

Tesco PLC Pension Scheme

Trustee's report and financial statements

For the year ended 31 March 2026
Scheme Registration Number: 10057010

Tesco Pension Trustees Ltd.



Tesco PLC Pension Scheme

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Directors and Advisors

Principal Employer	Tesco PLC
Corporate Trustee	Tesco Pension Trustees Limited
Directors	**Appointed by the Principal Employer** K Tindall A Cheung S Rigby E Taylor **Appointed by the Members** M Bagoban (resigned 31 March 2026) L Booker S Kyte (appointed on 1 May 2025) S Pritchard (appointed 10 June 2026) **Independent Directors** R Smith (Chair) The Law Debenture Pension Trust Corporation PLC represented by N Winterfrost
Secretary to the Trustee	A de Baat L Hay
Scheme Administrator	Tesco Stores Limited
Actuary	N Mobbs FIA, Towers Watson Limited
Independent Auditor	Deloitte LLP
Legal Advisors	Eversheds Sutherland LLP
Property Valuer	Cushman & Wakefield (terminated on 28 April 2026) CBRE (first valuations completed as at 31 March 2026)

Directors and Advisors (continued)

Principal Investment Manager	Schroder Investment Management Limited
Investment Advisors	Lane Clark & Peacock LLP
Investment Managers	Insight Investment
Global Investment Custodian and Master Record Keeper	Northern Trust Corporation
Banker	HSBC Bank plc
Administrator and Enquiries	The Pensions Team PO Box 567 Welwyn Garden City AL7 9NN Telephone: 0345 070 1113 Email: pensions.dept@tesco.com



Trustee's Report

How the Scheme is run

The Tesco PLC Pension Scheme ("the Scheme") is a defined benefit scheme. It provides pension benefits for employees of Tesco PLC and the other participating employers (as listed below, collectively "the Employer"). The Scheme was closed to future benefit accrual from 21 November 2015.

The Scheme is established under Trust Deed and Rules dated 25 May 1976. The Scheme is registered with HM Revenue and Customs under Chapter 2, Part 4 of the Finance Act 2004. We are aware of no reason why the registration would be withdrawn.

The Scheme is registered with the Pensions Regulator, registration number: 10057010.

Other participating employers

During the year ended 31 March 2026 the other participating employers were:

- Tesco Stores Limited
- One Stop Stores Limited
- Tesco Personal Finance PLC

The Trustee

Tesco Pension Trustees Limited exists solely for the purpose of acting as Corporate Trustee of the Scheme. It is referred to as "the Trustee" throughout this report.

The Trustee is responsible for the administration and investment policy of the Scheme. The Directors usually meet at least four times a year to discuss the reports received from the Investment and Risk Committee (IRC), the Operations and Audit Committee (OAC), the Responsible Investment Committee (RIC), the Valuation sub-Committee (VSC), the Discretions Committee, the GMP Working Party and external advisors.

The Scheme rules include provisions governing the appointment and removal of Directors. Tesco PLC holds the power to appoint and remove Trustee Directors, with the Board comprising a minimum of two and a maximum of ten members at any time. In accordance with legislative requirements, one-third of the Directors are selected following nominations from Scheme members. Employed, deferred and pensioner members are eligible to nominate candidates, with successful appointments determined by a panel comprising representatives of the Directors, relevant trade unions and the pensions industry.

In addition to attending full Board meetings, most Directors also serve on sub-committees, which typically meet on a quarterly basis. The attendance record for the year ended 31 March 2026 is set out below:

		Full Trustee Meeting	OAC*	IRC*	RIC*	Discretions Committee	Additional Meetings
Employer Appointed:	Mr S Rigby	7	N/A	5	N/A	N/A	3
	Mr K Tindall	7	N/A	N/A	N/A	N/A	2
	Ms A Cheung	6	N/A	N/A	N/A	N/A	2
	Ms E Taylor	7	N/A	N/A	N/A	N/A	2
Member Nominated:	Mr M Bagoban	7	2[a]	5	4	N/A	3
	Ms L Booker	7	4	N/A	N/A	3	2
	Ms S Kyte	6	4	N/A	N/A	3	N/A
Independent:	Mr R Smith (Chair)	7	4	5	4	N/A	3
	Ms N Winterfrost	7	4	5	4	4	3
Other Committee Members:	Mr A Henley	N/A	N/A	3	4	N/A	1
	Ms L Fishman	N/A	4	N/A	N/A	N/A	N/A

** OAC = Operations and Audit Committee: IRC = Investment and Risk Committee: RIC = Responsible Investment Committee*
[a] Mr M Bagoban observed two OAC meetings during the year

The Trustee (continued).

There were three additional meetings held during the year:

- a Trustee training day
- an IRC training day
- a meeting to discuss the outcome of the 31 March 2025 actuarial valuation

Virgin Media Disclosure

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of Section 37 of the Pension Schemes Act 1993. The decision was that amendments to pension scheme rules made in a certain period and relating to contracted-out benefits will be void if no actuarial confirmation was obtained that the "reference scheme test" continued to be met. The court decision was subject to appeal but was upheld on appeal on 25 July 2024.

Since the Court of Appeal judgment, legislative provisions aimed at addressing the issues caused by the Virgin Media case have come into force through Chapter One of Part Four of the Pension Schemes Act 2026. These give affected pension schemes the ability to obtain written actuarial confirmation retrospectively that historic benefit changes met the necessary standards. We also now have actuarial guidance from the FRC and regulatory guidance from the Pensions Regulator on these provisions.

The Trustee is currently taking legal and actuarial advice on this. In addition, the Trustee is aware that the judgment on at least one further legal case in this area is due to be published later this year.

The Trustee has consulted with its legal advisors (Eversheds Sutherland) and there are no findings from the work undertaken to date that would require any adjustment to liabilities.

Financial developments and financial statements

The financial statements included in this annual report are the financial statements required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41 (1) and (6) of that Act.

During the year under review, the total net assets of the Scheme increased to £10.8 billion (2025: £10.5 billion). The Scheme had a negative cashflow due to outgoing benefits exceeding contributions and investment income.

Market volatility over the year

Over the year to 31 March 2026, the global economy remained fairly resilient despite geopolitical tensions, trade disputes and policy uncertainty. Growth was supported by lower interest rates, fiscal spending in some regions and continued investment in artificial intelligence and related technologies.

Inflation continued to ease but remained above central bank targets in some economies, including the UK and the US. Central banks generally eased policy over the year, although the pace of rate cuts slowed towards the end of the period.

Government bond yields were volatile amid changing rate expectations, geopolitical risks and concerns around government borrowing. Overall, UK gilt yields rose over the year, while global equities delivered another year of positive returns.

Higher gilt yields reduced the value of the Scheme's liabilities, while the Scheme's assets (particularly the interest rate and inflation protection within the LDI portfolio) moved in line with market conditions. Growth assets generated positive returns and the Scheme remained fully funded at 31 March 2026, supported by a robust and structured collateral ladder.



Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard (FRS 102), are the responsibility of the Trustee. Pension Scheme regulations require the Trustee to ensure that the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are maintained and for taking such steps as are reasonably open to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control. The Trustee is responsible for the maintenance and integrity of the corporate and financial information included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees Responsibilities in Respect of Contributions

The Trustee is responsible under pensions legislation for preparing, maintaining, reviewing from time-to-time and if necessary, revising a Schedule of Contributions, showing the rates of contributions payable to the Scheme by or on behalf of the Employer, as well as the dates on or before which such contributions are to be paid.

The Trustee is also responsible for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the Schedules of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

Membership statistics

	31 March 2026	31 March 2025
Deferred pensioners	225,067	232,962
Pensioners	98,993	94,481

Pension increases

The Scheme increases pensions in payment annually in line with price inflation, up to a maximum of 5% a year. Price inflation for pensions built up before 1 June 2012 is measured by the Retail Prices Index. Price inflation for pensions built up from 1 June 2012 is measured by the Consumer Prices Index. Increases above this may be awarded at the discretion of the Employer. The Scheme increases Guaranteed Minimum Pensions in line with statutory requirements.

In April 2025, pensions in payment in excess of Guaranteed Minimum Pension that were built up before June 2012 were increased by 3.6%. Pensions in payment built up since June 2012 were increased by 3.0%. The following increases to pensions in payment were provided in earlier years:

Date	Pension built up before June 2012	Pension built up after June 2012
1 April 2024	4.9%	4.0%
1 April 2023	5.0%	5.0%
1 April 2022	5.0%	5.0%
1 April 2021	1.4%	0.7%
1 April 2020	2.7%	1.8%
1 April 2019	2.5%	1.8%
1 April 2018	4.0%	3.0%
1 April 2017	2.6%	1.8%
1 April 2016	1.3%	0.3%
1 April 2015	1.1%	0.3%
1 April 2014	2.8%	1.9%

None of these increases were discretionary.

Pensions in payment on the WM Low & Company Retirement Benefits Scheme basis, paid from the Tesco PLC Pension Scheme, are not increased above the statutory increase on the GMP part of the pension. The Scheme must increase the pensions of members who left the Scheme on or after 1 January 1986 and before retirement in accordance with statutory legislation. This legislation requires full increases to the total pension built up for members who leave on or after 1 January 1991. For any leavers between 1 January 1986 and 1 January 1991 legislation only requires increases to the amount of pension built up from 1 January 1985. The Scheme provides full increases to the whole pension built up for these leavers, and therefore, the Scheme provides increases beyond the basic statutory requirement.

Deferred pensions have been increased in line with statutory requirements for all sections of the Scheme.

Transfer values

Cash equivalents paid during the Scheme year with respect to transfers have been calculated and verified in accordance with current legislation and exclude any discretionary benefits.

Administration

The Scheme is administered on behalf of the Trustee by the Pensions Team of Tesco Stores Limited, to which any enquiries should be addressed. The contact details are:

Address: The Pensions Team
PO Box 567
Welwyn Garden City
AL7 9NN

Telephone: 0345 070 1113

Email: pensions.dept@tesco.com

The management and staff involved in running the Scheme (including the Secretary to the Trustee) are employed by Tesco Stores Limited and other related subsidiaries of Tesco PLC. The Scheme bears all costs of investment, Trustee expenses, stationery, postage and other sundry administrative costs.



Investment Report

This section of the report covers:

- What are The Trustee's investments objectives?
- How decisions over the investments are taken including significant changes made since 31 March 2025
- How investment markets and the Scheme performed
- How individual asset mandates performed
- Some additional information about the management of the Scheme's assets

The Trustee's investment objectives

The main objective of the Trustee is to ensure that the Scheme is able to pay the members and their families their promised benefits. To meet this objective, the Trustee invests in a diverse range of investments, balancing risk with expected investment returns.

As the benefits are payable over a long period, the Trustee takes a long-term view when making investments. This means the performance can vary from year to year and, in some years, returns may be negative. A single poor year will not directly affect the ability to meet the longer-term objectives.

How decisions over the investments are taken

The Trustee sets a long-term investment strategy, after obtaining advice from consultants for both long-term and medium-term allocation. The Trustee's investment strategy is to generate the returns required in the Scheme's funding plan in a risk-controlled way, by investing in a range of different types of assets.

The Trustee seeks to mitigate a high proportion of the impact that changes to interest and inflation rates may have on the funding position. The Trustee has clear principles around liability hedging, collateral and expected returns, and how to balance them.

The Trustee reviews the investment strategy at least every three years, or when there is any significant change in the circumstances of the Scheme. The Trustee regularly monitors the investments. The Scheme's asset allocation as at 31 March 2026 is:

- equities 23%;
- fixed income 49% (which includes government and corporate bonds and treasury);
- private equity 7%;
- property (direct and indirect) 7%;
- private credit 8%; and
- infrastructure equity 6%.

The Trustee has produced a Statement of Investment Principles (SIP) as a requirement of Section 35 of the Pensions Act 1995 (as updated by the Pensions Act 2004), which can be found online here: Tesco pensions - Scheme documents and financial reports. The latest version of the SIP is dated November 2025 and the investments held as at the year-end were held in line with the SIP.

During the Scheme year, Schroders acted as principal fund manager for the Scheme under an OCIO Investment Management agreement with the Trustee (the "OCIO Agreement"). Schroders has been given discretion on the asset allocation, subject to restrictions as outlined in the investment management agreement. The actual asset allocation relative to these restrictions is monitored by the Investment Risk Committee.

How have investment markets and the Scheme performed?

The total Scheme returns over 1, 3 and 5 years are shown below. The Scheme's returns excluding LDI are also shown.

	Total Scheme	Scheme excl. LDI
1 year	7.8%	10.7%
3 year	-2.0% pa	7.9% pa
5 year	-7.2% pa	3.7% pa





Trustee's Report (continued) | Investment Report

How did individual asset mandates perform?

Equities:

The Scheme's equity investments generated an absolute return of 18.5%. The core equity component of the Scheme's equity investments generated an absolute return of 19.5% outperforming after fees its benchmark, the MSCI All Country World Index unhedged in GBP, which returned 17.5%. The core equity component outperformed the benchmark by +2.0% in the period, compared to an outperformance target of +1.0% p.a.

Fixed Income:

The Scheme's fixed income investments generated an absolute return of 6.5% outperforming after fees its GBP hedged composite benchmark, which returned 5.9%. The fixed income investments outperformed the benchmark by +0.6% in the period, compared to an outperformance target of +0.5% p.a. (over rolling three-year periods).

Direct Property:

The Scheme's direct property investments generated an absolute return of 5.6%.

Indirect Property:

The Scheme's indirect property investments generated an absolute return of 3.5%.

Alternatives:

The Scheme's Alternative assets generated an absolute return of 29.0%.

Private Equity:

The Scheme's Private Equity assets generated an absolute return of 11.6%.

Private Credit:

The Scheme's Private Credit assets generated an absolute return of 7.3%.

Infrastructure Equity:

The Scheme's Infrastructure Equity assets generated an absolute return of 4.5%.

Other disclosures

Question	Answer
Who makes sure the assets are held securely?	Details on individual assets are as follows: • All listed securities are held with the Scheme's global custodian, Northern Trust. • All exchange traded derivatives are registered with the Bank of America Merrill Lynch, the Scheme's global clearer. • Bilaterally traded OTC derivatives are agreements between the Scheme and the individual counterparty. These are collateralised daily. • Unlisted alternative assets are registered in the name of the Scheme with the administrators of the underlying funds. • Direct property assets are held in the name of the Scheme's appointed property custodian, Ludlow Trust Holdings (UK) Limited, on behalf of the Scheme. Title deeds are held with Bryan Cave Leighton Paisner LLP. • The majority of investments in pooled funds are registered in the Scheme's name with the relevant fund administrator. The remainder of pooled funds are registered in the nominee name of Northern Trust on behalf of the Scheme.
Could the Trustee sell the assets if it needed to?	At the year-end, £7,235m (67%) of investment assets were quoted on a recognised stock exchange or held in cash or assets readily convertible to cash and are therefore considered to be marketable on a short-term basis. Longer periods may be needed to dispose of: • Properties totalling £192m (2%) consisting of direct property (note 12). • Certain pooled investment vehicles totalling £3,350m (31%), including indirect property & private equity (note 13). AVC investments are excluded from the figures presented above, as these are held on a member-specific basis.
Does the Trustee lend out any of the assets?	Northern Trust manages a stock lending programme for the Scheme which covers all listed equity and fixed income assets held in its custody. Northern Trust fully indemnifies this program from the failure of counterparties to return stock. Eligible collateral is currently as follows: • Obligations issued or guaranteed by OECD (Organisation for Economic Cooperation and Development) member states or their local governments, agencies, instrumentalities or authorities. Minimum rating of B+ or higher by at least one NRSRO (Nationally Recognised Statistical Rating Agency) (except for obligations issued or guaranteed by the U.S. Government and U.K. Government) • Equity issues which are part of indices are approved by the Agent's appropriate risk committee from time to time. • Cash collateral is not used in this program.
How is performance measured?	The performance is measured as the difference in valuation at the start and the end of period after accounting for cash flows. Performance of the Scheme investments is closely monitored by the Trustee and the principal fund manager. These performance calculations are independently verified against reports produced by the managers and third party professional advisors.
Where is there more information on the Trustee's investment strategy?	The Trustee has produced a Statement of Investment Principles as a requirement of Section 35 of the Pensions Act 1995 (as updated by the Pensions Act 2004), which can be found online here: Tesco pensions - Scheme documents and financial reports.

Extra security for the Scheme

The Scheme has the benefit of a security arrangement over certain Tesco Stores up to a maximum of £775m, which provides additional protection in the event of a Tesco default. The stores that are subject to this security agreement are valued independently assuming vacant possession by Cushman & Wakefield until 28 April 2026. CBRE became independent valuer with effect from 29 April 2026. The Trustee monitors these valuations annually as at 31 March, with assistance from Schroder Investment Management Limited.

Responsibility as an investor

The Trustee invests its assets responsibly in delivering its objective to pay the right benefit to members at the right time. The Trustee considers climate change to be a material financial risk to the Scheme and, alongside other environmental, social and governance (ESG) considerations, is likely to influence the risk and return of the Scheme's investments over the long term.

The principal investment manager and other external fund managers are responsible for the day-to-day management of the Scheme's assets. As the investment of the Scheme's assets is delegated to the Scheme's investment managers, the Trustee expects its managers to consider ESG, including climate change factors, as an integral part of their investment processes. The Trustee recognises that certain elements of responsible investment (for example voting practices) apply more readily to equity investments than other types of assets. Nevertheless, the Trustee expects its principal investment manager and its external fund managers to consider its views on responsible investment across the whole portfolio where appropriate and possible.

The Trustee has an ambition for the Scheme's portfolio of assets to have reached Net Zero carbon emissions by no later than 2050 and continued to monitor its progress towards this aim over the Scheme year. The Trustee has developed a Responsible Investment Policy which sets out how it undertakes ESG activities and sets out its Stewardship and Engagement priorities. This policy was reviewed and updated during the Scheme year. The Trustee has also been busy undertaking various actions in order to meet the requirements of the Pension Schemes Act 2021 in relation to climate change, and climate related risks and opportunities.

A full summary of the actions taken in relation to this Net Zero ambition, and the Pension Schemes Act requirements are detailed further in the Trustee's annual Climate Report here: Tesco PLC Pension Scheme - Investing responsibly. This report details how the Trustee has considered and managed climate related risks and opportunities and contains the Trustee's disclosure requirements under the Financial Stability Board's Taskforce on Climate related Financial Disclosures (TCFD). This report does not form part of the annual report.

As shareholders, the Trustee has the right to vote in the annual general meetings of the companies in which the Scheme invests. The Trustee has delegated the responsibility to vote to the fund managers. However, the Trustee can make its own voting decisions if necessary. Further information on voting undertaken over the year is set out in the Scheme's Implementation Statement in the Appendix and full details on the Trustee's approach to Stewardship, including voting and broader engagement across the asset classes it invests in can be found in our Stewardship update report here: Tesco PLC Pension Scheme - Stewardship update 2026. This report does not form part of the annual report.

Compliance statement

Scheme advisors

There are written agreements in place between the Trustee and each of the Scheme Advisors listed on pages 3 and 4 of this report and also with the Principal Employer.

Scheme investments

The investment managers appointed on behalf of the Trustee to manage funds under section 34(4) of the Pensions Act 1995 are appropriately authorised under the Financial Services and Markets Act 2000 to manage investments or are specifically exempted from the requirements of the Act. The appointed investment managers have the necessary knowledge and experience to manage the investments delegated to them.

Money and Pensions Service (MaPS)

Any concern about the Scheme should be referred to Tesco Pension Trustees Limited which will try to resolve the problem as quickly as possible.

MaPS is a body sponsored by the Department for Work and Pensions, established at the beginning of 2019, and also engages with HM Treasury on policy matters relating to financial capability and debt advice. MaPS brought the Money Advice Service, The Pensions Advisory Service and Pension Wise together under the new name, MoneyHelper. MoneyHelper provides free and impartial guidance to help individuals make informed financial and pension decisions. MoneyHelper can be contacted through:

Pensions Helpline: 0800 011 3797

Website: moneyhelper.org.uk/en/contact-us

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved, normally after the intervention of The Pensions Advisory Service, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension Schemes.

Address: The Pensions Ombudsman
10 South Colonnade
London
E14 4PU

Telephone: 0800 917 4487

Website: pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is the regulatory body for work-based pension Schemes in the UK. The Regulator's objectives are to protect savers' money by making schemes and employers comply with their duties, enhance the system through effective market oversight, influencing better practices and support innovation in savers' interests so that new products and services deliver good outcomes. The Regulator does not deal with queries about individuals' pension benefits but can be contacted by anyone who has concerns about the way the Scheme is being managed.

Address: The Pensions Regulator
Telecom House
123-135 Preston Road
Brighton
BN1 6AF

Telephone: 0345 600 0707

Website: thepensionsregulator.gov.uk

Pension Tracing Service

The Pension Tracing Service is available for members (and their dependants) of previous employers' Schemes who have lost touch with earlier employers and their trustees. To trace a benefit entitlement under a former employer's Scheme, enquiries should be addressed to:

Address: The Pension Tracing Service
The Pension Service
Post Handling Site A
Wolverhampton
WV98 1AF

Telephone: 0800 731 0175

Website: gov.uk/find-pension-contact-details

Internal disputes resolution procedures

A disputes resolution procedure has been agreed by the Trustees to resolve any queries raised by beneficiaries or potential beneficiaries of the Scheme and details of this can be obtained by writing to the contact below.

The Pensions Team, PO Box 567, Welwyn Garden City, AL7 9NN. Telephone: 0345 070 1113.

Signed on behalf of the Tesco Pension Trustees Limited as Trustee of the Tesco PLC Pension Scheme.

Trustee Director: ***Ruston Smith***

Date: ***7 October 2026***

Trustee Director: ***Natalie Winterfrost***

Date: ***12 October 2026***

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), the Trustee's Report and Financial Statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every Scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The last full actuarial valuation was performed by Neil Mobbs of Towers Watson Limited as at 31 March 2025. The valuation indicated that, on the basis of contributions being paid at the agreed levels, the Scheme would be able to meet benefits as they fall due, assuming the Scheme continues.

On discontinuance the assets would be insufficient for the Trustee to pay the benefits in full, should they continue to run the Scheme with low-risk investments.

The next actuarial valuation is being carried out as at 31 March 2028.

A Schedule of Contributions was agreed by the Trustee and certified by the Actuary on 18 December 2025, setting out the contributions payable to the Scheme up until 18 December 2030. The Statutory certificate is given on page 16.

This valuation was the first to be completed under the funding requirements introduced by the Pension Schemes Act 2021 and the Pensions Regulator's new Defined benefit funding code of practice, effective for valuations from 22 September 2024. The Trustee has agreed a funding and investment strategy with the Employer, setting out the Scheme's long term objective of achieving low dependency on the Employer by the time the Scheme reaches significant maturity. On this basis, it is expected that reliance on further Employer contributions would be low.

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Accrued Benefits Method.

Significant actuarial assumptions

The table below summarises the main financial assumptions used to calculate the Scheme's technical provisions:

Financial assumptions as at 31 March 2025

	% pa
Discount rate	6.6
Retail price inflation (RPI)	3.4
Consumer price inflation (CPI)	1% below RPI to 2030, then 0.1% below RPI
Statutory increases to non GMP pensions in deferment	3.0
Pension increases:	
- Pension earned before 1 June 2012* (RPI up to 5% a year)	3.2
- Pension earned after 31 May 2012 (CPI up to 5% a year)	2.9

**with the exception of GMP earned prior to 6 April 1988 which is non-increasing in payment*

All of the financial assumptions actually use the full gilt yield or inflation curves (as set out in the Statement of Funding Principles dated 18 December 2025). We have shown average "single equivalent" rates above where appropriate.



Report on Actuarial Liabilities (continued)

Demographic assumptions as at 31 March 2025

The main demographic assumptions used to calculate the Scheme's technical provisions are summarised below:

Mortality after retirement	
Men	103% of SAPS S4 normal health male pensioners (heavy) for Staff
	106% of SAPS S4 normal health male pensioners (light) for Senior Managers
Women	107% of SAPS S4 all female pensioners (heavy) for Staff
	90% of SAPS S4 all female pensioners (middle) for Senior Managers

These tables are projected to 2025 with CMI 2023 mortality improvements using a long-term improvement rate of 1.5% a year and an initial improvement addition of 0.5% a year for Senior Managers (no additional improvements are included for Staff members). Core parameters are used otherwise.

From 2025 onwards, the tables are projected in line with the CMI 2024 mortality improvements using a long-term improvement rate of 1.5% a year and an initial improvement addition of 0.5% a year for Senior Managers (no additional improvements are included for Staff members). Core parameters are used otherwise.

Allowance for commutation

Members are assumed to commute 75% of the maximum permitted at retirement on the agreed commutation terms.

The Technical Provisions includes an allowance of 2% of the liability cashflows after 2051.

Valuation as at 31 March 2025

Net assets of the Scheme:	£10,509m
Technical Provisions:	£9,925m[1]
Surplus:	£584m
Funding level:	105.9%

[1]Includes recognition of additional return expected from the financial interest the Scheme has in a portfolio of Tesco properties, expected to mature in around 2040, facilitated by the complementary nature of the separate charge on Tesco property (a contingent asset) in the event of insolvency of Tesco. In addition, an allowance has been included for expenses expected to be incurred after the Scheme has reached significant maturity.



Actuary's Certificate of Schedule of Contributions

Name of Scheme: Tesco PLC Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 31 March 2025 to continue to be met during the period for which the Schedule is in force.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 18 December 2025.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Neil Mobbs
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited

18 December 2025

Watson House
London Road
Reigate
Surrey
RH2 9PQ



Trustee's Summary of Contributions

This summary of contributions has been prepared by, or on behalf of the Scheme and is the responsibility of the Trustee. It sets out the Employer and any member contributions payable to the Scheme in respect of the period 1 April 2025 to 31 March 2026 at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 5 January 2023 and 18 December 2025. The Scheme auditor reports on contributions payable under the Schedules in their auditor's statement about Contributions.

Contributions required by the Schedules of Contributions	**£'m**
Employer	
Ongoing Scheme expenses	£11.8[1]
Contributions payable under the Schedule of Contributions as reported on by the Scheme Auditor, and as per the financial statements	**£11.8**

[1] *Includes a prepayment by the employer of £0.8m of ongoing scheme expenses for the period 1 April 2026 to 31 March 2027.*

Signed on behalf of the Tesco Pension Trustees Limited as Trustee of the Tesco PLC Pension Scheme.

Trustee Director: ***Ruston Smith***

Date: ***7 October 2026***

Trustee Director: ***Natalie Winterfrost***

Date: ***12 October 2026***



Independent Auditor's Statement About Contributions to the Trustee of the Tesco PLC Pension Scheme

We have examined the summary of contributions to the Tesco PLC Pension Scheme for the Scheme year ended 31 March 2026 which is set out on page 17.

In our opinion contributions for the Scheme year ended 31 March 2026 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid from 1 April 2025 to 17 December 2025 at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 5 January 2023, and subsequently from 18 December 2025 to 31 March 2026 at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 18 December 2025.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedules of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedules of Contributions and to report our opinion to you.

Use of our report

This statement is made solely to the Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body for our work, for this statement, or for the opinion, we have formed.

Deloitte LLP, Statutory Auditor, Reading, United Kingdom: ***Deloitte LLP***

Date: ***13 October 2026***

Independent Auditor's Report to the Trustee of the Tesco PLC Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of the Tesco PLC Pension Scheme (the 'Scheme'):

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2026 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements which comprise:

- the fund account;
- the statement of net assets (available for benefits); and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report to the Trustee of the Tesco PLC Pension Scheme (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Scheme's industry and its control environment, and reviewed the Scheme's documentation its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the Trustee and pension management, their own identification and assessment of the risks of irregularities including those that are specific to the Scheme's business sector.

We obtained an understanding of the legal and regulatory framework that the Scheme operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pensions Act 2004, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Scheme's ability to operate or to avoid a material penalty. These included the Scheme's regulatory requirements.

We discussed among the audit engagement team including relevant internal specialists such as pension actuarial, IT, financial instruments and real estate industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response we have:

- obtained an understanding of the relevant controls over investment holdings and transactions;
- agreed investment holdings to independent confirmations; and
- agreed investment and cash reconciliations to independent sales and purchase reports and bank statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of the Trustee and pension management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of Trustee meetings and reviewing correspondence with the Pensions Regulator.

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP, Statutory Auditor, Reading, United Kingdom: ***Deloitte LLP***

Date: *13 October 2026*

Fund Account

Year ended 31 March 2026

	Note	2026 £'m	2025 £'m
Contributions and benefits			
Employer contributions	4	**11.8**	17.0
		11.8	17.0
Benefits paid and payable	5	**(463.2)**	(435.2)
Payments to and on account of leavers	6	**(16.5)**	(18.6)
Administrative expenses	7	**(9.7)**	(9.3)
		(489.4)	(463.1)
Net (withdrawals) from dealings with members		**(477.6)**	(446.1)
Returns on investments			
Investment income	8	**175.0**	159.5
Change in market value of investments	9	**608.9**	(1,016.9)
Investment management expenses	10	**(19.9)**	(49.2)
Net return on investments		**764.0**	(906.6)
Net increase/(decrease) in the fund during the year		**286.4**	**(1,352.7)**
Net assets of the Scheme			
As at 1 April		**10,508.5**	11,861.2
As at 31 March		**10,794.9**	10,508.5

The notes on pages 23 to 40 form part of these financial statements.

Statement of Net Assets (available for benefits)

As at 31 March 2026

	Note	2026 £'m	2025 £'m
Investment assets			
Equities	9	**1,659.8**	1,420.9
Bonds	9	**9,665.6**	8,178.9
Property	12	**191.9**	201.5
Pooled investment vehicles	13	**3,350.3**	3,377.6
Derivatives	15	**476.4**	395.0
AVC investments	17	**38.0**	37.7
Cash	19	**727.9**	857.6
Other investment balances	20	**433.6**	419.4
		16,543.5	**14,888.6**
Investment liabilities			
Bonds	9	**(183.2)**	(353.9)
Derivatives	15	**(507.8)**	(1,025.5)
Other investment balances	20	**(5,037.7)**	(2,977.3)
		(5,728.7)	**(4,356.7)**
Total investments		**10,814.8**	10,531.9
Current assets	24	**33.1**	27.8
Current liabilities	25	**(53.0)**	(51.2)
Net assets of the Scheme		**10,794.9**	**10,508.5**

The notes on pages 23 to 40 form part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, takes into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on pages 14 to 15 and these financial statements should be read in conjunction with this Report.

Signed on behalf of the Trustee.

Trustee Director: ***Ruston Smith***

Date: ***7 October 2026***

Trustee Director: ***Natalie Winterfrost***

Date: ***12 October 2026***



Notes to the Financial Statements

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP) (June 2018).

The financial statements have been prepared on a going concern basis. The Trustees have assessed the Scheme's ability to continue as a going concern, taking into account the funding position, available resources, and expected future cash flows, and are satisfied that the Scheme has adequate resources to meet its obligations as they fall due.

2. Identification of the financial statements

The Fund is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's report.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated below:

Consolidation

- In accordance with FRS 102 and the SORP, the Trustee is not required to prepare consolidated accounts that includes subsidiary undertakings and has chosen not to do so in these financial statements, because the entities are held for investment purposes only and not as operating subsidiaries. The net assets held within these entities are included in the underlying asset class line in the Statement of Net Assets (at fair value), and a summary of those assets is shown in note 20.

Foreign currencies

- Assets and liabilities in foreign currencies are expressed in pounds sterling at the exchange rate ruling at the year-end. Income from overseas investments is translated into Pounds sterling at the rate on the date at which it is received.

- Foreign currency transactions are translated into pounds sterling at the spot exchange rate at the date of the transaction.
- Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

- Employer contributions are accounted for as they fall due under the Schedules of Contributions in force at the time, the Scheme rules and the recommendations of the actuary.

Transfer to and from other schemes

- Transfer values represent the capital sums either receivable in respect of members from other approved pension schemes of previous employers or payable to approved pension schemes of new employers for members who have left the Scheme. They are accounted for on a cash basis. The liability normally transfers when a payment is made, unless the Trustee of the receiving Scheme have agreed to accept the liability in advance of receiving the funds.
- The Scheme currently only accepts transfer-in payments in exceptional circumstances. These are primarily arising from acquisitions by Tesco PLC. A member with preserved benefits in a Scheme due to be wound up can also ask for a transfer-in.

Benefits payable

- Members can choose whether to take their benefits as only pension or as pension and a cash lump sum. Members whose total benefits in all registered pension schemes are less than £30k may take their pension as a one-off lump sum. Pensions and cash sums are accounted for on an accruals basis on the later of date of leaving or retirement and the date on which the member informs the Trustee of their choice.

Other expenses

- Administrative expenses and term insurance policies are accounted for on an accruals basis.

Investment income

- Dividends from equities are accounted for on the date stocks are quoted ex-dividend on an accruals basis.
- Income from bonds is accounted for on an accruals basis.
- Income from pooled funds is automatically reinvested in new units with the exception of income from private equity and indirect property funds, which is received by the Scheme.
- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.
- Income from cash and short-term deposits is accounted for on an accruals basis.
- Rental income is accounted for as earned on an accruals basis.
- Interest in respect of repurchase agreements is accounted for on an accruals basis.
- Interest on cash deposits is accrued on a daily basis.

Other Income

- Income relating to administration and members' benefits is accounted for an accrual basis.

Derivatives

- Derivative contracts are valued at fair value. The fair value on the contracts are presented as a separate line within investments in note 15.
- Changes in the fair value of derivative contracts are recognised in the change in market value of investments where the economic purpose of the contracts relates to assets. Where the economic purpose relates to income, changes are recognised in investment income (note 8).
- Fair values of futures contracts are determined using exchange prices at the reporting date. This represents the unrealised profit or loss at the current bid (asset) or offer (liability) market quoted price of the contract. Amounts due from the broker represent amounts outstanding in relation to the initial margin (representing collateral on the contracts) and any variation margin which is due to or from the broker. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts.
- Fair values of exchange-traded options are determined using the exchange price for closing out the option at the reporting date. If a quoted market price is not available on a recognised exchange, the fair value of over the counter ("OTC") options is determined by the custodian using generally accepted pricing models such as Black Scholes, where inputs are based on market data at the year-end date.
- The fair value of the interest/inflation rate swaps, currency swaps and total return swaps is calculated using discounted cash flow pricing models based on the current value of future expected net cash flows arising over the swap, taking into account the time value of money, or the market price of comparable instruments at the year-end date, if they are publicly traded. Interest is accrued monthly on a basis consistent with the terms of the contract.

The amounts included in change in market value are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts. Net receipts or payments on swap contracts are either reported in investment income (where the economic purpose relates to income) or change in market value (where the economic purpose relates to assets).

- The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year-end with an equal and opposite contract.

Investments

- Listed equities are valued on the basis of the bid price quoted on the relevant stock market.
- Freehold and leasehold property is stated at open market value at the year-end. Valuations have been carried out as at 31 March 2026 by CBRE, Chartered Surveyors, in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards (UK PS 1.1 Valuation for Financial Statements). The valuations take into consideration the current estimates of rental values and market yields. CBRE has recent experience in the locations and class of the investment properties held by the Scheme. No depreciation is provided on freehold buildings or long leasehold properties.
- Pooled Investment Vehicles
  - Indirect property investments are held as property unit trusts within pooled investment vehicles. The property unit trusts are valued at the net asset value of the underlying investments, as at 31 March each year.
  - Properties within the Gold unit trusts (note 23) are valued on a reversionary basis in accordance with RICS on the basis of professional advice from CBRE. A special assumption has been made to exclude rental income from this valuation, which represents the substance of the underlying structures.
  - Private equity funds and unlisted equity investments are unquoted and are valued at the managers' estimate of fair value based on guidelines issued by the British Venture Capital Association or European Venture Capital Association. Where the manager is unable to provide a valuation as at the Scheme year-end date, the most recent valuation is taken and adjusted for any cash flows which have since taken place.
- Repurchase agreements – the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.
- Reverse repurchase agreements are treated as secured lending by the Scheme. The amount lent is included within investments. Collateral received in the form of securities is not recognised in the financial statements. Income arising from reverse repurchase agreements is recognised on an accrual basis within investment income.
- Investment management fees are accounted for on an accruals basis. Acquisition costs are included in the purchase cost of investments.
- Where stock lending has been carried out the securities 'loaned' are included in the net assets statement to reflect the Scheme's continuing economic interest of a proprietary nature in those securities. The total amount of stock lent at the year-end has been disclosed in note 16, together with a description of the related collateral.



4. Employer contributions

	2026 £'m	2025 £'m
Employer contributions	**11.8**	17.0
	11.8	**17.0**

As per the Schedule of Contributions certified by the Scheme Actuary on 18 December 2025, Employer contributions of £11m per annum are due in respect of the running costs of the Scheme with effect from 1 April 2025, with additional contributions payable to meet the PPF levy invoiced during each Scheme year. It includes a prepayment by the employer of £0.8m of ongoing scheme expenses for the period 1 April 2026 to 31 March 2027. Under the Schedule of Contributions dated 5 January 2023, the Principal Employer was required to pay annual expense contributions of £17.0 million from 1 October 2022.

5. Benefits paid and payable

	2026 £'m	2025 £'m
Pensions	**(332.4)**	(306.3)
Commutation and lump sum retirement benefits	**(125.5)**	(123.7)
Lump sum death benefits	**(5.3)**	(5.1)
Taxation where lifetime or Annual allowance exceeded	**(0.0)**	(0.1)
	(463.2)	**(435.2)**

6. Payments to and on account of leavers

	2026 £'m	2025 £'m
Payments in respect of leavers	**(2.8)**	(3.8)
Individual transfers out to other schemes	**(13.7)**	(14.8)
	(16.5)	**(18.6)**

7. Administrative expenses

	2026 £'m	2025 £'m
Pension Protection Fund Levy	**(1.8)**	(1.5)
Actuarial fees	**(4.5)**	(3.3)
Audit fee	**(0.2)**	(0.0)
Legal and Other professional fees	**(3.2)**	(4.5)
	(9.7)	**(9.3)**

Tesco Stores Limited provides administration services to the Scheme; no charge is made for these services.

8. Investment income

	2026 £'m	2025 £'m
Dividends from equities	**26.6**	16.4
Income from bonds	**181.0**	143.3
Net income from property*	**8.7**	11.6
Income from pooled investment vehicles	**128.0**	134.6
Expense from derivatives	**(48.7)**	(86.5)
Interest on cash deposits	**26.2**	44.5
Other Income	**1.0**	1.3
Income from stock lending	**1.3**	1.0
Expense on repurchase agreements	**(149.1)**	(106.7)
	175.0	**159.5**

* Income from property is the net of £14.6m (2025 £24.6m) income received from tenants, less £5.9m (2025: £13.0m) of expenses, which are directly attributable to specific properties.

9. Reconciliation of investments

	Value at 1 April 2025 £'m	Purchases at cost and derivative payments £'m	Sales proceeds and derivative receipts £'m	Change in market value £'m	Value at 31 March 2026 £'m
Equities	1,420.9	953.2	(978.5)	264.2	1,659.8
Bonds	7,825.0	6,749.7	(5,202.5)	110.2	9,482.4
Property	201.5	0.8	(10.8)	0.4	191.9
Pooled investment vehicles	3,377.6	931.4	(1,020.1)	61.4	3,350.3
Derivatives	(630.5)	1,259.8	(821.1)	160.4	(31.4)
AVC investments	37.7	0.0	(4.3)	4.6	38.0
	12,232.2	**9,894.9**	**(8,037.3)**	**601.2**	**14,691.0**
Cash and cash equivalents	857.6			7.7	727.9
Other investment balances	(2,557.9)			-	(4,604.1)
	10,531.9			**608.9**	**10,814.8**

Further details of property are detailed in note 12 and other investment balances are detailed in note 20.
Inter-portfolio transfers are included in purchases/sales respectively.

9. Reconciliation of investments (continued)

Transaction costs

Direct transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

Direct transaction costs analysed by main asset class and type of cost are as follows:

	2026		2026	2025
	Fees £'m	Commission £'m	Total £'m	Total £'m
Equities	(0.6)	(0.3)	(0.9)	(1.3)
Total 2026	**(0.6)**	**(0.3)**	**(0.9)**	**(1.3)**
Total 2025	**(0.8)**	**(0.5)**		

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. These costs are not separately reported or disclosed.

10. Investment management expenses

	2026 £'m	2025 £'m
Administration, management, and custody (Including in-house investment management costs)	**(19.9)**	(49.2)

The costs for the prior year were higher than normal as they also included wind up costs of TPI and associated work.

11. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

12. Property

	2026 £'m	2025 £'m
UK direct property - freehold	107.7	115.3
UK direct property - leasehold	84.2	86.2
	191.9	**201.5**

For properties owned and rented to tenants, the Scheme is obligated to maintain and repair these under lease agreements.

13. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2026 £'m	2025 £'m
Indirect Property	597.2	675.3
Private equity	2,470.3	2,693.9
Equity	282.8	8.0
Hedge funds	0.0	0.4
	3,350.3	**3,377.6**

The following investments are included within indirect property pooled funds:

- An investment in Adelphi Global Real Estate Fund in which the Scheme is the sole investor. As at the Scheme year-end date, the net assets of this fund were £14.4m (2025: £23.6m) of which £13.6m is property investments and £1.0m is cash and cash equivalents. The liabilities were £0.2m (2025: £0.1m).
- An investment in IOGP Limited Partnership in which the Scheme is the sole investor. As at the Scheme year-end date, the net assets of this fund were £88.4m (2025: £81.3m) of which £108.0m is property investments, £1.7m is cash and cash equivalents and £3.8m is other debtors. The liabilities were £25.1m (2025: £25.1m).
- Investments in Gold unit trusts valued at £206.3m (2025: £189.2m). For further details, see note 23.

For properties which are held indirectly through pooled funds, the obligation to maintain and repair these rests with the entity the Scheme invests in.

The following investments are included within private equity pooled funds:

- An investment in Dalmore Infrastructure Investments 33 L.P. in which the Scheme is the sole investor. As at Scheme year-end date, the net assets of this fund were £69.6m (2025: £75.9m).
- An investment in CRC Single Investor Fund XIV, Ltd. in which the Scheme is the sole investor. As at Scheme year-end date, the net assets of this fund were £44.0m (2025: £92.6m).
- An investment in Napier Park Jayco Opportunistic Credit Fund Ltd. in which the Scheme is the sole investor. The fund was in liquidation as at the Scheme year end date, and net assets of this fund were £Nil (2025: £3.8m).
- An investment in Arjun Alliance UK 2, L.P. in which the Scheme is the sole investor. As at Scheme year-end date, the net assets of this fund were £102.5m (2025: £105.8m).
- An investment in Equitix MA 18 L.P. in which the Scheme is the sole investor. As at Scheme year-end date, the net assets of this fund were £59.3m (2025: £60.3m).
- An investment in ICG Longbow Senior No.3 L.P. in which the Scheme is the sole investor. As at Scheme year-end date, the net assets of this fund were £75.7m (2025: £86.9m).
- An investment in PSC Credit (T) SCSp in which the Scheme is the sole investor. The fund was in liquidation as at the Scheme year end date, and net assets of this fund were £0.4m (2025: £13.5m).
- An investment in Stafford Infrastructure SMA 1 L.P. in which the Scheme is the sole investor. As at Scheme year-end date, the net assets of this fund were £87.9m (2025: £89.1m).
- An investment in Target Healthcare Partners Limited Partnership in which the Scheme is the sole investor. As at Scheme year-end date, the net assets of this fund were £139.2m (2025: £130.5m).



14. Concentration of Investment Risk

There are no investments (other than UK Government securities) which individually represent more than 5% of the total value of the Scheme's net assets.

15. Derivatives

Objectives and policies

The Trustee has authorised the use of derivatives by investment managers in accordance with the investment guidelines for each mandate. Investment in derivative instruments is only permitted for the purposes of:

(a) Contributing to a reduction of risks;

(b) Facilitating efficient portfolio management (including the reduction of cost or the generation of additional capital or income with an acceptable level of risk).

Processes and controls are in place to ensure risk exposures to a single counterparty and to other derivative operations are maintained within acceptable levels. Further details are available in note 22.

The main objectives for the use of derivatives are summarised as follows:

(i) Protection derivatives may be used as part of the permitted instrument types available to managers to protect (or enhance) active returns, relative to the specified strategic benchmarks; for example, through the use of options and credit default swaps.

(ii) To modify exposure to asset classes, derivatives are bought or sold to allow the Scheme to change its exposure to a particular market or asset class more quickly than by holding the underlying physical assets. They may also be easier to trade than conventional stocks, particularly in large amounts.

(iii) Hedging forward currency contracts are used to partially hedge the currency risk relating to overseas investments. This aims to achieve a better match between the fund's assets and the base currency of its future liabilities. Derivatives may also be used for the purpose of hedging risk exposures affecting future Scheme liabilities, for example, through the use of inflation and interest rate swaps.

(iv) Replication derivatives are used where liquidity or funding for generating a relevant investment exposure is perceived to be more efficient in derivatives, rather than the underlying physical assets.

15. Derivatives (continued)

At the Scheme year-end date, the Scheme had the following derivatives:

	31 March 2026 Assets £'m	31 March 2026 Liabilities £'m	31 March 2025 Assets £'m	31 March 2025 Liabilities £'m
Futures	1.3	(3.2)	2.0	(1.0)
Swaps	399.7	(423.7)	356.7	(1,003.1)
Forward FX contracts	0.9	(30.6)	19.0	(8.9)
Options	74.5	(50.3)	17.3	(12.5)
	476.4	**(507.8)**	**395.0**	**(1,025.5)**

Futures

The Scheme had outstanding exchange traded futures at the year-end as follows:

Nature	Economic exposure £'m	Expires	Asset value £'m	Liability value £'m
UK Fixed Income Futures	12.6	Less than 3 months	-	(0.7)
Overseas Fixed Income Futures	82.1	Less than 3 months	1.3	(1.6)
Overseas Equity Futures	18.6	Less than 3 months	-	(0.9)
Total 2026	**113.3**		**1.3**	**(3.2)**
Total 2025	**262.4**		**2.0**	**(1.0)**

Swaps

The Scheme had outstanding over the counter ("OTC") derivative swap contracts at the year-end as follows:

Nature	Notional amounts £'m	Expires	Asset value £'m	Liability value £'m
Interest Rate Swaps	4,400.1	Up to 20 years	31.2	(246.8)
Interest Rate Swaps	920.1	Above 20 years	166.9	(116.7)
Credit Default Swaps	(14.7)	1-5 years	0.8	-
Inflation Swaps	1,719.6	Up to 20 years	162.2	(28.5)
Inflation Swaps	449.9	Above 20 years	32.0	(9.7)
Total Return Swaps	476.0	0-5 years	6.6	(22.0)
Total 2026	**7,951.0**		**399.7**	**(423.7)**
Total 2025	**9,842.9**		**356.7**	**(1,003.1)**

As at 31 March 2026, the counterparties held collateral of £194.9m (2025: £675.8m) in the form of cash and bonds in respect of swaps.

Forward FX contracts

The Scheme had open forward foreign exchange contracts at the year-end as follows:

Settlement date	Currency bought Currency	Currency bought m	Currency sold Currency	Currency sold m	Asset value £'m	Liability value £'m
1-6 Months	GBP	156.2	EUR	(178.7)	-	(0.3)
1-6 Months	GBP	333.9	USD	(444.3)	-	(3.0)
1-6 Months	OTHER	20,511.1	USD	(7.0)	-	(0.1)
1-6 Months	USD	4.5	OTHER	(29,167.5)	0.1	-
0-1 Month	EUR	41.3	GBP	(35.9)	0.1	-
0-1 Month	EUR	0.1	USD	(0.1)	-	-
0-1 Month	GBP	243.2	OTHER	(20,046.8)	0.7	(0.9)
0-1 Month	GBP	2,162.7	USD	(2,878.6)	-	(20.3)
0-1 Month	GBP	697.3	EUR	(804.2)	-	(6.0)
0-1 Month	OTHER	105.9	USD	(4.7)	-	-
0-1 Month	USD	23.8	GBP	(18.1)	-	-
0-1 Month	USD	0.9	OTHER	(83.3)	-	-
Total 2026					**0.9**	**(30.6)**
Total 2025					**19.0**	**(8.9)**

Other currencies include RON, INR, CNH, PLN, MYR, IDR, COP, CLP, SEK, NOK, HKD, BRL.

Options

The Scheme had outstanding options as at 31 March 2026 as follows:

Nature	Expires	Asset value £'m	Liability value £'m
Put Options Equity - Overseas	Over 3 months	0.0	(19.7)
Call Options Equity - Overseas	Over 3 months	74.5	(30.6)
Total 31 March 2026		**74.5**	**(50.3)**
Total 31 March 2025		**17.3**	**(12.5)**

16. Stock lending

The stock lending programme lends certain equity and bond investments. At 31 March 2026, the value of listed equity on loan was £100.2m (2025: £71.6m), bonds of £563.6m (2025: £833.8m) in exchange for which the Scheme held collateral of £703.8m (2025: £982.6m). The collateral consists of £449.5m equities and £254.3m US and European government bonds.

17. AVC investments

	2026 £'m	2025 £'m
AVC investments – UK	**38.0**	**37.7**

The Trustee holds assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members who elect to pay Additional Voluntary Contributions.

AVC investments are held in the following funds at the discretion of the Scheme members:

- Prudential Deposit Fund
- Standard Life Index-Linked Bond Pension Fund
- Standard Life Managed Fund
- Standard Life BlackRock managed HP 50:50 Global Equity Pension Fund
- Standard Life Lifestyle Option
- Standard Life Pension Millennium with Profits Fund
- Royal London- Crest Secure Pension Plan

All Scheme members contributing AVCs receive an annual statement of their AVC investment holdings as at 30 June.

18. Subsidiary companies and other interests

The names of the subsidiary undertakings of the Scheme are shown below together with the percentage of equity capital held by the Scheme, the year-end date of the companies and their activities:

Name of company	Percentage of equity capital held directly	Year-end date
TPT Holdco No 1 Limited	100%	28 February
TPI Fund Managers Limited	100%	31 March
Tesco Pension Investment Limited	100%	31 March

The principal activity of TPT Holdco No 1 Limited is to act as a holding company for assets held in Tesco Navona Limited Partnership, Tesco Passaic Limited Partnership and Tesco Blue Limited Partnership, collectively referred to as the Gold unit trusts.

The principal activity of TPI Fund Managers Limited was to act as the investment manager to TPI Funds Authorised Contractual Scheme, which is now dissolved. TPI Fund Managers Limited is dormant as at 31 March 2026 and will remain dormant for a period of three years before undergoing a wind-up process and being struck off the Companies House register.

The principal activity of Tesco Pension Investment Limited ('TPI') was to act as the investment manager of the Scheme. Following the transfer of its investment mandate to an Outsourced Chief Investment Office (OCIO) provider on 28 June 2024, TPI ceased active operations, with no trading activity during the year ended 31 March 2026 except for receipt of interest income from bank deposits and the incurrence of certain administrative expenses. TPI is expected to become dormant in the following year and remain dormant for a period of three years, after which it will undergo a wind up process and be struck off the Companies House register.

19. Cash

Cash assets	2026 £'m	2025 £'m
Pound Sterling	116.6	271.7
Foreign currency	611.3	585.9
	727.9	**857.6**



20. Other investment balances

Other investment balances assets	2026 £'m	2025 £'m
Amounts due from brokers	29.9	14.5
Accrued income	25.5	30.7
Reverse repurchase agreements	378.2	374.2
	433.6	**419.4**
Other investment balances liabilities		
Amounts due to brokers	(131.1)	(22.4)
Repurchase agreements	(4,906.6)	(2,954.9)
	(5,037.7)	(2,977.3)
	(4,604.1)	**(2,557.9)**

As at 31 March 2026, the counterparties held collateral of £84.6m (2025: £106.2m) in the form of cash and bonds in respect of repurchase agreements.

21. Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	As at 31 March 2026			
	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Equities	1,659.8	-	-	1,659.8
Bonds	-	9,482.4	-	9,482.4
Property	-	-	191.9	191.9
Pooled investment vehicles	-	282.8	3,067.5	3,350.3
Derivatives	-	(31.4)	-	(31.4)
Other investments	(75.7)	-	-	(75.7)
AVC investments	-	35.5	2.5	38.0
Cash and cash equivalents	727.9	-	-	727.9
Repurchase agreements	-	(4,528.4)	-	(4,528.4)
	2,312.0	**5,240.9**	**3,261.9**	**10,814.8**

Property asset valuations are prepared in accordance with RICS.

Pooled investment vehicles which are traded regularly are generally included in level 2. Pooled investment vehicles which contain unquoted assets such as private equity, infrastructure and private credit are valued with reference to International Private Equity and Venture Capital valuation guidelines (IPEV).

The current, ongoing economic uncertainty means that asset valuation techniques that rely on unobservable inputs are subject to greater estimation uncertainty, particularly where market transaction activity is lower than normal. Level 3 assets are valued in line with industry standard guidelines and examples include the RICS methodology for property and the IPEV guidelines for Private Equity. At 31 March 2026, direct and pooled property was valued at £788.4m (2025: £877.2m). A 10% movement in value would equate to £78.8m (2025: £87.7m).

	As at 31 March 2025			
	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Equities	1,420.9	-	-	1,420.9
Bonds	-	7,825.0	-	7,825.0
Property	-	-	201.5	201.5
Pooled investment vehicles	-	8.4	3,369.2	3,377.6
Derivatives	-	(630.5)	-	(630.5)
Other investments	22.8	-	-	22.8
AVC investments	-	-	37.7	37.7
Cash and cash equivalents	857.6	-	-	857.6
Repurchase agreements*	-	(2,580.7)	-	(2,580.7)
	2,301.3	**4,622.2**	**3,608.4**	**10,531.9**

22. Investment risk disclosures

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are defined under FRS 102 as follows:

Credit risk: the risk that one party to a financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Market risk: the risk comprising currency risk, interest rate risk and other price risk.

Currency risk: the risk that the fair value or future cash flows of financial assets will fluctuate due to changes in foreign exchange rates.

Interest rate risk: the risk that the fair value or future cash flows of financial assets will fluctuate due to changes in market interest rates.

Other price risk: the risk that the fair value or future cash flows of a financial asset will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from professional investment advisors. The Scheme is exposed to these risks as a result of the investments it makes in line with its investment strategy. The Trustee manages investment risks, including credit and market risks, within agreed risk limits. These limits are set with reference to the Scheme's strategic investment objectives and are implemented through investment management agreements with the Scheme's investment managers. Risk exposures are monitored by the Trustee through regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This disclosure excludes legacy insurance policies and AVC investments, as these are not considered material in the context of the Scheme's overall investments.

Investment objective

The investment objective is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the trust deed and rules as they fall due.

The Trustee sets the investment strategy for the Scheme taking into account considerations such as the strength of the Employer covenant, the long-term liabilities of the Scheme and the funding agreed with the Employer.

Credit risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, over-the-counter ("OTC") derivatives, has cash balances, undertakes stock lending activities and enters into repurchase agreements. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in respect of the underlying instruments held. It is also indirectly exposed to credit risk arising from financial instruments held within those pooled investment vehicles.

The notes below outline how the risk is managed, mitigated and quantified.

Bonds: The risk is of borrower default. This is mitigated by investing predominantly in investment grade bonds and on a diversified basis. Investment grade bonds, are those rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps and forward foreign currency contracts is reduced by collateral arrangements (see note 15). All counterparties are required to be at least investment grade.

The Trustee manages the credit risk arising from stock lending activities by restricting the amount of overall stock that may be lent, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements (see note 16).

Repurchase agreements: The primary risk is of counterparty default, which is mitigated by collateralisation and daily margin management. Exposure is limited to the net position after daily margining and collateral movements. (See note 20).

Property: The primary risk is of tenant default. This is mitigated by careful selection and diversification of tenants within the portfolio. Rent is also payable by tenants in advance.

Pooled Investment Vehicles: The primary risks relate to the underlying investments and potential fund manager default. These are mitigated through diversification across funds and the use of appropriate legal structures.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager.

The Scheme is indirectly exposed to credit risks arising on the underlying investments held by pooled investment vehicles. These include Bonds, Private Equity and indirect Property as reflected in note 13. The Trustee manages credit risk within these assets through diversification of the underlying securities to minimise the impact of default by any one issuer.

Indirect credit risk also arises in relation to Project Gold, where the Scheme is exposed to the risk of Tesco PLC defaulting on rental payments to the underlying bondholders within the structure. The Trustee has considered and accepted this risk and monitors the structure's performance. The Scheme has further indirect credit risk to property through pooled investment vehicles. This risk is mitigated through the diversification of funds and fund managers.

Cash: The primary risk is of counterparty default. This is mitigated by investing in only the highest rated funds.

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure).

The net currency exposure at the current and previous year-end was:

	2026 Direct exposure £'m	2026 Indirect exposure £'m	2025 Direct exposure £'m	2025 Indirect exposure £'m
Pounds sterling (GBP)	8,504.1	1,316.0	8,460.2	1,366.9
Euros (EUR)	(319.5)	357.8	(367.8)	421.7
US dollars (USD)	(719.4)	1,390.4	(1,140.3)	1,547.7
Japanese Yen (JPY)	19.8	-	25.9	-
Other currencies	224.4	41.2	146.5	71.1
Total	**7,709.4**	**3,105.4**	**7,124.5**	**3,407.4**

This risk is mitigated through Exchange hedging. For further information please refer to note 15.

Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds, bond futures, derivatives (e.g. Interest rate swaps), and cash. The Scheme's exposure to interest rate risk is held in asset allocation, the bond portfolio, alternative assets and the hedge sub-portfolio. If interest rates fall, the value of those investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the hedge sub-portfolio investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

	2026 Direct exposure £'m	2026 Indirect exposure £'m	2025 Direct exposure £'m	2025 Indirect exposure £'m
Bonds	9,482.4	0.0	7,825.0	0.0
Pooled investment vehicles	0.0	872.1	0.0	1,021.2
Derivatives	(31.4)	0.0	(630.5)	0.0
Cash	727.9	0.0	857.6	0.0
Total	**10,178.9**	**872.1**	**8,052.1**	**1,021.2**

22. Investment risk disclosures (continued)

Other price risk

Other price risk arises principally in relation to the Scheme's return-seeking portfolio which includes equities, equities held in pooled vehicles, equity futures, alternative assets and investment properties. Risk is mitigated through diversification by investment in varying geographical locations and sectors.

	2026 Direct exposure £'m	2026 Indirect exposure £'m	2025 Direct exposure £'m	2025 Indirect exposure £'m
Equities	1,659.8	0.0	1,420.9	0.0
Pooled investment vehicles	0.0	1,881.0	0.0	1,681.1
Property	191.9	597.2	201.5	675.3
AVC	0.0	38.0	0.0	37.7
Other Investment balance	(4,604.1)	0.0	(2,557.9)	0.0
Total	**(2,752.4)**	**2,516.2**	**(935.5)**	**2,394.1**



23. Employer-related investments

The Scheme is permitted to hold equity and debt securities issued by Tesco PLC and property leased to Tesco PLC, subject to the total proportion not exceeding 5% of the current market value of the Scheme's assets. At 31 March 2026, the Scheme had the following exposure:

Employer-related investment	2026 £'m	2025 £'m
Tesco Blue Limited Partnership (Gold unit trusts I) (50% Reversionary Lease Interest)	46.5	38.9
Tesco Passaic Limited Partnership (Gold unit trusts III) (50% Reversionary Lease Interest)	105.6	99.7
Tesco Navona Limited Partnership (Gold unit trusts IV) (50% Reversionary Lease Interest)	54.2	50.6
Total	**206.3**	**189.2**

The total percentage of Employer-related investments as at 31 March 2026 was 1.91% (2025: 1.81%) of the Scheme's assets.

The lowest percentage of Employer-related investments during the financial year was as at 31 December 2025, when the value was £204.1m. This was 1.83% (2025: 1.57%) of the Scheme's assets.

The highest percentage of Employer-related investments during the financial year was as at 31 March 2026, when the value was £206.3m. This was 1.91% (2025: 1.81%) of the Scheme's assets.

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24. Current assets

	2026 £'m	2025 £'m
Other debtors	13.8	15.3
Cash balances	19.3	12.5
	33.1	**27.8**

25. Current liabilities

	2026 £'m	2025 £'m
Unpaid benefits	**(11.2)**	(8.8)
Other creditors	**(11.9)**	(14.4)
Amounts due to Tesco Stores Limited*	**(30.4)**	(27.9)
VAT Receivable/payable	**0.5**	(0.1)
	(53.0)	**(51.2)**

*Tesco Stores Limited provides a service to the Scheme of paying the pensioner payroll. The Scheme then reimburses Tesco Stores Limited.

26. Related party transactions

Tesco Stores Limited has paid fees of £429k on behalf of the Scheme to the Directors of the Trustee Company for the period 1 April 2025 to 31 March 2026 (2025: £405k).

One former Director of the Trustee Company, Mr R Ager, is a pensioner and receives a pension in line with the Scheme rules. Two directors of the Trustee Company are pensioners and receive a pension in line with the Scheme rules. All other Directors, apart from the corporate director Law Debenture (represented by Ms Winterfrost), are deferred members of the Scheme.

The Scheme held equity and debt securities issued by Tesco Plc and property leased to Tesco Plc during the year (refer to note 23 for details). The Scheme received contributions of £11.8m (2025: £17.0m) from the sponsoring employers during the year.

Tesco Pension Investment Limited is a wholly owned subsidiary of the Scheme, which provided investment management services to the Scheme until the end of July 2024. During the FY25-26, TPI did not engage in any trading or core business activities. Its financial movements were limited solely to the receipt of interest income from bank deposits and the incurrence of certain administrative expenses, for the Scheme paid £0.1m (2025: £25.6m).

Tesco Stores Ltd provides administration services to the Scheme; no charge is made for these services. As disclosed in note 25, Tesco Stores Ltd provides a service to the Scheme of paying the Pensioner Payroll; the Scheme then reimburses Tesco Stores Ltd.

27. GMP equalisation

On 26 October 2018 the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits (GMPs). The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme and continues to actively work through its implications, including setting up a dedicated GMP working party which reports to the Trustee and its sub-committees.

On 20 November 2020, the High Court handed down a further judgement confirming that schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits.

Based on an initial assessment of the likely backdated amounts and related interest, the Trustee does not expect these to be material to the Financial Statements and has therefore not included a liability in respect of these matters in these Financial Statements. The Trustee is progressing through the work required to equalise benefits and the backdated amounts and related interest. They will be accounted for in the year they are determined.

28. Contingent liabilities and contractual commitments

The Scheme has no other contingent liabilities as at 31 March 2026 (2025 – Nil).

On 31 March 2026, the Scheme had the following unfunded commitments:

Particulars	Private Equity £'m	Infrastructure £'m	Credit £'m	Real Assets £'m	Direct & Indirect Property £'m	Total unfunded commitments £'m
31-Mar-26	71	92	376	0	98	637
31-Mar-25	88	97	375	2	126	688

29. Subsequent events

There were no subsequent events.



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 45) 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)

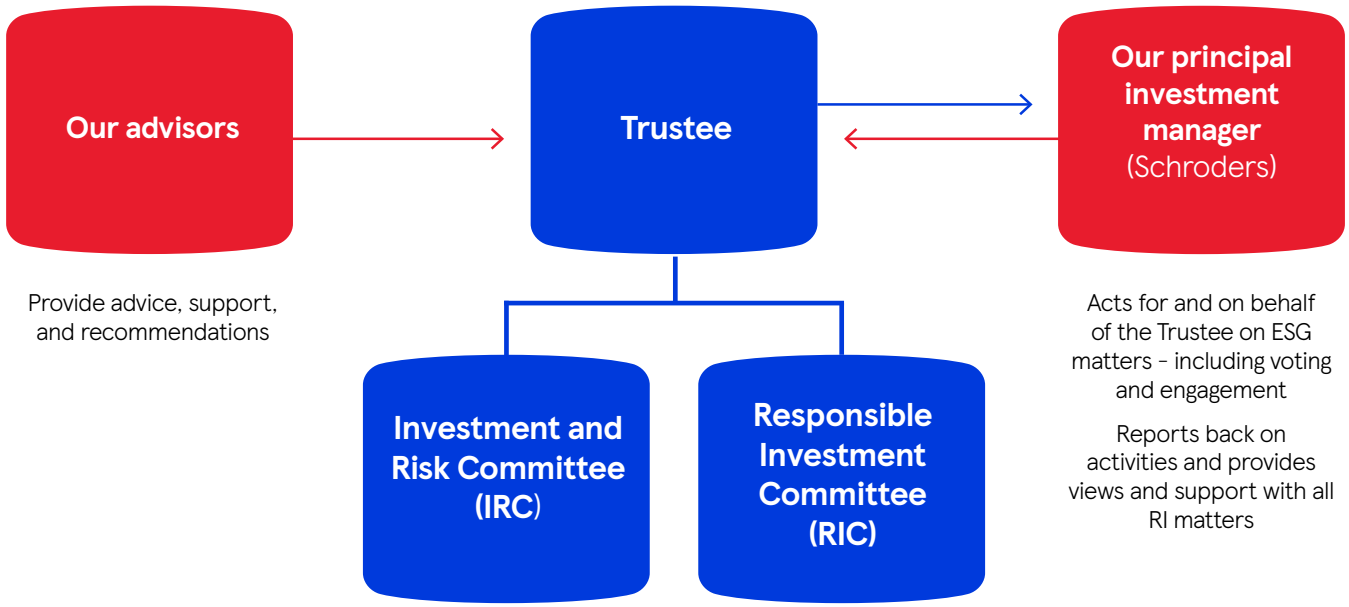
**Statement of Investment Principles*

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 52.





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 54.

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 55.

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

. 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.

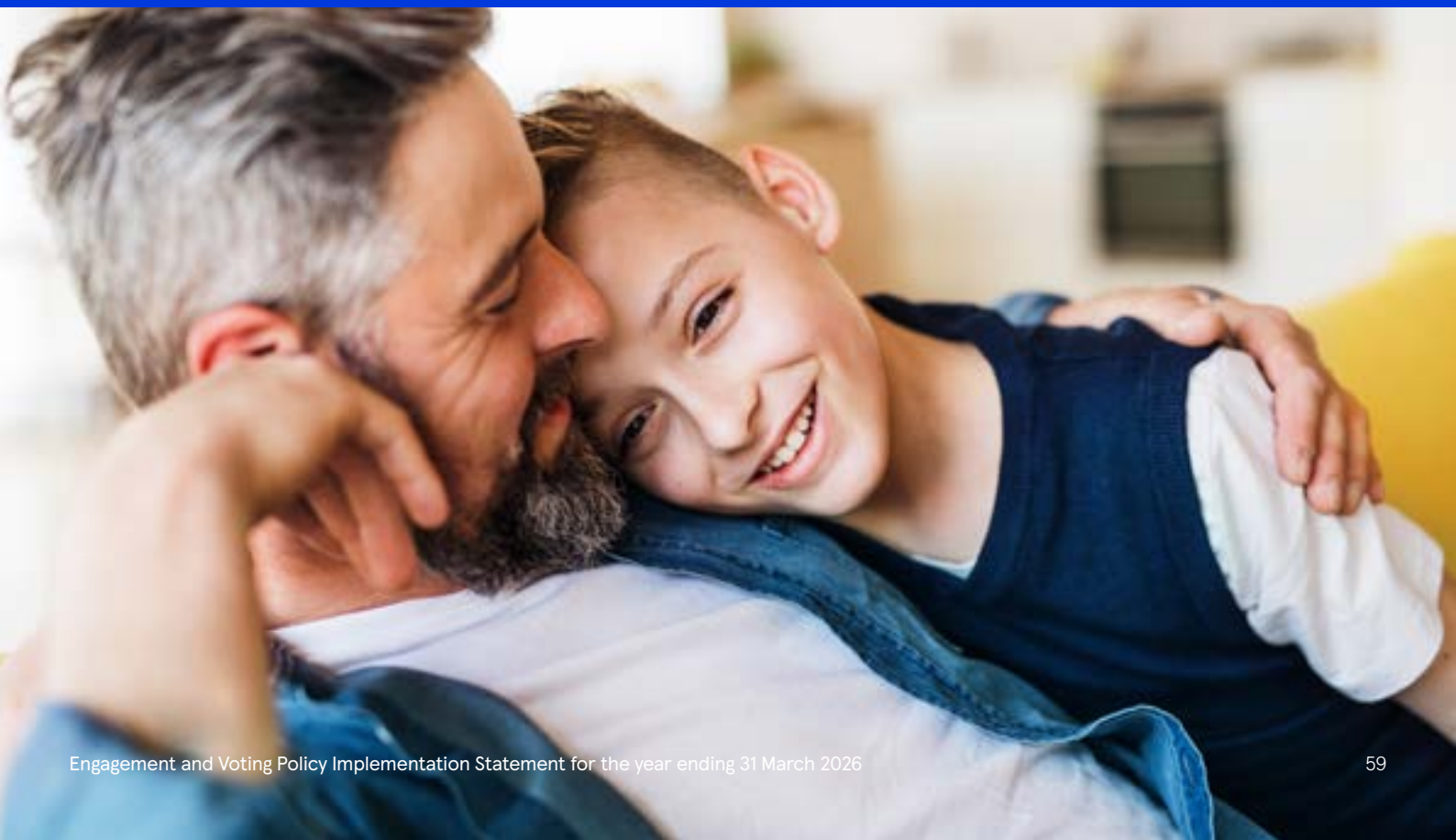
Schroders' engagement was prompted by the need for greater transparency around customer and transaction due diligence and how the company manages human-rights risks associated with potential misuse of its services, including in sensitive or high-risk regions. Given the company's leadership position in 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