

Allegion UK Pension Plan Implementation Statement – 5 April 2025

Why have we produced this Statement?

The Trustees of the Allegion UK Pension Plan have prepared this statement to comply with the requirements of the Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustees have complied with the voting and engagement policies detailed in the Plan'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 objectives and investment strategy.

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

The Trustees last reviewed the SIP in March 2025.

What is the purpose of this Statement?

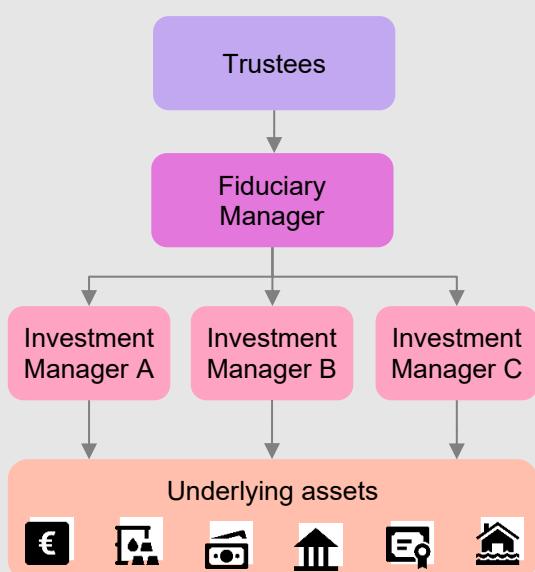
1. To explain how the Trustees' engagement policy has been applied over the year.
2. To describe how the voting rights attached the Plan's assets have been exercised over the year.

What changes have we made to the SIP?

The Trustees have made the following changes to the SIP over the year:

- Reduced the return target from gilts+1.5% p.a to gilts+1.0% p.a
- Updated objective to achieve 100% funding based on a solvency measure of liabilities, with the ultimate goal of conducting a full buy-in transaction
- Minor changes to investment manager policies and risk management section

How are the Plan'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 Plan'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 Plan'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 Plan'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 do the Trustees believe voting and engagement is important?

The Trustees' view is that Environmental, Social and Governance (ESG) factors can have a potential 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. The Fiduciary Manager has identified climate and human and labour rights as two of the biggest ESG risks facing the Plan, and the Trustees are supportive of these priorities.

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 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 collaboration 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. 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 engagement activity carried out over the year

Insurance-linked Investment manager Environment - Climate

Issue: The Fiduciary Manager engaged with the manager on ESG issues, specifically climate change research, and discussed potential solutions to protect the portfolio from evolving climate dynamics.

Outcome: The Fiduciary Manager has engaged with the Chief Investment Officer (CIO) and Investment team for the fund both in person and via Teams. While the fund was set up as a long-only fund, this engagement resulted in a hedge being put on in the portfolio to protect against the forecast highly active hurricane season. The Fiduciary Manager is pleased that the manager listened and acted on the mentioned concerns and will continue to monitor the success of the hedge & wider portfolio in light of the changing climate.

What are the voting statistics we provide?

The Plan 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 Plan'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 holdings
- 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.

State Street Global Advisors (SSgA) – Multi-Asset Diversified Growth Sub-Fund

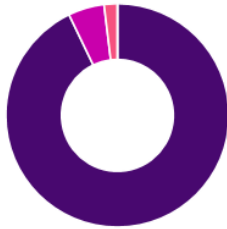
Voting activity over the year



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: Resolution failed

Why a significant vote? Human and labour rights is an important issue for the manager.

Next steps: The manager will aim to continue the engagement 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: Resolution failed

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

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

Voting policy: The manager has discretionary proxy voting authority over most of the client accounts. The manager will carefully vote these proxies in the manner that will aim to 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.