Arrangements with asset managers *"The Trustee believes that having appropriate governing documentation; setting clear expectations to the asset managers by other means (where necessary) and regular monitoring of its asset managers' performance and investment strategy is sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies."*	Over the year our investment adviser held recurring meetings with the Plan's LDI managers, Insight and LGIM, to discuss topics such as collateral resilience, market changes, and the desectionalisation of the Plan. Our investment adviser also worked closely with the Plan's illiquid asset managers to collect their cashflow forecasts and to address any discrepancies when actual cashflows differed significantly from expectations. Aon's Investment Manager Research team meets the underlying managers on a regular basis to assess any changes in the investment staff, investment process, risk management, ESG and other manager evaluation factors to ascertain whether the overall rating assigned to the fund remains appropriate and the manager remains suitable to manage the assets.
Arrangements with asset managers *"The Trustee expects its asset managers to offer full cost transparency via industry standard templates."*	Over the year, a third party (ClearGlass) gathered all costs and charges from the Plan's asset managers. In an attempt to improve the timeliness of the reporting and due to the limited value in obtaining a summary of the costs for illiquid assets (as they cannot be influenced prior to running off), the paper delivered in 2024 focused on the Plan's more liquid assets. We were comfortable with the final level of costs and charges but expect to see improvements in the timeliness of reporting by ClearGlass and some of the underlying managers.
Responsible investment and stewardship *"The Trustee reviews its asset managers' approaches to stewardship and other ESG-related matters on an annual basis and has communicated its expectations and standards to its asset managers."*	Throughout the year we updated our climate risk assessment and progressed with our financial reporting and sustainability reports required under the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 ("the Climate Change Governance and Reporting Regulations") which introduced requirements relating to reporting in line with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. An ESG rating for each investment manager is monitored by our investment adviser. These ratings take into account the fund management team's awareness of all known and potentially financially material ESG risks in the investment strategy, and the steps that have been taken by the manager to identify, evaluate and potentially mitigate these risks across the portfolio. This has also been factored into the investment strategy review conducted towards the end of the Plan's year-end e.g., considering equity mandates that tilt the portfolio towards ESG-friendly companies. To date, no managers have been found to be falling significantly short of the standards expected in this area. On review of underlying asset managers' stewardship policies and voting statistics as part of the production of this Implementation Statement, we are of the opinion that this policy has been adhered to.

AIL’s engagement activity

We invest some of the Plan's DB assets in the AIL Adept Strategy funds. These are fund of funds arrangements in which 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.

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

The table below shows some of the engagement activity carried out by the Plan's relevant managers. The managers have provided information for the most recent calendar year available.

Funds	Number of engagements		Themes engaged on at a firm level
	Fund level	Firm level	
BlackRock - UK Property Fund ***(proceeds fully distributed back to the Plan by year-end)***	*Not provided*	3,384	Environment - Climate Risk Management; Other Company Impacts on the Environment and Water and Waste Social - Human Capital Management; Social Risks and Opportunities, Diversity and Inclusion and Community Relations Governance - Remuneration; Corporate Strategy and Board Gender Diversity Strategy; Business Oversight/Risk Management; Board Composition and Effectiveness
Schroders Real Estate Trust ***(proceeds fully distributed back to the Plan by year-end)***	*Not provided*	4,713	Environment - Decarbonising and Minimising Emissions; Climate Risk and Oversight; Nature-related Risk and Management and Deforestation Social - Corporate Culture and Oversight of Human Capital, Customers and Consumers; Overarching Approach to Human rights and Health, safety and Wellbeing Governance- Boards and Management; Executive Remuneration and Workforce Diversity and Inclusion
*KKR - Global Infrastructure Investors II Fund	*Not provided*		Social - Human capital management Governance - Board effectiveness - Other
*PIMCO - BRAVO III Offshore Fund	*Not provided*	1,517	Environment - Climate Change Governance - Board, Management & Ownership Strategy, Financial & Reporting - Capital Allocation; Financial Performance; Strategy/Purpose

*Source: Managers. *Themes provided are at firm-level. AIL Adept 28 - Return Seeking Hedge Fund was excluded on the basis that it has been shut down, and presently only consists of a small number of remaining illiquid positions.*

Data limitations

At the time of writing, both BlackRock and Schroders have not provided the fund level engagement information requested. Schroders noted that as property managers, they are responsible for the day-to-day relationships with tenants and therefore it is difficult to quantify, and BlackRock stated that ESG reports are not available for its property funds. It is often rare for Real Estate funds to provide meaningful engagement data with a comprehensive narrative and thus it was encouraging that Schroders and BlackRock have provided firm level engagement data. We instructed full redemptions from both managers in line with our strategy, and so have not included these managers in an engagement action plan.

The Plan's most material illiquid holdings, KKR and PIMCO, did not provide fund level engagement information as they do not track engagement data for private strategies, however they did provide broader engagement information at a firm level.

This report does not include commentary on certain asset classes such as insurance-linked securities, commodities (including gold), gilts, annuities and cash because of the limited materiality of stewardship to these asset classes. We have also excluded the AIL Return Seeking Hedge Fund as this fund was shut down and now only holds a small number of illiquid holdings.

Further this report does not include the additional voluntary contributions (“AVCs”) held within the DB Sections due to the relatively small proportion of the assets that are held within the DB Sections as AVCs.