

Engagement and Voting Policy Implementation Statement for the year ending 31 March 2026

How we're meeting our commitment to Responsible Investment

Tesco Pension Trustees Ltd.

TESCO

How the Scheme's money is invested

To generate the money we need to pay our members their pensions and other benefits, we invest the Tesco PLC Pension Scheme's money in things like companies, government bonds, and property, in various different parts of the world.

It's important that we do this responsibly. So, when we invest, we consider all the financial risks and opportunities that can influence the value of our investments, including those from Environmental, Social, Governance (ESG) and Climate-related factors:

Environmental: including climate change and biodiversity loss

Governance: including business ethics and corporate transparency

Social: including human rights, diversity and inclusion, fair and decent treatment for workers and the wider society and local community

Climate: focusing on the impact of investments on climate, and the consequences of climate change on investments

In this Statement, we use the term **Responsible Investment**, which describes the integration of ESG considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance.

We have influence with the companies that we invest in

When we invest in a company, we can do so by buying shares in that company, or by buying or providing the debt issued by that company. We understand how important it is to work with the companies in which we invest, so we can influence their performance, their strategy, and their approach to risk management. We can also encourage them to adopt best practice on things like ESG and Climate. This also applies to the investment managers that we appoint to select these investments for us.

As part of this, the Trustee and its sub-committees engage with the Scheme's principal investment manager, Schroders, who manage assets for the Scheme, and engage with any other external managers on the Trustee's behalf. Some examples of this activity are included in this Statement.

Where we invest in shares, this gives our investment managers the right to vote on our behalf at Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs). They vote on the way these companies are run, discuss key issues with their senior management, and encourage them to adopt good practices and policies.

This is important, because investments in companies with good practices and policies tend to perform better in the long run. As shareholders, we can use our say and our votes to make the companies we invest in more sustainable, and therefore more likely to generate better returns.

We carefully consider the investments we make, and we encourage our investment managers to support financially sustainable businesses to generate the returns we need, in a cleaner, healthier, global environment. As part of this, we've agreed and set out our Stewardship* priorities (see page 5) and shared them with Schroders and our other significant investment managers. We continue to monitor their approach to Stewardship.

There's more information in this statement on how we vote, and how we engage with Schroders and various other parties.

This statement covers the year to 31 March 2026.

** The responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.*

This statement for the year to 31 March 2026 records the way we've voted and describes:

Our governance procedures including those on responsible investment and climate change

Voting during the year in the companies in which we're shareholders

How we followed the policies in our SIP* when **voting** (in the case of company shares) and when **engaging** (with the companies we're invested in)

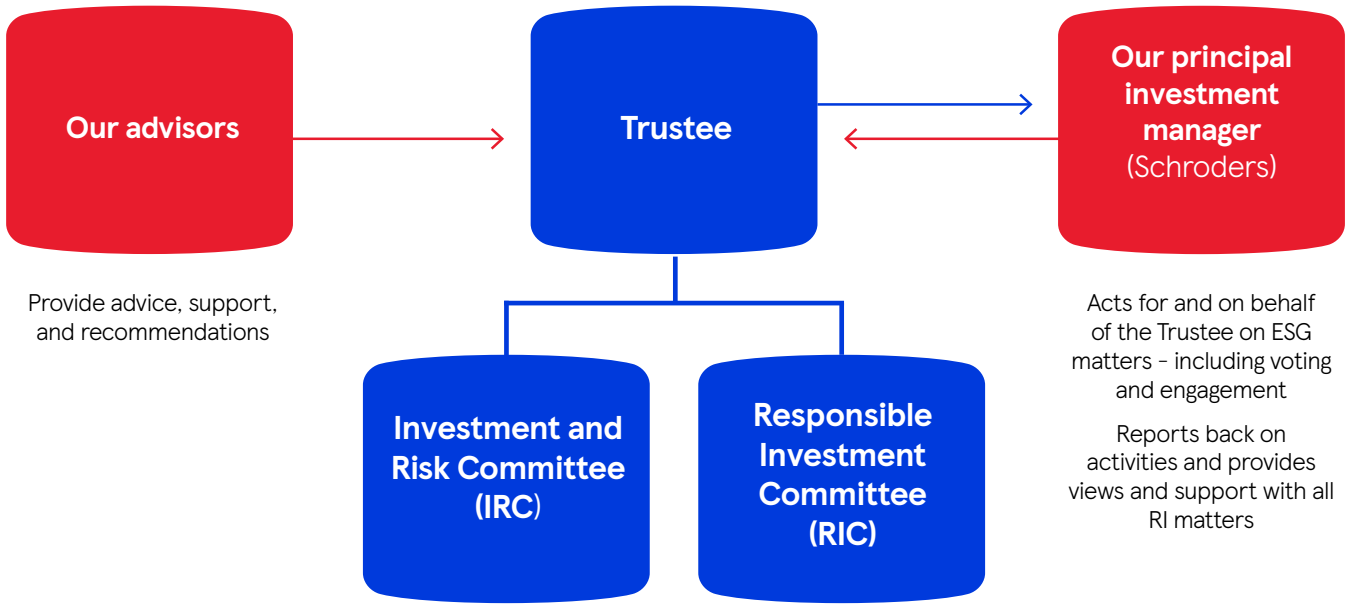
**Statement of Investment Principles*

How our Investment and Risk Committee (IRC) and our Responsible Investment Committee (RIC) have been supporting us

The Trustee's Investment and Risk Committee (IRC) continues to meet quarterly, to provide detailed oversight of the Scheme's investment strategy. The IRC considers advice, and then makes recommendations on the strategy to the Trustee. It also manages, monitors, and implements the Scheme's investment arrangements. During the Scheme year, the Responsible Investment Committee (RIC) also met regularly, considered advice, and then made recommendations to the Trustee and to the IRC, to help us consider and integrate Responsible Investment (RI) and ESG matters appropriately.

In March 2026, the Trustee agreed to integrate the RIC into the IRC from the following Scheme year (2026-27). The Trustee initially established the RIC in response to a rapidly evolving regulatory and stewardship landscape. Since then, reporting has been standardised and the Scheme's RI policy has become fully integrated into the Scheme's investment approach with Schroders. This change will improve the integration, effectiveness and efficiency of the oversight and management of the Scheme's responsible investment risks and opportunities. Further detail on the change and the IRC's role will be included in next year's statement and Climate Change Report.

Governance structure for Responsible Investment matters during the Scheme year





What we've done

1. Led by the work of the RIC, we've continued to develop our approach to Responsible Investment (RI)

We've continued to develop our policies and approach around RI, and we've devoted appropriate levels of time and resources to this area, given its importance.

We have a separate RI policy, as we believe responsible investment is sufficiently important to warrant specific attention. You can see the full policy here and read more about it in our Statement of Investment Principles (SIP). We review our RI policy every year, to make sure it continues to reflect our approach and our expectations. The RI policy was reviewed and updated in October 2025 to reflect current guidance and industry practice and to provide greater clarity on how the Trustee's policies are implemented across asset classes and managers.

Throughout the Scheme year, the Trustee received training sessions to build on and further increase the Trustee's knowledge and understanding of RI matters. The subjects covered during the year included:

- **Governance issues**, including business ethics, commitments, corporate transparency, and voting.
- **Changing political landscapes** and implications for responsible investment.
- **Climate scenario analysis** – the Trustee learned about a new way to look at climate risks, moving away from traditional models that can understate real-world issues. Experts explained what these risks could mean for the Scheme and Tesco.
- **SustainEx** – a tool developed by Schroders which aims to translate the actions of companies and governments into financial costs and benefits.

- **NatCapEx** – a tool developed by Schroders to measure how companies impact nature. It looks at what a company does, where it operates, how well it manages environmental issues, and whether it provides solutions that help protect or restore nature.

At the annual Trustee away day, two of the four sessions covered responsible investment themes, reflecting the importance of the area to the Trustee. These included a panel session where speakers provided updates on emerging climate themes, including evolving net zero pathways, increasing physical and transition risks, and the growing role of nature-related risks in investment decision-making, and a session with Professor Tim Lenton of Exeter University on translating complex Earth-system tipping-point science into practical insights for climate risk assessment.

Over the Scheme year, the Trustee also carried out a detailed review of the Scheme's RI approach using LCP's (our investment advisor's) RI assessment framework. The results of this review were used to consider potential actions and key RI focus areas for the Scheme.

As part of the ongoing review of our trustee governance framework, we also completed a trustee skills audit, as well as asking individual Trustees for their views on trustee effectiveness, to help assess training needs.

2. We've set key Stewardship priorities

We've set Stewardship priorities to focus monitoring and engagement on specific ESG factors. We monitor the activity of our investment managers in these areas to make sure they continue to meet our expectations.

The agreed Stewardship priorities are:

- **Environmental issues, including climate change and biodiversity loss.** The Trustee recognises that climate change and biodiversity loss are material financial risks to the Scheme, which are likely to influence the risk and return of the Scheme's investments over the short and the long term. The Trustee also recognises that climate change and biodiversity loss present significant risks to the global economy. The Trustee considers Stewardship to be a valuable tool, supporting progress towards its aim to achieve Net Zero carbon emissions by no later than 2050, and to drive change more broadly. More detail on the Trustee's work in this area is set out over the next few pages.
- **Social issues, including human rights, diversity and inclusion and fair and decent treatment for workers.** The Trustee recognises social issues as important and financially material considerations for the Scheme.
- **Governance issues, including business ethics and corporate transparency.** The Trustee recognises these areas as financially material for the Scheme, and important in ensuring positive, broader, ESG performance.

The Trustee continues to identify areas it believes will be appropriate to prioritise in the future.

Over the year, the Trustee has focused on these areas as priorities. The Trustee believes that the risk and return of the Scheme's investments can be improved by engagement with the companies in which we invest, and with other external parties where appropriate. The Trustee's Stewardship priorities are consistent with the Trustee's investment beliefs and are financially material risks to the Scheme. The Trustee believes that focusing on Stewardship in these areas is in the best financial interests of the Scheme and its beneficiaries.

3. We publish an annual Climate Change Report

The RIC has focused on identifying, assessing, monitoring, and managing climate-related risks and opportunities for the Scheme, and continues to work on our reporting requirements, which are based on the Task Force on Climate-Related Financial Disclosures (TCFD).

In June 2021, we committed to aim for the Scheme's portfolio of assets to have Net Zero carbon emissions by no later than 2050 and, during the year, we've reviewed our progress against our interim targets. The Trustee is a participant of the Institutional Investors Group on Climate Change (IIGCC) and a signatory to the Paris Aligned Investment Initiative Net Zero Asset Owner Commitment.

More information on our progress is contained in our latest annual Climate Change Report, which relates to the Scheme year ended 31 March 2026. This report summarises the work we've done, including setting and measuring various climate-related metrics and targets for the Scheme.

You can access our latest Climate Change Report here.



4. We continue to take an active approach to Stewardship and engagement

Stewardship is the responsible allocation, management, and oversight of capital to create long-term sustainable value for clients and beneficiaries.

Our Stewardship approach is based on active ownership, including engaging with the companies we're invested in, exercising voting rights, and working with others to support policies that promote the creation of long-term value.

The Trustee considers its Stewardship activities annually and publishes a report to demonstrate its commitment to being a responsible steward of its assets, and to provide detail on the types of Stewardship activity it's been involved in. You can access the Stewardship updates here.

During the year the Trustee, as well as Schroders on behalf of the Trustee, have engaged with a wide range of people (including asset managers, the issuers of debt and equity and other stakeholders) about a range of matters (such as their performance, strategy, conflicts of interest and capital structure). We have included various examples of this throughout the statement.

The Trustee received regular reports from Schroders on its engagement activities, voting record, and its discussions with companies and senior management across a range of investments. Schroders' engagement activity with companies relates both to equity and corporate bond holdings, where applicable. The Trustee meets Schroders quarterly to discuss and monitor activity and to consider Schroders' approach.

An example of the engagement activity carried out within the equity and fixed income portfolios during the year is set out in the case study on the next page.



CASE STUDY:

Equity and Fixed Income - Engagement with a consumer cyclical firm on the fair and decent treatment of workers

What is the background to the engagement?

As a global apparel company with a significant retail workforce and an extensive international supply chain, the company is exposed to social risks linked to working conditions, worker wellbeing, and exposure to climate-related physical hazards. The fair and decent treatment of workers is a critical consideration, particularly in sourcing regions facing rising temperatures. Schroders engaged with the company over 2024 and 2025 to understand how worker-related risks, including health and safety impacts associated with climate change, are being identified, assessed, and managed across its operations and supplier base, alongside broader sustainability and climate-risk initiatives.

What were the engagement highlights?

Engagement during 2024 and 2025 focused on how climate-related physical risks are beginning to affect workers within the company's global supply chain, particularly in regions exposed to extreme heat and other acute climate hazards. The company shared that its ongoing physical climate-risk work is helping to identify where workers may be exposed to heightened risks, such as heat stress, and where supplier-level mitigation and adaptation measures are most needed. This approach reflects growing recognition that climate impacts can affect worker health, safety, and productivity, and therefore require targeted responses alongside traditional operational risk assessments.

Early findings from a 2024 human rights saliency assessment, which explicitly considered climate-related risks to workers, are informing a refreshed due-diligence approach and future updates to supplier audits. While changes to audit practices are still under development, discussions highlighted the importance of embedding worker-focused considerations, including working conditions and heat exposure, more systematically into climate-adaptation planning. Alongside this, the company reported improved workforce engagement outcomes within its own operations and strong progress on internal mobility, while acknowledging opportunities to deepen disclosure and better capture how climate and social risks intersect across different geographies.

What are the next steps?

Going forward, engagement will focus on how the company continues to integrate worker-focused considerations into its climate-risk and due-diligence processes, particularly in regions identified as vulnerable to heat stress and other physical climate risks. Schroders will monitor how insights from the human rights saliency assessment and refreshed due-diligence approach are translated into practical measures across supplier audits, capacity-building efforts, and climate-adaptation planning. Engagement will also seek greater transparency on workforce-related outcomes, including how risks to worker health, safety, and wellbeing are addressed as sourcing strategies and climate-risk assessments evolve.

The Trustee will continue to receive regular reports from Schroders on its engagement activities, its voting record, and its discussions with companies and senior management across the Scheme's investments. This will allow the Trustee to make sure that Schroders' approach to Stewardship is in line with its own. More detail on our Stewardship policies, including how we monitor and engage with relevant parties, can be found in our RI policy. Schroders' investment management agreement requires Schroders to take account of the Trustee's RI policy in managing the mandate.



5. We continued to engage with the Scheme's LDI manager in relation to climate policy advocacy

The goal of policy advocacy is to influence decision-makers to affect the outcome of public policies, such as laws and regulations. Pension scheme trustees can use their influence with the UK government, as significant investors in UK government bonds, to encourage the action needed on systemic risks such as climate change. This is an example of how the Scheme can engage with relevant people in relation to broader relevant topics such as managing climate risk.

The Trustee assesses the policy advocacy policies of the Scheme's LDI manager in relation to climate change, comparing these to other LDI managers. In June 2025, the Trustee met with the LDI manager to consider the developments made in response to the areas identified for improvement in the review. The Trustee was pleased with the progress made and continues to engage with the LDI manager on this area.

6. We continue to support various other investor groups

During the Scheme year, the RIC carried out a review of its responsible investment initiatives and no changes were made to the Trustee's current ambitions. The Trustee is a supporter of Climate Action 100+, the largest collaborative group of investors in the world to engage with companies on climate change. The Trustee is also a supporter of Nature Action 100, an investor group focused on taking action on nature and biodiversity loss.

In 2025, we renewed our signatory status for the Global Investor Statement to Governments on the Climate Crisis initiative. We have also endorsed the LCP Climate Policy Asks, whereby LCP uses its influence (and the influence of its clients that have endorsed them) with policymakers and regulators to help achieve better long-term outcomes for its clients and beneficiaries. We are members of other industry groups, including the IIGCC and Asset Owner Council, and we also work with pension industry peers.

7. We updated our Statement of Investment Principles (SIP)

Our SIP summarises the principles and policies for how we invest. The Trustee reviewed and updated the SIP in November 2025, making updates to reflect Schroders' sub-portfolios and the Scheme's asset allocation after the latest de-risking activity, as well as to include definitions of private credit and private equity in the appendix.

In its opinion, the Trustee has followed the policies in the SIP. We've provided details and commentary around how we've done this in this statement. Progress against the Scheme's long-term plan was regularly reviewed as part of the quarterly monitoring received by the IRC and the Trustee. Risks for the Scheme were also monitored regularly, and reviews of RI-related risks were carried out.

8. Schroders supported the Trustee in the implementation of its RI objectives

ESG and RI were among the key criteria used in our selection process to appoint Schroders as our principal investment manager in 2024. Over the Scheme year, we considered Schroders' approach to RI as part of an annual review of their service provision, as well as when reviewing Schroders' equity capabilities specifically.

Schroders directly look after some of the Scheme's investments, and direct other external managers to manage the rest.

Schroders invests a significant amount of time and resource into RI research and implementation, which supports the Trustee in carrying out its objectives in this area. Over the year, both the RIC and the Trustee received regular reporting from Schroders on the Stewardship activities they carried out on the Trustee's behalf.

There are some examples of how Schroders engaged with some of the companies we're invested in on the Trustee's behalf later in this document. In general, the Trustee recognises that engagement goes much further than just exercising voting rights; the first vote is often just the start when it comes to engaging and influencing change on key issues. We have included details of the lessons learned from the significant votes made by Schroders on page 12.





How we voted during the year

During the Scheme year, our equity holdings were invested with Schroders. We delegated our voting rights to Schroders, having taken their voting and engagement policies into account when selecting and appointing them. We've included details on Schroders' voting policy on page 14.

We communicate our Stewardship priorities to Schroders, set out our expectations, and let them know that we consider votes related to our priorities to be significant.

Over the Scheme year, Schroders regularly reported on voting activity and on any relevant issues. You can find out more about this kind of reporting towards the end of this statement. Schroders cast thousands of votes every year, for and on behalf of the Scheme, in respect of our equity holdings.

The Trustee does not directly tell its managers how to vote.

However, it is important to us that, voting rights exercised on our behalf reflect our key investment beliefs regarding responsible investing (which are set out in our RI policy).

Voting is one way to influence the equity investments we own, but we can also engage more directly with the management of our portfolio companies. It is particularly important to be active in engaging with the management of assets such as fixed income bonds, where we don't have voting rights, and infrastructure, where voting rights for infrastructure equity is different and less extensive than with equity ownership in public companies. We have provided examples of engagement in both equity investments and non-equity asset classes in this statement. Engagement with the Trustee's property and other private assets managers was completed by Schroders, in alignment with the Trustee's principles and policies.

During the Scheme year, as part of our review of the RI policy we reviewed our voting policy to make sure it appropriately reflects the Trustee's views on active engagement across the full range of the companies in which we're invested and the assets that we hold, and to make sure it sets out our expectations for Schroders' own policies on voting and engagement.

Our most significant votes

When Schroders was appointed to manage the Scheme's assets, the Trustee communicated its Stewardship priorities, noting that these would form the basis of the significant votes for the Scheme. We've requested information from Schroders on our most significant votes placed during the year; the ones that best represent our Stewardship priorities, which include issues that form part of the Trustee's key beliefs around RI (as set out in our RI policy). As the Scheme's principal investment manager, Schroders voted and engaged on our behalf over the Scheme year, taking these beliefs and our expectations into account. Those most significant votes (five of them) are included on the following pages, and reflect action undertaken by Schroders on behalf of the Trustee. The information shown reflects the information that was provided by Schroders as part of these discussions.

The below votes were not communicated to the companies ahead of the vote. See "Who's involved?" on page 15.

1. Schroders voted in favour of a shareholder proposal requesting that the company disclose information on how its operations are consistent with its climate commitments

Date of the vote:

May 2025

Name, location, and activity of company:

Shell, Europe, Energy

Approximate size of the holding within the fund at the date of the vote:

0.8% of the equity portfolio

Stewardship priority the vote relates to:

Environmental issues, including climate change and biodiversity loss

The proposal:

A shareholder proposal requesting that the company disclose whether and how its demand forecast, its production targets, and new capital expenditures in Liquified Natural Gas (LNG) are consistent with its climate commitments, including its net zero by 2050 target.

How Schroders voted:

Schroders voted in favour of the proposal, against management recommendation

What was the rationale?

Schroders decided to support this shareholder resolution as it believes the additional disclosure requests are clear, focused and relate to a material aspect of the company's transition plan. Enhanced disclosure in these areas would strengthen the quality of information available to investors.

What was the outcome?

The shareholder proposal that Schroders supported was not successful, with 21% voting in favour.

What are the next steps?

Schroders have engaged with Shell several times on climate since the failed proposal, including on LNG disclosures. Schroders will continue to engage with Shell on climate given it is one of their engagement priority companies.

2. Schroders voted in favour of a shareholder proposal requesting a report on packaging materials

Date of the vote:

May 2025

Name, location, and activity of company:

Amazon, USA, Consumer Discretionary

Approximate size of the holding within the fund at the date of the vote:

2.4% of the equity portfolio

Stewardship priority the vote relates to:

Environmental issues, including climate change and biodiversity loss

The proposal:

A shareholder proposal requesting a report on packaging materials

How Schroders voted:

Schroders voted in favour of the proposal, against management recommendation

What was the rationale?

The shareholder proposal requested that Amazon produce a report on its packaging materials, with the aim of providing investors with clearer insight into how the company is managing risks related to packaging waste. In Schroders' view, enhanced disclosure on packaging materials is relevant from a biodiversity and natural capital perspective, particularly given the scale of Amazon's e-commerce operations and exposure to deforestation, waste and packaging-related risks and growing regulatory and policy demands in the area. Schroders therefore supported the proposal as a reasonable request for improved transparency on a material issue.

What was the outcome?

The shareholder proposal that Schroders supported was not successful, with 14% voting in favour.

What are the next steps?

Since the failed resolution, Schroders has engaged with Amazon multiple times on natural capital and biodiversity. In October 2025, Schroders requested they disclose clearer metrics on certified materials and offer greater transparency on EU Deforestation Regulation readiness. Schroders will continue to engage with Amazon on this topic given it is one of their engagement priority companies.

3. Schroders voted in favour of a shareholder proposal requesting a report on child safety impacts and actual harm reduction to children on its platforms

Date of the vote:

May 2025

Name, location, and activity of company:

Meta, USA, Information Technology

Approximate size of the holding within the fund at the date of the vote:

1.8% of the equity portfolio

Stewardship priority the vote relates to:

Social issues, including human rights, diversity and inclusion and fair and decent treatment for workers

The proposal:

A shareholder proposal regarding a report on child safety impacts and actual harm reduction to children on its platforms

How Schroders voted:

Schroders voted in favour of the proposal, against management recommendation

What was the rationale?

The shareholder proposal requested that the company publish a report on child safety impacts and actual harm reduction to children on its platforms. Schroders believes shareholders would benefit from greater disclosure on the progress Meta has made to improve child safety, as well as the targets in place to guide further harm reduction efforts. In Schroders' view, taking credible steps to improve child safety is important to mitigate potentially substantial reputational and legal risks to the company. Those risks are underlined by the growing political focus on children's social media use across several countries, and the potential threat to the company's business model. Given the scale of Meta's platforms and the material nature of user safety risk, Schroders supported the proposal as a reasonable request for improved transparency around how the Company is managing and overseeing these issues.

What was the outcome?

The shareholder proposal that Schroders supported was not successful, with 13% voting in favour.

What are the next steps?

In November 2025, Schroders signed onto a collaborative letter to Meta, requesting to discuss their approach to responsible Artificial Intelligence and platform safety metrics. Schroders also plan to engage on upcoming policy consultation relating to online child safety in the UK. Schroders will continue to engage with Meta, and monitor progress on this topic, given it is one of their engagement priority companies.

4. Schroders voted in favour of a shareholder proposal requesting an annual report on the prevention of workplace harassment and discrimination

Date of the vote:

April 2025

Name, location, and activity of company:

Wells Fargo, USA, Financials

Approximate size of the holding within the fund at the date of the vote:

0.2% of the equity portfolio

Stewardship priority the vote relates to:

Social issues, including human rights, diversity and inclusion and fair and decent treatment for workers

The proposal:

A shareholder proposal requesting an annual report on the prevention of workplace harassment and discrimination

How Schroders voted:

Schroders voted in favour of the proposal, against management recommendation

What was the rationale?

The shareholder proposal requested that the company publish an annual report on the prevention of workplace harassment and discrimination. Schroders' view is that shareholders would benefit from greater disclosure on the effectiveness of Wells Fargo's efforts in this area. In Schroders' view, enhanced transparency would help demonstrate how the company is managing material human capital risks and underscore the importance Schroders and the Trustee place on workplace harassment and discrimination prevention.

What was the outcome?

The shareholder proposal that Schroders supported was not successful, with 15% voting in favour.

What are the next steps?

Schroders have engaged with Wells Fargo multiple times since the failed proposal, including on diversity and inclusion. As one of their priority engagement companies, Schroders will continue to engage with Wells Fargo on both diversity and inclusion and the decent treatment of workers.

5. Schroders voted against the election of the chair of the Board committee responsible for oversight of environmental and social issues

Date of the vote:

March 2026

Name, location, and activity of company:

Santander, Europe, Financials

Approximate size of the holding within the fund at the date of the vote:

0.2% of the equity portfolio

Stewardship priority the vote relates to:

Governance issues, including business ethics and corporate transparency, and environmental issues, including climate change and biodiversity loss

The proposal:

The re-election of the chair of the Board committee responsible for oversight of environmental and social issues

How Schroders voted:

Schroders voted against the election of the chair of the Board committee, against management recommendation

What was the rationale?

Schroders voted against the election of the chair of the Board committee responsible for oversight of environmental and social issues due to concerns regarding the recent weakening of the bank's climate commitments. Schroders believes the committee should provide robust oversight of the bank's climate strategy, particularly given the financially material risks associated with the transition to a low-carbon economy. Schroders considered it appropriate to hold the committee chair accountable through a vote against their re-election. Schroders believed that voting against the committee chair was in the best financial interests of its clients' investments and would reinforce the importance of effective climate oversight at the Board level.

What was the outcome?

The resolution that Schroders voted against was successful, with 96% voting in favour.

What are the next steps?

Schroders subsequently met with investor relations representatives at Santander and communicated the rationale for its vote against the director on climate and governance grounds. Schroders had a further follow-up meeting with the Head of Sustainability at Santander to discuss its escalation, as well as their exposure to deforestation in Latin America, and will continue to engage with Santander as appropriate.

Lessons learned from our most significant votes

The Trustee had no direct control over how votes were cast by Schroders on its behalf. This highlights the importance of reviewing Schroders' voting policies, monitoring practices, engaging on key votes and providing regular feedback on the Trustee's expectations. For example, Schroders provide a quarterly update on monitoring and engagement activity at the RIC meetings, which is presented, allowing the Committee members to challenge activity as appropriate, to ensure it is aligned with the Trustee's expectations. The Trustee has reviewed Schroders' Stewardship policies to consider alignment with their priorities and is comfortable that Schroders' voting practices largely align with the Trustee's expectations.

The above includes cases where a vote was made in support of a shareholder proposal, against management, and were not successful. A case is also included where Schroders voted against the election of the chair of a committee, against management recommendation, and was not successful. Engagement on these issues is therefore important in addition to the votes in order to seek improvements in these important areas. Schroders regularly engages with companies on these topics and reports back to the Trustee on key issues.

Schroders will continue to engage with portfolio companies, where deemed appropriate, on the Trustee's behalf, and will monitor future resolutions related to the significant votes and report on any significant developments.

The Trustee undertakes a full review of Schroders' capabilities as the Scheme's investment manager, including its credentials, resourcing and activities in relation to RI. The Trustee also carries out desk reviews of Schroders' capabilities in specific asset classes. The Trustee carried out a review of the equity desk during the Scheme year, and were comfortable that Schroders have a robust approach to RI and are fully integrating sustainability considerations into the investment decision-making process across the Scheme's assets.



A summary of our voting across the year

Who voted?	Total	Environmental	Social	Governance
Number of meetings voted at	573	59	61	573
Number of issues voted on	8092	69	106	7917
Number of times the manager voted with management	7146	45	64	7037
Number of times the manager voted against management	946	24	42	880
Number of votes abstained / withheld from	3	0	0	3
Number of times the manager voted for a shareholder proposal	150	24	42	84
Number of times the manager voted against a shareholder proposal	216	45	64	107
Number of times the manager voted for a management proposal	6892	6	0	6886
Number of times the manager voted against a management proposal	831	2	1	828

Notes:

Schroders have provided the voting information split out between Environmental, Social, and Governance (ESG) issues. All meetings at which Schroders voted included governance resolutions, while only a subset of meetings included explicit environmental or social resolutions. Therefore, because meetings can have resolutions covering E, S and G topics, their respective sub-totals do not sum to the overall total. In addition, because every meeting will have some form of governance resolution, the figure reflects all meetings voted at during the period.



How our voting and engagement processes work

The Trustee has delegated voting rights and engagement activities around the Scheme's investments to Schroders, and to our other investment managers. Details of Schroders' processes are set out below.

Schroders

- Schroders maintains a firm-wide commitment to active ownership, through both engagement and voting activities across various asset classes (they primarily vote on listed equity). The Corporate Governance and Investment teams work together to ensure decisions align with clients' long-term interests and regulatory requirements, guided by the Schroders' Engagement Blueprint (voting is not guided by the Engagement blueprint) and Voting Guidelines. The Engagement Blueprint is a policy document setting out Schroders' high-level vision for active ownership, including the themes that Schroders have identified as material to the long-term value of investments. As active investors, Schroders recognise their responsibility to make considered use of voting rights, therefore, it is their policy to vote all shares at all meetings globally, except where there are onerous restrictions, for example, share blocking.
- All proxy voting is processed electronically using Glass Lewis's platform, Viewpoint, adhering to Schroders' global and regional voting guidelines that are reviewed annually. The global voting guidelines set the minimum standards to be applied and are supported by regional and/or market specific guidelines, where applicable. Schroders examine sustainability-related shareholder resolutions on a case-by-case basis, carefully considering whether the resolutions are the best way to address the issue to add value to the company without the potential for causing unintended negative impact. Schroders generally supports proposals that seek better disclosure of material sustainability matters, improve corporate governance, and align with their Engagement Blueprint and Climate Transition Action Plan.
- To ensure consistency in voting decisions as well as creating a more formalised approach to their voting process, Glass Lewis automatically votes holdings of which Schroders own less than 0.5% of share capital (excluding certain resolutions). Schroders' most material holdings, where they believe their vote has the most influence, as well as contentious or nuanced resolutions regardless of holding size, are reviewed by corporate governance and investment teams for informed decision-making.
- Schroders receives recommendations from Glass Lewis in line with their own bespoke guidelines, in addition to Glass Lewis' standard research. This is complemented with research by Schroders' in-house investment and Sustainable Investment analysts and where appropriate with reference to public reporting. Their Corporate Governance specialists assess each proposal and consider a range of factors, including the circumstances of each company, their engagement history, long-term performance, company governance, strategy and the local corporate governance code.
- Active engagement with management is a key responsibility, with analysts and fund managers directly involved, guided by the Engagement Blueprint that outlines priority themes such as climate change and corporate governance. Escalation of concerns is based on materiality, urgency, and previous progress. Schroders may inform companies of their voting intentions in advance or after meetings, especially for contentious votes, and publishes voting records monthly for transparency.



The Trustee makes sure it understands and is comfortable with its investment managers' engagement and escalation policies, and that these policies are appropriate for the relevant mandate. With respect to external investment managers, this responsibility has been delegated to Schroders.

The Trustee has agreed an approach for the escalation of engagement issues relating to its external investment managers. The RIC takes an active approach to reviewing, questioning, and challenging the information it receives, and it raises any concerns that it identifies. This approach has been shared with the Scheme's external managers.

Who's involved?

The Trustee

The Trustee sets the strategy for the way the Scheme invests, which helps guide the way votes are made and how we engage with companies. The Trustee receives advice on its RI work, and on updating its RI policy, from its investment advisors and its legal advisors. You can read more about the strategy in the SIP here.

Principal Investment Manager

Schroders

Schroders was appointed as principal investment manager in June 2024. Schroders manages the Scheme's assets and any other external managers and where relevant, vote on the Trustee's behalf. Schroders integrates ESG considerations into their research and investment decisions across asset classes via specialist teams. Schroders' RI team focused on RI matters are heavily involved in investing the Scheme's assets.

External managers

Where external managers are appointed to manage a portion of the Scheme's assets, they will also cast votes on the Trustee's behalf, where relevant to the asset class they manage. Schroders shares the Trustee's Stewardship priorities and expectations with the Liability-Driven Investments (LDI) fund manager, and the Scheme's other external managers and carries out due diligence over their voting and stewardship activities and reports these to the Trustee.



What are our voting and engagement policies?

Our voting and engagement policies are set out in our Statement of Investment Principles (SIP). We followed these policies throughout the year achieved by:

1
Delegating to our managers' and making clear what we expect of them

2
Reviewing our managers' decisions and engaging with them

3
Engaging with private markets and other fund managers*

These actions reflect how we engaged with and monitored relevant parties during the year.

**During the Scheme year, Schroders implemented this on the Trustee's behalf, in accordance with the policies set by the Trustee.*

1
Delegating to our managers, and making clear what we expect of them

During the Scheme year, we delegated voting rights and engagement activities around the Scheme's investments to the principal investment manager, and to our other investment managers.

Whether voting, engaging, monitoring, or appointing external managers on the Trustee's behalf, the principal investment manager had to consider the policies set out in our SIP and in our RI policy. Schroders has confirmed that they complied with this requirement throughout the Scheme year.

We expect Schroders and any of our external fund managers to take account of RI factors as financially material considerations, now and in the future. These include climate-related risks and opportunities, which can have a financial impact on the Scheme's investments.

2

Reviewing our managers' decisions and engaging with them

During the Scheme year, Schroders maintained oversight of the Scheme's external investment managers and engaged with them to reaffirm the Trustee's Responsible Investment policy and stewardship priorities.

Regular reviews

Given the number of decisions that have been delegated, Schroders do not review every decision taken by other external managers, but did engage with them regularly, and report any material observations and conclusions to the Trustee.

Schroders and LCP report to the IRC and to the Trustee on the Scheme's investment performance each quarter. During the Scheme year, which was prior to the IRC and RIC integration, they also reported to the RIC each quarter on all things relating to RI. As part of these reports, Schroders provided an ESG update, which included a summary of engagement and Stewardship activity. The Trustee also received regular updates from the RIC, as part of its work relating to the TCFD recommendations. The RIC discussed RI-related performance, including updates on engagement and voting, with Schroders at its regular meetings. These updates will be discussed by the IRC going forward.

When external managers are used, Schroders monitor and review those managers. This includes formal review calls with key managers, during which they will discuss RI, including Stewardship practices, and any areas where the manager is not meeting the Trustee's expectations. Schroders will report any relevant updates to the Trustee. No issues requiring action by the Trustee were identified during the Scheme year.

Other, less frequent, reviews

During the Scheme year, Schroders reported to us at RIC meetings on discussions with management at the companies we're invested in, and on any key votes (particularly controversial ones) that Schroders wished to discuss with the Trustee. As part of the annual review during the Scheme year, Schroders considered voting behaviour against the Trustee's policy and raised any controversial issues with the Trustee.

In April and May 2025, LCP carried out its first review and assessment of Schroders' activities against the objectives set by the Trustee. The resulting reports included a focus on what Schroders was doing about RI considerations, and any climate-related risks and opportunities. The Trustee set LCP objectives for RI too, and it reviews their performance against those objectives annually.

At least once a year, Schroders will complete a review of the external managers and their practices. The combination of this review and the quarterly reviews that the Trustee receives allows the Trustee to monitor the managers' practices, escalate any issues that are identified and, where necessary, take action to engage with and influence these external managers' behaviours.



3
Engaging with private markets and other fund managers

Where the Scheme is invested in private markets funds, voting does not work in the same way as it does with the public businesses we're invested in. Schroders could vote in some private markets; for example, at some private market fund AGMs, or where a vote was required to change a fund's terms. Schroders carefully considered how it uses its voting rights and reports to the RIC on any appropriate matters.

The Trustee has other ways to use its influence to achieve positive outcomes. When considering new private markets investments, Schroders carries out detailed due diligence on the Trustee's behalf, which includes the careful consideration of fund managers' policies and reporting, and how their policies inform the decisions they make.

Last year, Schroders developed an ESG Due Diligence Questionnaire ("DDQ") tailored to the Trustee's objectives and targets. Schroders send this DDQ to the Trustee's private asset managers annually and develop a target list of managers, identified using prioritisation criteria, who will be subject to further direct engagement. These engagements focus on the managers' approaches to integrating responsible investment, engaging with its underlying investments and their approach to the Trustee's engagement priorities.

Over the Scheme year, Schroders enhanced their ESG DDQ to focus more on physical climate risk, helping to identify where there may be gaps in a manager's approach. With each of the managers engaged, Schroders shared their expectations based on where they perceived gaps aligned with their level of sophistication. For instance, where a manager did not provide any emissions reporting, this was requested. If the manager did provide emissions reporting, yet Schroders believed there was a gap in their process, they requested this be enhanced.

Schroders monitor managers and their underlying private markets investments on the Trustee's behalf. They will also engage with them through a regular schedule of performance reviews, fund monitoring, limited partner advisory committees, and directly targeted communication.



CASE STUDY:

Continued engagement with a large US technology company on human rights and climate change

What was the background?

In last year's Statement, we reported on Schroders' engagement with a large US technology company on human rights and climate change. Schroders has been continuing to engage with the company over the past year on the implementation of responsible artificial intelligence (AI) practices and the management of human rights risks linked to its cloud and AI services.

As the company expands its role in cloud computing and AI, it faces financially material risks related to how customers deploy its technologies, the oversight of sensitive use cases, and the protection of digital rights. These risks have intensified amid rapid AI deployment, global conflict, and rising expectations under forthcoming due diligence regulation.

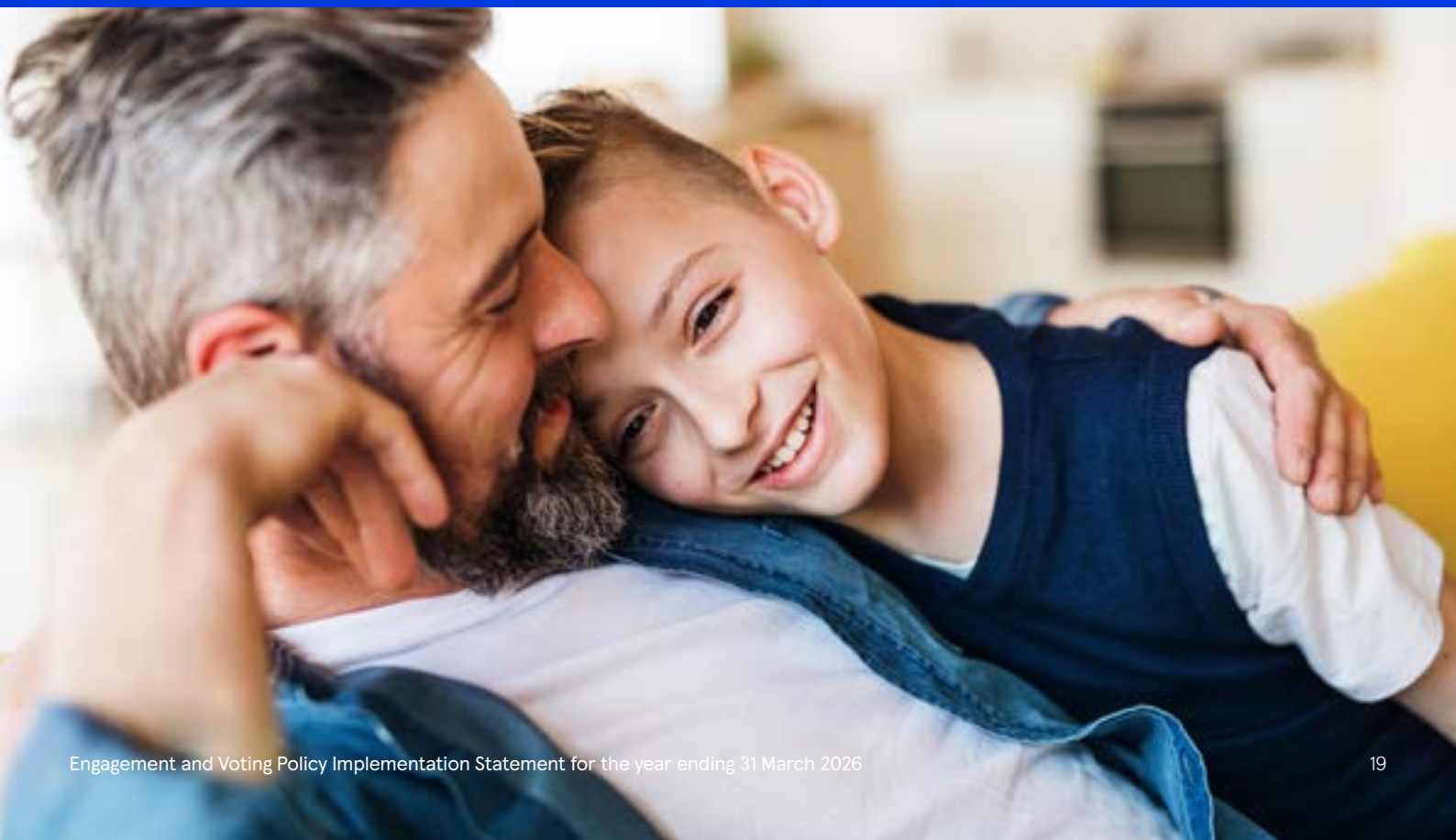
Schroders' engagement was prompted by the need for greater transparency around customer and transaction due diligence and how the company manages human-rights risks associated with potential misuse of its services, including in sensitive or high-risk regions. Given the company's leadership position in AI and its strong history of integrating sustainability, Schroders believe oversight of human rights risks emerging from the use of its products is an important element to build public trust and maintain its status in the market.

What were the engagement highlights?

In 2024, Schroders engaged with the company on strengthening its policies on the use of third-party AI and spoke with the company secretary on the topic of customer due diligence and transactions. This included sharing best practice examples from peers. In 2025, the company confirmed that it now conducts customer-level human-rights due diligence, supported by new pre-contract screening for higher-risk customers and strengthened escalation mechanisms. It has also introduced additional governance tools for oversight and clearer internal controls to prevent misuse.

What are the next steps?

Looking ahead, Schroders' engagement will focus on evaluating the effectiveness of new customer screening processes and escalation mechanisms, including how they operate in high-risk contexts. Schroders expect to continue constructive dialogue with the company through 2026 as it embeds these strengthened processes across its rapidly expanding cloud and AI ecosystem.





In summary

In this statement, we've explained how the Scheme followed the investment policies set out in the SIP during the Scheme year. We'll produce a new version of this statement every year, to keep you informed on how the Scheme is investing.

As our principal investment manager, Schroders manages our investments in companies directly for us, having replaced our previous external managers. This means that Schroders, acting on the Trustee's behalf, can have more direct influence with the companies we invest in, on a range of key sustainability themes, in line with the Trustee's Stewardship priorities.

You can find out more about how the Scheme is investing in our separate annual reports and updates on climate change and Stewardship. They are available to view and download at pensionwebsite.co.uk/scheme-investments-gsi