



AWE Pension Trustees Limited
c/o Aon
Aldermaston
Reading • Berkshire
RG7 4PR

Responsible Investment Policy

AWE Pension Scheme

1. Introduction and Purpose

This policy is written by AWE Pension Trustees Limited (the “Trustee”, “we”) of the AWE Pension Scheme (“the Scheme”) to represent our views and approach around Responsible Investment.

Our fiduciary duty is to act in the long-term best interests of the members of the Scheme. We recognise that Environmental, Social and Governance (“ESG”) factors, including climate change are material and can positively and negatively affect the Scheme’s financial performance. These factors should be considered in our funding and investment decision-making processes.

2. Responsible Investment Beliefs and Principles

Our core Responsible Investment (“RI”) Beliefs serve as a set of fundamental principles, shaping our decision-making and actions to align with sustainable and ESG investment strategies.

The Trustee’s responsible investment policy is underpinned by the following core beliefs and principles, namely:

- Environmental, social and governance (ESG) factors are financially material; taking them into account is consistent with our fiduciary duty to members of the Scheme.
- The Scheme is a long-term investor, and we will invest in a manner that is consistent with the long-term outlook: investing in this manner is expected to generate greater and more sustainable risk-adjusted returns. We expect our investment managers to, likewise, make decisions with longer term ESG risks in mind.
- Taking ESG considerations into account may lead to better risk-adjusted returns, and it is therefore important that our investment managers incorporate these matters into their decision making on asset selection, realisation, and retention. We believe that well governed companies and assets are more likely to generate sustainable outperformance.
- While risk and return considerations are key to ensuring the Scheme’s fiduciary to members is fulfilled, financial factors should not be the Scheme’s only consideration when making investment decisions: wider social and environmental impact are important.

- Decisions we make relating to Responsible Investment will be evidence-based and will seek to address any financial implications.
- Climate change is a real and present risk to the Scheme's financial position with the potential to impact our members, employers, and all holdings in our portfolio. We will consider the implications of climate change as part of our duty to act in the best long-term interests of our members. Within that duty, we will identify opportunities for the Scheme to invest for positive change with regards to ESG issues.
- Reviewing and engaging with existing investment managers on their ESG engagement policies and practices is viewed as important to the Scheme. The Scheme's investment managers who make decisions that prioritise long-term factors will generate better long-term returns. Acting as responsible stewards of capital is important and we believe in the value of engagement. To that end, we expect that the Scheme's voting rights are exercised to the fullest extent possible.
- In particular, the Scheme is concerned with climate change and corporate governance. We expect the Scheme's investment managers to prioritise and actively monitor these areas of concerns within their respective investment processes and to provide transparency on voting actions with respect to the mitigation of these risks.
- We also expect our investment managers to be signatories to the UN Principles of Responsible Investment and to contribute to a more sustainable global financial system by incorporating ESG considerations into their decision-making process. We acknowledge that some managers have more ability to incorporate ESG considerations than others due to the assets they invest in or the constraints of their investment approach.

Our Responsible Investment beliefs are refined on an ongoing basis in-line with our assessment and understanding of Responsible Investment principles. We will maintain our knowledge and understanding of requirements, opportunities, and best practice around Responsible Investment.

3. Responsible Investment Approach

The Trustee is taking the following steps to deliver on their Responsible Investment responsibilities and commitments:

- Responsible Investment will be a key topic of our regular training schedule, including any developments in best practice or new opportunities.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustee will use ESG ratings information provided by our investment adviser, where relevant and available, to monitor the level of and improvement in the investment managers' integration of ESG on a regular basis.
- The Trustee will require investment managers to provide their Responsible Investment policy and details of how they integrate ESG into their decision-making process on an annual basis.
- We also expect our investment managers to improve their ESG-related capabilities and processes over time, and we will hold our investment managers to account where we believe they are not making adequate progress. From time to time, the Trustee may set explicit targets or expectations for each of our investment managers and third-party providers, including any consequences if they are not met. We will communicate these

targets and our assessment of achievement or progress over time.

- Where the Trustee is going through a process of appointing a new investment manager, the ESG-related capability of the manager will be a key consideration in the selection process.
- When reviewing asset allocation and strategic risks, the Trustee considers the implications of longer-term risks, including ESG considerations including climate change. We do this by educating ourselves of the issues and risks, by taking advice, by asking questions of our investment managers and advisers, and by using available modelling tools, including projection scenarios.
- The Trustee will include ESG-related risks, including climate change, on the Scheme's risk register as part of ongoing risk assessment and monitoring, and include it in our Integrated Risk Management framework.

The Trustee has delegated the following responsibilities to the Investment Committee ("IC"). The IC may from time-to-time nominate a working group to advise the IC on these or other matters:

- Maintain the Trustee's Responsible Investment policy and make recommendations to the Trustee on actions required to fulfil the policy.
- Identify and monitor ESG-related risks in the investment strategy, and report to the Trustee.
- Set targets and monitor managers on ESG and stewardship, and report to the Trustee.
- Develop reporting to members and stakeholders.
- Identify best practice and developments in the industry.
- Identify investment opportunities that meet the Trustee's criteria.

4. Stewardship – Voting and Engagement

Our Voting Policy outlines how we, the Trustee, plan to exercise our voting rights as a shareholder.

The Trustee recognises the importance of their role as a steward of capital and in particular the need to tackle climate change and promote high standards of corporate governance in the underlying companies and assets in which the Scheme invests. The Trustee recognises that ultimately this protects the financial interests of the Scheme and its beneficiaries.

The Trustee expect its investment managers to prioritise and actively monitor these two key areas of concern within their respective investment processes and to use their influence as major institutional investors to carry out the Trustee's rights and duties as a shareholder including exercising the Scheme's voting rights to the fullest extent possible, along with – where relevant and appropriate – engaging with underlying investee companies.

The Trustee expects its investment managers to provide transparency on voting actions with respect to the mitigation of these risks as appropriate. The transparency for voting should include voting actions and rationale with relevance to the Scheme, in particular, where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of either the Trustee or the investment manager.

The Trustee requests these details on an annual basis and more frequently if required of how the Scheme's investment managers are undertaking these activities in comparison to their policies and relevant codes of practice. This is reviewed with input from the Scheme's investment adviser. The Trustee will then engage with the investment manager as necessary.

The Trustee considers the UK Stewardship Code and other relevant global codes in the course of its stewardship duties. The Trustee also requires all of its managers to comply and apply best practice standards of global stewardship.

5. Initiatives and Industry Collaboration

The Trustee recognises that collaboration and support of initiatives is a powerful tool to influence behaviour. As such, the Trustee is a member of Aon's Responsible Investment Network membership which provides access to regular updates on the Responsible Investment market innovations and developments, Responsible Investment focused events, and research/ focus group for discussion of key issues surrounding sustainable finance and Responsible Investment.

The Trustee expects its investment managers to consider collaboration with others, as permitted by relevant legal and regulatory codes, where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed.

6. Disclosure and Reporting

The Trustee requires transparency and disclosure from the investment managers, including reporting on voting and engagement progress and success. The transparency for voting should include voting actions and rationale with relevance to the Scheme, in particular, where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of either the Trustee or the investment manager.

In line with its commitment to transparency, the Trustee reports to the Scheme's stakeholders on Responsible Investment activities on an annual basis, within the Report and Accounts, and will consider other forms of communication to stakeholders from time-to-time.

7. Commitment

The Trustee acknowledges that its approach to Responsible Investment will need to evolve, both with respect to the changing landscape on ESG issues as well as broader industry developments.

The Trustee is committed to making ongoing improvements to the processes that underpin the delivery of this policy to ensure it remains relevant.

This policy will be reviewed as part of any strategic review of the Scheme's investment objectives and management of risk, or as required in response to changing regulations or broader governance issues.

This policy is available to all members on request.