

The Taylor Wimpey Pension Scheme Engagement Policy Implementation Statement

Introduction

Under the regulatory requirements now in force¹, the Trustee of the Taylor Wimpey Pension Scheme (the "**Scheme**") is required to produce an annual Implementation Statement setting out how, amongst other things, the voting and engagement policies in the Scheme's Statement of Investment Principles (the "**SIP**") have been implemented. This is the sixth such statement produced and covers the period 1 January 2025 to 31 December 2025.

The Trustee's primary concern when setting the investment strategy is to act in the best interests of the Scheme's beneficiaries. The Trustee recognises that the Scheme is a long-term investor and therefore seeks to achieve sustainable returns at an appropriate level of risk over its lifetime.

To align with the Department for Work and Pensions ("**DWP**") guidance on stewardship reporting which came into effect on 1 October 2022, the Trustee has set out its beliefs, commitments, and expectations for investment managers in its 'Stewardship and Engagement Policy' which can be found in section 8.5 of the Scheme's SIP.

This Statement contains a summary of Scheme activity over the year, including an overview of how the Trustee's stewardship and engagement policy has been implemented during the reporting period.

Scheme activity over the year

During the reporting period the Trustee's Investment Sub-Committee ("**ISC**") held a Structured Credit manager selection meeting in January in which the Schrodgers Alternative Securitised Income Fund ("**SASZI**") was selected. The ISC also met with Insight covering the High Grade Asset Backed Securities Fund and ICG covering the Total Credit Fund – to discuss, amongst other things, performance, strategy, stewardship and their Environmental, Social and Governance ("**ESG**") efforts.

The ISC selects which managers it meets with as part of a rolling schedule of reviews or when required due to performance/other issues. The ISC focuses its engagements on opportunities with the greatest potential for impact – for example, prioritising mandates where effective stewardship is important to the asset class and the fund is likely to be a long-term allocation for the Scheme.

Over the year, the Scheme appointed the Schrodgers SASZI Fund as part of a new structured credit allocation. Prior to selecting the new mandate, the ISC met with three managers and received presentations covering performance, strategy and ESG considerations. The managers' stewardship capabilities formed a key part of the selection process.

The ISC also continued to share its consistent set of stewardship questions with managers (and prospective managers) to complete ahead of their attendance at meetings. These questions aim to assess each manager's general approach to engagement, as well as actions taken in relation to the Trustee's key stewardship themes of Climate Change and Diversity, Equity & Inclusion ("**DE&I**").

The ISC uses a centralised database to track manager responses and effectively hold its managers to account. Within this database, the ISC tracks the key findings of each engagement, assigning the manager a red/amber/green rating, noting points to follow up on, as well as a proposed date for the next engagement.

To strengthen the Scheme's resilience and continue the transition towards the credit-tilted portfolio, the ISC partially disinvested from the AQR and Man Progressive diversified risk premia ("**DRP**") mandates,

¹ Principally comprising The Occupational Pension Schemes (Investment) Regulations 2005, The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and guidance published by the Pensions Regulator

equalising exposure between both underlying managers, and reinvested the proceeds into the newly appointed Schroders SASZI Fund. Later in the year, following strong equity market performance and the Scheme's improved funding position, the ISC fully redeemed from the Schroders Equity Sentinel Fund, redirecting capital into Insight's liability-driven investment ("LDI") mandate, to reduce risk and simplify the Scheme's portfolio.

The Trustee is pleased to note that all of the Scheme's investment managers have signed up to one or more ESG-related standards/codes, with all but one manager (Magnetar) being signatories to the UN Principles for Responsible Investment² (UN PRI). After previously stating they were in the process of assessing signatory status, the Trustee is disappointed to see limited progress and hear that no decision had been made as to whether Magnetar will proceed. The manager states they continue to assess whether they can undertake the obligations of the UN PRI while still giving full effect to the mix of strategies and diversity of portfolios. The Trustee will continue to monitor Magnetar's progress in this regard.

Over the reporting period, the Trustee also assessed its investment adviser Arthur J. Gallagher & Co. ("Gallagher") against the objectives it had set for the adviser, which included delivery against ESG-related topics. The Trustee concluded that the investment adviser had met its objectives and had provided an appropriate level of advice and support during the year, including providing a 'horizon scanning' training session covering future trends in sustainable investment. The Trustee's assessment is that its investment adviser continues to provide appropriate expertise on ESG-related matters.

Engagement and voting behaviour

The Trustee, via the ISC, carries out its stewardship and engagement activities through oversight and challenge of its investment managers rather than itself operating directly as active steward of the underlying assets in which it invests.

To best channel its stewardship efforts, the Trustee believes that it should focus on a selection of key themes. Its key themes have been selected by assessing their relevance to the Scheme and its members, the financially material risks that they pose, and the maturity and development of thinking within the industry that allows for effective integration into its approach. The Trustee's key themes are:

- Climate Change; and
- Diversity, Equity, and Inclusion.

The exercise of voting rights for the equity holdings within pooled funds has been delegated to the Scheme's investment managers. The Trustee therefore does not direct how votes are exercised within these mandates and does not have its own proxy voting provider. Nonetheless, it fully recognises and appreciates the value of voting as a signal or ultimate sanction in influencing company behaviour. As an active owner, it is the Trustee's responsibility to hold its investment managers to account for their voting activities to ensure they are exercising voting rights in the Scheme's best interests. As such, the Trustee considers investment managers' voting policies and records, and requires its investment managers to report significant votes to it as relevant. To do so, the Trustee has developed the following criteria to define a significant vote:

- Votes relating to one of the Trustee's key stewardship themes;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes which may be inconsistent between investment managers; and
- Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

² The UN Principles of Responsible Investment are a voluntary UN supported international network of investors working together to implement its six aspirational principles. See <https://www.unpri.org/>.

Engagement and voting behaviour are directly relevant in the sections of the portfolio where physical equities are held. However, stewardship and engagement are also considered to be of importance for the Scheme's other investment managers (e.g. in portfolios which hold credit).

The remainder of this Statement provides a summary of activity during the reporting period, based on information supplied by the Scheme's managers. In requesting the information, the Trustee asked the Scheme's managers to disclose significant votes and engagement examples in line with the above criteria and chosen themes.

Engagement – Equity

The Scheme invests in the following funds that invest in physical equities:

Manager	Fund
AQR	AQR Diversified Risk Premia Fund
Man	Man Progressive Diversified Risk Premia Fund
Beach Point	Beach Point SCF X Fund*
Magnetar	Magnetar Constellation Fund

*Note that the Beach Point Fund is now in liquidation so no engagement examples have been included.

Set out below are a few examples provided by the above managers, where they have been able to engage to produce a positive impact. In particular, examples were requested related to the Trustee's key themes. Save for the Trustee's opinion, all of the information provided below has been sourced from the respective manager.

AQR

"As a systematic manager with a focus on liquid, diversified strategies, AQR will typically hold large numbers of positions across many issuers, industries, and geographies. AQR believe engaging at the firm level, rather than at an individual fund level, best aligns with the breadth of their investment universe and high level of diversification in their portfolios.

AQR's centralized stewardship strategy is designed to work effectively at scale, leveraging the firm's resources to improve the quality, comparability, and comprehensiveness of ESG information used in their models.

AQR's engagement approach is grounded in transparency. This focus on transparency is a natural extension of their systematic investment process which relies in part on the quality, completeness, and consistency of publicly available financial and non-financial reporting."

Two examples of voting and engagement that AQR undertook are as follows:

- **Engagement A:** *"AQR engaged with a company that did not sufficiently report its greenhouse gas emissions, noting that no parent-level disclosure was available and only one of four subsidiaries published emissions data. Following an initial email, AQR met with the company to understand its challenges and request improved transparency. The company reported that two subsidiaries were preparing emissions disclosures and highlighted existing environmental policies across its operations. AQR emphasised that transparent emissions reporting is essential for investors, improves alignment between companies and their shareholders, and reduces reliance on less accurate third-party estimates. Since the engagement, one additional subsidiary has begun reporting Scope 1 and Scope 2 emissions, which the company intends to use to identify future reduction opportunities. While AQR views this as meaningful progress—particularly for the company's most emissions-intensive business lines—it continues to encourage parent-level disclosure and will revisit the company's reporting when its next annual report is published."*

- **Engagement B:** *"In keeping with our commitment to transparency, we seek to enhance the quality and completeness of corporate disclosure on human capital factors as evidenced by our voting record throughout 2025. For example, consolidated EEO-1 reports, which US companies already file with regulators but do not typically make public, offer a rare source of standardized, quantitative data relating to workforce composition (including on DEI factors) for investors. We welcome the emerging trend over the past few years for voluntary disclosure of EEO-1 reporting by corporates in so far as it has the potential to help investors better assess the effectiveness of a company's human capital initiatives and its management of any related risks. During the 2025 proxy season, we voted on five shareholder proposals across holdings in the Scheme's portfolio that requested enhanced transparency on workforce composition data. In each case, the proposal sought the publication of enhanced workforce-related information in line with EEO-1 reporting data or equivalent. We believe our voting to support proposals seeking to improve the quality of workforce diversity data available to investors is aligned with the Scheme's focus areas and our broader stewardship approach."*

The Trustee notes the manager's potential difficulties on stewardship activities due to the nature of the asset class but finds the engagement example provided in relation to Climate Change encouraging. The Trustee is pleased to see that AQR are voting in support of improving DE&I disclosures but would also like to see them engage with companies on this theme. The Trustee would like to see more of a focus on ultimate engagement outcomes and will continue to assess how AQR consider DE&I over the year.

Magnetar

*"Where Magnetar owns publicly traded securities, they will occasionally engage with management by providing strategic advice on financially material matters to drive better outcomes. In relation to certain new investments, Magnetar's New Business and Ethics Committee ("**Committee**") screens investments that meet the Committee's criteria for review, including ESG-related risks. The Committee's screening is conducted internally, and any issues raised are relayed to the investment team for additional diligence and, if need be, interaction with the target company. Lastly, the Front Office can engage with companies post-close, either as part of a pre-close investment strategy, or based on post-close experience with the company."*

Two examples of engagement undertaken by Magnetar are the following:

- **Engagement A:** *"Magnetar engaged with a technology company providing zero-trust network security software after becoming the majority equity holder following a pre-pack bankruptcy. Engagement focused on operational and financial improvements to support the company's post-restructuring stabilisation and growth. Magnetar worked with the new CEO on compensation and retention for key employees, supported the recruitment of a new CFO, CTO and Head of Sales, and assisted in expanding engineering capacity as the company integrated AI capabilities into its product suite. Magnetar also collaborated with management to strengthen financial controls, reduce unnecessary legacy public-company costs, and develop a capital allocation plan prioritising high-return strategic initiatives. Further, Magnetar helped to recruit an outside Board member with audit expertise and supported the creation of a Federal advisory board to enhance go-to-market capabilities in the defence sector. Additional operational improvements and development of an R&D roadmap were implemented with Magnetar's support to align technology investments with strategic priorities."*
- **Engagement B:** *"The Company is a healthcare technology company that provides services to payers, employers, providers and other stakeholders to reduce costs, optimize networks, ensure payment accuracy, and support decision-making across the healthcare ecosystem. After going public via SPAC in 2020, the business eventually experienced revenue declines driven by the attrition of business from a large customer. Furthermore, forecasted expansions into new products and customer verticals did not materialize. In 2024, the Company brought in a new management team which has pursued a comprehensive turnaround strategy focusing on transforming the business into a more innovative, tech-forward healthcare company, with positive results to date. Magnetar's initial investment was in HoldCo convertible notes, with the rest of the company's debt sitting at the OpCo."*

Magnetar has maintained ongoing engagement with the company and management team. In late 2024, the company approached Magnetar, as well as other key lenders, to let us know that they would be pursuing a Liability Management Exercise (“LME”) to restructure the full \$4.5bn debt capital structure. Magnetar formed an ad-hoc group with the other convert note holders. After several months of negotiations amongst the parties, the Company officially completed the restructuring on January 30th 2025. Due to Magnetar’s position in the earliest-maturing instrument, we received material economic benefits from the restructuring despite being among the most junior liabilities in the structure. The market reaction was favourable, with all parts of the capital stack trading up. Magnetar was able to considerably improve its position in this exercise. Prior to the restructuring, Magnetar’s notes were trading around 50 cents on the dollar. As of February 28 2025, 1 month after the LME, Magnetar’s combined position was trading at 67 cents, and by year end 2025, the position was trading at 84 cents. Since completing the restructuring, the management team has continued to execute on operational initiatives with demonstrated progress and success.”

The Trustee is pleased that Magnetar is engaging for change but notes that neither engagement example relates to the key themes of Climate Change or DE&I. Whilst the Trustee will continue to encourage Magnetar to provide meaningful engagement examples related to these key themes, it recognises the investment is currently in run-off (with final proceeds due to be received in January 2028) meaning the Trustee has little influence over the manager.

Man

“Man Group’s approach to stewardship is guided by a belief that as stewards of our clients’ capital we owe it to them to responsibly manage their assets to unlock long term, sustained value, while taking account of financially material ESG considerations, in accordance with the mandate given to us. We understand the importance of sound stewardship in managing investors’ capital, and our approach to RI ensures that our interests and values are closely aligned with those of our clients and shareholders.”

Examples of successful engagements that Man Group undertook were the following:

- **Engagement A - Nippon Steel:** *“Engagement with the company began in 2023 and focused on the ambition of the company’s emissions reduction targets, the credibility of its transition strategy, and the alignment of compensation with these goals. Despite initial company commitments, Man remained concerned with the setting of Paris-aligned targets and the disclosure of a credible business plan. An emerging issue surrounded alignment of the company’s climate-related policy positions and direct and indirect lobbying activities relating to the company’s decarbonisation strategy. Following support for three climate-related shareholder resolutions at the 2024 AGM, in 2025 Man sent a letter to the company requesting a formal response on actions being taken by the company since the last AGM. As a result, in March 2025, the company conducted its first company-investor webinar on their green steel transition plan. Through this process, the company was able to reveal efforts to increase disclosure of the company’s climate-related policy positions, and a follow-up meeting with the company was used to explain in more detail our expectations for disclosure of material trade associations.”*
- **Engagement B - Blue Bird Corporation:** *“Man Group engaged with Blue Bird Corporation to encourage improved disclosure and adoption of policies to manage human-rights-related risks. As part of a broader firm-level programme, Blue Bird was identified as a laggard based on ESG data, and a letter outlining expectations for enhanced human rights policies and supply-chain oversight was sent in December 2024, followed by a further request in January 2025. The company did not respond to either communication, and given the lack of progress, Man Group voted against the chair of the ESG Committee at the company’s 2025 AGM. Shortly after the AGM, Blue Bird published its first human rights policy, representing a positive development and demonstrating the constructive impact of continued investor engagement.”*

The Trustee is supportive of the engagement examples provided by Man Group; both are clearly aimed at making change rather than simply information gathering. The Trustee is particularly encouraged by the

example aligned to its Climate Change theme and notes that Man Group also provided a substantive social engagement example demonstrating effective escalation.

Engagement – other asset classes

The Trustee also invests in a number of other asset classes including fixed income strategies and other illiquid opportunities as follows:

Manager	Fund
Insight	Insight High Grade ABS Fund
Schroders	Schroders Alternative Securitised Income Fund
Schroders	Schroders Equity Sentinel Fund ³
Schroders	Schroders Sterling Corporate Bond Portfolio
CQS	CQS Credit Multi Asset Fund
ICG	ICG Total Credit Fund
HPS	HPS Private Loan Opportunities Fund
KKR	KKR Private Credit Opportunities Fund

All managers have shared information with the Trustee and the investment adviser on their engagement policies and work undertaken to generate improved long-term outcomes in the companies in which they invest. The Trustee acknowledges that the ability of fixed income and alternative asset class managers to engage and influence can be limited in comparison to direct equity holdings, depending on the nature/structure of the investment. However, the Trustee is of the view that all managers should have a regard to ESG matters and that this should form some part of their investment process. The Trustee therefore believes that all investors should exhibit engagement, regardless of their place in the capital structure of a company.

Set out below are a few examples provided by the Scheme's fixed income managers where they have been able to engage to produce a positive impact. Save for the Trustee's opinion, all the information provided below has been sourced from the respective managers.

Insight

"Insight consider ESG factors as part of their rigorous analysis, in the case of High Grade ABS this includes detailed due diligence on the originators both prior to making an investment as well as on an ongoing basis.

Insight believes that integrating relevant and appropriate ESG considerations in select investment processes, and their dialogue with issuers & other stakeholders, encourages better investment decisions and can ultimately help their clients achieve their desired outcomes, as well as support the economy, the environment & wider society."

Insight provided the following examples of engagements undertaken during 2025:

- **Engagement A - Cologix:** *"When we held this engagement, the issuer's 2024 ESG report had not yet been published – the issuer only reported business travel and employee commuting in scope 3 emissions, which we flagged to the company during the engagement. This has since been updated in the 2024 report to include more material categories (for example, purchased goods and services on Scope 3). As a part of the issuer's ESG roadmap, it targets an average Water Usage Effectiveness ("WUE") of 0.5L per 1kWh by 2030, however this target had already been achieved with a current WUE of 0.203. We recommended setting a more stretching target. More than 90% of the issuer's facilities use closed-loop water systems, recycling water whenever possible rather than releasing it into the environment. Its dual approach minimises water consumption for cooling and humidification but also drives overall improvements in energy efficiency. In 2022, the issuer began its initial quantification of water usage across facilities. The issuer continues to monitor sites in water-stressed or potentially water-stressed areas and develop water stewardship plans for those*

³ This fund was fully disinvested from in November 2025.

locations. All new data centre builds will include additional meters to more accurately measure and validate power and water consumption. The issuer continues to evaluate available projects like reclaimed water and reuse for landscaping.”

- **Engagement B - Vantage Data Centers LLC:** “We asked the issuer if it is planning to reduce its average Power Usage Effectiveness (“PUE”) and whether it had a target PUE. The issuer confirmed it has no PUE targets for EMEA or globally. However, it is working on targets for a new set of goals and has completed two initiatives in Germany for regulation but has not been adopted outside the portfolio. Regarding its green financing framework, we highlighted that the PUE threshold of the issuer’s green financing framework is 1.5 which we consider to be high and is worse than Germany’s country-level average. The average PUE in the ESG report is 1.26, we asked if it would consider improving the PUE threshold in its framework. The issuer responded that the 1.5 PUE target is to account for the full range of asset types because a PUE target of 1.2 is not achievable across the globe as an average. However, it conveyed it had begun internal discussions about the inconsistency between the design PUE and the target PUE in the framework. We also asked whether the issuer is planning to implement air cooling in all its data centres, consistent with its latest design (thus negating the need to use water to cool the data centre and giving a Water Usage Effectiveness (WUE) of zero). The issuer responded that its standard design uses closed loop evaporation systems with a WUE of nearly zero. It has employed these systems wherever feasible as the standard option. It does have data centres that use liquid-based cooling systems, which is a USP. It has adapted a design where customers have asked for something different. For instance, liquid to liquid cooling – this does use water, but it is a closed loop system so there is no evaporation. Therefore, the inefficiencies are eliminated.”

The Trustee is satisfied that the examples above demonstrate Insight's commitment to engaging in relation to Climate Change, however notes that Insight were unable to provide an engagement example that relates to Diversity, Equity and Inclusion. When challenging the manager on this, Insight noted that due to the nature of the asset class, most engagements undertaken relate to the improvement of data provided by originators (typically related to climate) and that while no standalone DE&I case studies were included for counterparty and ABS engagements, this does not reflect their lack of focus on the issue, with DE&I considerations assessed through broader ESG analysis. The Trustee will continue to monitor the engagements of Insight going forward and consider their progress on the topic of Diversity, Equity and Inclusion at a firm-level.

Schroders

"As an active investment manager, Schroders believe that their main lever to instigate change is through effective stewardship of investee companies. They have embedded climate change risk into their existing processes and controls, alongside specific ESG and climate-related governance and decision-making bodies."

Two recent engagement examples provided by Schroders are as follows:

- **Engagement A:** *"We have engaged with a global leader in renewable power generation and electricity networks since 2009, with dialogue spanning renewable capacity expansion, climate transition planning and governance of climate risks. Engagement intensified following our appointment as CA100+ co-leads in the second half of 2023. Engagement focused on how the Board assesses and strengthens its oversight of climate risks and opportunities. In the 2025 CA100+ benchmark, the company improved its performance across several governance-related indicators. Notable enhancements included clearer disclosure of how the Board assesses its climate competencies, quantification of drivers of Scope 3 emissions changes, and explicit commitments related to workforce retention, retraining and redeployment. While governance evolution remains ongoing, these disclosures demonstrate increased transparency and responsiveness to investor expectations."*
- **Engagement B:** *"We engaged with a global firm in the healthcare sector, prompted by a combination of identified material ESG risks and external scrutiny, including: growing regulatory and stakeholder expectations on clinical trial diversity and limited transparency on culture, incentives and employee*

engagement. Our engagement began with discussion on the company's R&D culture, incentive structures, efforts to break down silos, and use of employee engagement surveys to assess inclusion and leadership effectiveness. We then followed-up with requests encouraging more granular disclosure of engagement survey results, ethical and speak-up culture indicators, and metrics aligned with strategic priorities and critical roles (e.g. R&D and AI). As a result, the company has articulated a clearer internal narrative around culture, incentives and engagement, particularly within R&D. However, external disclosure remains largely qualitative, limiting investor ability to assess effectiveness over time. This objective remains in progress, with engagement now focused on improving the consistency, granularity and decision-usefulness of disclosed human capital metrics."

The Trustee is pleased to see that Schroders were able to share engagement examples relating to both Climate Change and Diversity, Equity and Inclusion, as well as outlining the ultimate outcomes. Whilst enhanced disclosures allow for better monitoring, the Trustee believes substantive engagements to be those aimed at making change, as opposed to information gathering and notes the lack of material change outlined in the examples provided. The Trustee will continue to press Schroders to engage with companies "for change" and monitor the managers progress in this regard.

ICG

"As a broadly diversified, global alternative asset manager we firmly believe that the decarbonisation of our investment portfolios plays an important role in building the long-term resilience of our business strategy. It improves the capacity of our investment products to limit the adverse impacts of climate-related risks, and capitalises on the opportunities presented by the low-carbon transition. This is exhibited in both the investment decisions and management of portfolios to deliver returns for our clients, and in the launch of new products."

Two recent engagement examples provided by ICG are as follows:

- **Engagement A - Polygon:** *"ICG engaged with the sponsor of a leading provider of property restoration services in the European market and is exposed to extreme climate related issues, Polygon, to understand the measures they are implementing to ensure Polygon is more defensive against future climate-related demand fluctuations. Polygon has pursued bolt-on acquisitions to diversify revenues into additional verticals and regions, but this M&A has put pressure on the cash flow generation of the business, increased the debt quantum and increased leverage. The expected increase in extreme weather conditions has been perceived as a credit positive for Polygon, however, we have been cautious of this assumption. The inconsistency in performance has led to prolonged high leverage and limited cash generation which applies pressure to a straightforward refinancing process."*
- **Engagement B - Nobian:** *"ICG engaged with Nobian, a European producer of commodity chemicals, on the company's efforts to mitigate risks associated with its energy-intensive production processes. Although the company has a strong record of reducing emissions through investment in renewable energy and is developing hydrogen energy storage solutions, ICG remains focused on the exposure to volatile energy prices and potential regulation. In 2025, ICG discussed the Dutch government's announced support for several of Nobian's green initiatives, including the company's financial commitments, the terms of the support and whether the associated capital expenditure was operationally required. ICG noted positively that the projects are not required for Nobian to operate, carry no repayment obligations and are expected to reduce emissions, mitigate regulatory risk and help insulate the company from future energy price volatility, leading to a more stable earnings profile."*

Whilst the above engagement examples evidence the manager's consideration of ESG and climate change risks, the Trustee is discontented with ICG's focus on information gathering and disclosures rather than a desire to drive change, as well as the lack of examples relating to DE&I. The Trustee will continue to encourage ICG to do so and monitor the manager's progress in this regard.

CQS

"We believe that an active approach to stewardship and responsible investing are crucial factors in creating long-term value for our investors. In our view, responsible investing, stewardship and ESG matters are drivers influencing financing costs, risk assessment valuations and performance."

Two recent engagement examples were provided by CQS as follows:

- **Engagement A:** *"CQS engaged with a semiconductor company as part of its strategic campaign to assess how it is managing water-related risks in an industry that is highly water-intensive and undergoing significant capacity expansion. The company operates fabrication plants in Korea and China, several in medium-to-high water-stress regions, and CQS focused on understanding its water stewardship strategy, reduction ambitions, recycling initiatives and alignment with future capex. Engagement also covered energy demands and the company's approach to responsible AI-driven growth. Management outlined its 2021 water strategy, which uses WRI Aqueduct data to assess basin stress, with around one-third of withdrawals coming from high-stress areas. The company is rolling out integrated water-recycling systems and aims to reduce water use per wafer, including a 35% reduction target for 2026, though this may be challenging as new fabs come online. While the company has not yet set specific reuse, recycling or discharge targets, it expressed confidence in managing scarcity risks through conservation initiatives and infrastructure improvements. CQS recognises the firm as an industry leader but sees scope for more ambitious near-term goals, and will continue to monitor progress through upcoming sustainability reporting."*
- **Engagement B:** *"CQS engaged with a shipping company to understand the progress of its decarbonisation strategy and its readiness for alternative fuels in a hard-to-abate sector. Through bilateral discussions with the CFO, CQS reviewed the company's submission of 1.5°C-aligned targets to the SBTi and explored the feasibility of emerging fuel options such as methanol, ammonia, LNG, hydrogen and biofuels. The company noted that availability and cost constraints remain significant barriers to widespread adoption, and that most of the existing fleet is not capable of using alternative fuels. As a result, near-term emissions reductions across the industry are likely to rely primarily on operational measures such as slow steaming. The company has begun ordering methanol-ready vessels and is maintaining flexibility while the regulatory environment, fuel infrastructure and technological solutions evolve. CQS will continue to monitor the company's decarbonisation pathway, including future progress on fuel-transition readiness and longer-term emissions-reduction plans."*

The Trustee is satisfied with the engagement examples provided by CQS, which are aligned to one of the Trustee's key themes on stewardship, namely Climate Change. However, the Trustee believes substantive engagements to be those aimed at making change, as opposed to information gathering and notes only one substantive engagement example was provided. Elsewhere, the Trustee notes that CQS did not provide examples relating to DE&I and will continue to monitor progress in this area.

HPS

"If practical, as part of HPS's ESG stewardship, HPS may seek to engage with portfolio company management teams and/or private equity sponsors, which may include efforts to mitigate any identified ESG risks, and to help assess any potential long-term financial and reputational risks that can result from a failure to address ESG issues."

Two recent examples of voting and engagement activities were provided by HPS below:

- **Engagement A:** *"HPS engaged with a global apparel and accessories company ("Project Designer") through its Carbon Engagement Program, which targets portfolio companies in high-emitting sectors. The engagement focused on supporting the company's measurement and disclosure of greenhouse gas emissions. HPS facilitated discussions between the company and its equity owners to help it engage a carbon accounting consultant and establish an emissions-measurement framework. As a result, the company successfully measured its Scope 1 and Scope 2 emissions for*

2024, began scoping its initial Scope 3 categories in 2026, and expects to begin measuring Scope 3 emissions in 2027."

- **Engagement B:** *"In Q2 2025, the HPS ESG Team engaged with the majority of the portfolio companies in Private Loan Opportunities Fund to collect ESG data, measured against the total number of portfolio companies."*

The Trustee is aware of potential stewardship challenges given the nature of the underlying assets, but remains discontented by the second example provided, given the lack of detail or focus on engagement outcomes. Whilst the Trustee would like to see the manager also engage on the topic of Diversity, Equity and Inclusion, it recognises the fund is currently in run-off (with final proceeds due to be received in December 2026) meaning the Trustee has little influence over the manager.

KKR

"KKR Credit seeks to actively engage on material sustainability topics with borrowers across all KKR Credit strategies. Once an investment has been made, we aim to monitor sustainability-related issues on an on-going basis."

Two recent engagement examples were provided by KKR are as follows:

- **Engagement A - Bloom Fresh:** *"KKR Credit engaged with Bloom Fresh, a global breeder of patented non-GMO seedless table grapes, during pre-investment diligence to assess the company under its sustainable credit frameworks. Engagement focused on understanding how the company's natural breeding practices and R&D support higher yields, improved disease resistance and reduced reliance on fungicides and water-intensive farming. Based on this analysis and tracked environmental KPIs, KKR Credit concluded that Bloom Fresh contributes positively to environmental sustainability through improved resource efficiency and grower outcomes, which supported the investment decision."*
- **Engagement B - TK Elevator:** *"Post-investment, KKR Credit engaged with TK Elevator on its climate-related risks and emissions-reduction strategy across operations and products. Discussions covered Scope 1–3 emissions, rollout of the company's energy-efficient EOX digital elevator platform, increased use of renewable electricity, improved supplier data collection for lifecycle assessments, and waste-reduction initiatives. TK Elevator has set measurable targets, including a 53% reduction in Scope 1 and 2 emissions and a 23% reduction in Scope 3 emissions from sold products by 2030. These actions demonstrate how ongoing post-investment engagement can support the company's decarbonisation efforts."*

Whilst KKR were able to share an engagement example related to climate change, the Trustee notes that they were unable to provide an example in relation to diversity, equity and inclusion. Additionally, the Trustee notes that both engagements do not showcase an example of the manager engaging for change. Whilst the Trustee finds this disappointing, it recognises that the fund is currently in the process of winding down (with final proceeds due to be received in 2028) meaning the Trustee has little influence over the manager.

Based on the information received from the investment managers in other asset classes, the Trustee is satisfied that the majority of its managers are taking steps to engage, within the parameters of their specific asset class/investment process.

Voting on behalf of the Scheme

AQR

"Where clients have delegated proxy voting to AQR, the manager seeks to align our voting with long-term value creation, including on ESG issues. Our standard approach to voting in applicable commingled funds is to apply a Sustainable policy. We can customise proxy voting in separate accounts to meet client needs. AQR's Stewardship Committee is responsible for managing our approach to proxy voting, including the

selection and use of third-party proxy advisers as well as the manner in which AQR votes its proxies and discharges its fiduciary obligation to clients.

AQR retains ISS Governance Services, an independent third-party Proxy Advisory firm, for a variety of services including, but not limited to, receiving proxy ballots, working with custodian banks, proxy voting research and recommendations, and executing votes."

A summary of AQR's voting statistics for the relevant period is included in Appendix 2. AQR were unable to differentiate between significant or non-significant proxy votes during the period. Over the year, the Trustee encouraged the manager to reconsider its approach to assessing significant votes. Although AQR were unable to do so for the purposes of this statement, the Trustee continues to engage with the manager in this regard through its investment adviser.

Beach Point

"Beach Point outsources proxy voting, using ProxyEdge to execute proxy voting for the equities we may own. Although many proxy proposals can be voted in accordance with the Firm's established guidelines, the Firm recognises that certain proposals may require special consideration, which may dictate that the Firm make an exception to its general guidelines."

Beach Point's voting statistics for the reporting period are included in Appendix 2. The manager noted that during the period, no significant votes were cast. Beach Point have explained that since they are a fixed income manager, they have limited exposure to equities in the fund and as such, tend to hold little of the issued amounts and voting shares, and thus have fewer opportunities to cast "significant" votes. They also noted that the nature of their votes have primarily focused on the annual selection of board of directors or audit service providers and thus, may not be deemed to be outside the ordinary course of business.

Whilst the Trustee does not necessarily agree with this approach to disclosing most significant votes, the Trustee appreciates it has limited influence on the manager given it is currently redeeming from the fund.

Man

"As part of their commitment to stewardship, Man maintains a custom voting policy. This custom voting policy seeks to encourage good corporate governance practices and promote ESG standards, whilst taking into consideration both company specific circumstances and broader market differences. Man understands that not all companies can fit a single model of governance and that best practice, regulatory requirements and corporate governance codes within different markets require a balanced and bespoke voting approach. They endeavour to conduct a fair level of research and consider the context and explanations provided by investee companies when making voting decisions. Nevertheless, their voting policy also comprises global best practice guidelines and areas of focus that we believe should be considered across all regions.

Man's aim is to vote at all meetings for our holdings where we have the legal right to do so. Man Group appointed Glass Lewis as its proxy service provider and use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and customise voting recommendations."

The Trustee is satisfied with Man's explanation of their voting practices. A summary of Man's voting statistics for the reporting period are included in Appendix 2.

Man were able to differentiate between significant and non-significant proxy votes during the period, in line with the Trustee's definition of what defines a significant vote. Further details on Man's significant votes are included in Appendix 3.

Magnetar

"Magnetar's voting is carried out through their proxy voting advisor, ISS. In their view, proxy voting ensures each vote is considered and recorded using a policy that we are comfortable with. When receiving shareholder ballot information via email or mail, they believe there is a high risk the voting data that is pertinent to make the vote and record it may be lost or misplaced. Using ISS makes a significant difference

to the certainty of data capture as ISS receive the data via file from the prime brokers and submit the vote via file to the tabulation agent.

Historically, proxy voting decisions have not been driven by ESG considerations. Magnetar's Proxy Voting Policy requires Magnetar to vote proxies prudently and solely in the economic interests of, and for the exclusive purpose of providing economic benefits to, clients. Social, political or other objectives unrelated to the value of clients' investments will not be considered. Magnetar has retained ISS as its proxy service provider and generally relies on its standard voting policy. However, if Magnetar chooses to vote differently from ISS's recommendation, the relevant Portfolio Manager will notify Magnetar's Proxy Voting Coordinator (as defined in Magnetar's Proxy Voting Policy), explaining the rationale for such votes. While the Trustee feels Magnetar's explanation of their voting practices has room for improvement, it notes that the importance of the voting behaviour is likely to be immaterial given the fund is in the process of being sold down."

Magnetar were only able to disclose a single significant vote that was cast during the period. A summary of this significant vote is included in Appendix 3.

Summary

The Trustee is comfortable that its investment managers are exercising their voting and engagement policies to a satisfactory level and that the Trustee's stewardship policy, as set out in the SIP, is being appropriately implemented where most applicable, on its behalf. The Trustee has noted that there has been limited improvement over the year in the engagement undertaken by the managers, and will continue to request engagement examples that focus more on driving change, rather than for information purposes.

This is the sixth statement prepared by the Trustee in relation to the implementation of its engagement and voting policies. The Trustee expects that, as the regulations in this area continue to develop, the standard of disclosures from managers is likely to improve in this area. The Trustee recognises that as a large institutional investor it has a part to play in the good governance and stewardship of the assets in which it invests. Going forward it will continue to monitor and assess its investment managers on a regular basis to ensure that its stewardship policy continues to be implemented.

In 2026, the Trustee plans to continue engaging with its investment managers through the ISC's rolling schedule of manager meetings, and to share their consistent list of stewardship questions ahead of the respective meetings. Additionally, the Trustee will continue tracking manager responses in a centralised document, analysing the trends identified across different asset classes and escalate accordingly where the Trustee considers responses are not sufficient. The Trustee plans to engage with three of the Scheme's investment managers in 2026 and looks forward to reporting progress made in this space in the next statement.

In a similar way to engagement, the Trustee plans to consider how best to assess the voting activity of the Scheme's managers and how best to then engage with the managers where necessary.

APPENDIX 1

Investment Managers: ESG focused standards, codes and/or industry memberships



Glossary:

1. **CA100+** – Climate Action 100+ is a five-year initiative led by investors to engage systemically important greenhouse gas emitters and other companies to drive the clean energy transition and achieve the goals of the Paris Agreement.
2. **Ceres** – A sustainability non-profit organisation working with the most influential investors and companies to build leadership and drive solutions throughout the economy.
3. **GRESB** – Established by a group of large pension funds who wanted to have access to comparable and reliable data on the ESG performance of their investments, GRESB has become the leading ESG benchmark for real estate and infrastructure investments across the world.
4. **IIGCC** – The Institutional Investors Group on Climate Change is a leading global investor membership body and the largest one focusing specifically on climate change.
5. **(UN) PRI** – The Principles of Responsible Investment is a United Nations supported international network of investors working together to implement its six aspirational principles.
6. **SASB** – The Sustainability Accounting Standards Board is a non-profit organisation founded to develop sustainability accounting standards.
7. **UKSIF** – The UK Sustainable Investment and Finance Association is a membership organisation for those in the finance industry committed to growing sustainable and responsible finance in the UK.
8. **UK Stewardship Code** – The stewardship code is part of UK company law concerning principles that institutional investors are expected to follow. Its principal aim is to make institutional investors be active and engage in corporate governance in the interests of their beneficiaries.
9. **UNEP FI** – The United Nations Environment Programme Finance Initiative is a global partnership established between the United Nations Environment Program (UNEP) and the financial sector.
10. **UN Global Compact** – A non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

APPENDIX 2

Voting Statistics

Below is the voting activity over the period for the Scheme's asset managers which held listed equities over the period.

AQR

Key Voting Statistics (Jan 2025– Dec 2025)	Number
Number of holdings at period end	1,709
Total Fund AUM at period end	\$901m
Value of Trustee's Assets	£120m
Number of meetings eligible to vote during the period	704
Number of resolutions eligible to vote during the period	9,561
% of resolutions voted	90%
% of resolutions voted with management	94%
% of resolutions voted against management	6%
% of resolutions abstained	0%
% of meetings with at least one vote against management	35%
% of resolutions where manager voted contrary to recommendation of proxy adviser	0%
Any use of proxy voting services during the period	AQR takes a sustainable approach to proxy voting and has adopted the Proxy Advisory firm's applicable Sustainable Guidelines. Sustainable Guidelines are offered by Institutional Shareholder Services Inc.

Man

Key Voting Statistics (Jan 2025 – Dec 2025)	Number
Number of holdings at period end	975
Total Fund AUM at period end	\$1,520m
Value of Trustee's Assets	\$162m
Number of meetings eligible to vote during the period	634
Number of resolutions eligible to vote during the period	7,491
% of resolutions voted	98%
% of resolutions voted with management	91%
% of resolutions voted against management*	9%
% of resolutions abstained	0%
% of meetings with at least one vote against management	55%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	3%
Any use of proxy voting services during the period?	Glass Lewis - Custom Policy

*Includes votes where no manager recommendation was given.

Beach Point

Key Voting Statistics (Jan 2025 – Dec 2025)	Number
Number of holdings at period end	5
Total Fund AUM at period end	\$26m
Value of Trustee's Assets	\$13m
Number of meetings eligible to vote during the period	3
Number of resolutions eligible to vote during the period	19
% of resolutions voted	100%
% of resolutions voted with management	100%
% of resolutions voted against management	0%
% of resolutions abstained	0%
% of meetings with at least one vote against management	0%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0%
Any use of proxy voting services during the period?	1. Broadridge ProxyEdge 2. Glass Lewis Investment Manager Recommendations

Magnetar

Key Voting Statistics (Jan 2025 – Dec 2025)	Number
Number of holdings at period end	774
Total Fund AUM at period end	\$1,846m
Value of Trustee's Assets	\$37m
Number of meetings eligible to vote during the period	18
Number of resolutions eligible to vote during the period	117
% of resolutions voted	100%
% of resolutions voted with management	88%
% of resolutions voted against management	9%
% of resolutions abstained	3%
% of meetings with at least one vote against management	78%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	32%
Any use of proxy voting services during the period?	Historically, proxy voting decisions have not been driven by ESG considerations. Magnetar's Proxy Voting Policy requires Magnetar to vote proxies prudently and solely in the economic interests of, and for the exclusive purpose of providing economic benefits to, clients. Social, political or other objectives unrelated to the value of clients' investments will not be considered. Magnetar has retained ISS as its proxy service provider and generally relies on its standard voting policy. However, if Magnetar chooses to vote differently from ISS's recommendation, the relevant Portfolio Manager will notify Magnetar's Proxy Voting Coordinator (as defined in Magnetar's Proxy Voting Policy), explaining the rationale for such vote.

APPENDIX 3

Significant votes

The Trustee delegates responsibility for the exercising of rights (including voting rights) attaching to investments to the Scheme's investment managers. The Trustee is not aware of any material departures from the managers' stated voting policies. Given the nature of these mandates and the fact that voting activities appear to be undertaken in line with the managers' voting policies, the Trustee is comfortable that the voting policies for the Scheme have been adequately followed over the period.

As previously mentioned, the votes shown in the below tables have therefore been chosen in relation to the Trustee's definition of a 'significant vote', which are votes that meet one or more of the following criteria:

- Votes relating to one of our key stewardship themes – Climate change and diversity, equity & inclusion;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

Man and Magnetar were able to disclose the significant votes cast during the period, with Beach Point noting that they did not cast any significant votes over the year. AQR were unable to disclose their significant votes cast during the period – the Trustee will continue to engage with the manager to encourage them to disclose these votes going forward. A summary of the 'significant votes' cast by the Scheme's managers is included in the table below.

Significant votes (1st January 2025 – 31st December 2025):

Voter	Company	Date	Resolution nature	Vote	Reason for significance	Management Recommendation	Outcome of the vote
Man	Adidas AG	15/05/2025	Remuneration Report	For	Large % holding	For	Passed
Man	Bristol-Myers Squibb Co.	06/05/2025	Shareholder Proposal Regarding Abolishing DEI Program and Policies	Against	Related to D, E & I	Against	Rejected
Man	Merck & Co Inc	27/05/2025	Shareholder Proposal Regarding Eliminating DEI from Compensation	Against	Related to D, E & I	Against	Rejected
Man	AIA Group Limited	23/05/2025	Elect George YEO Yong-Boon	Against	Related to D, E & I	For	Passed
Man	AIA Group Limited	23/05/2025	Elect Narongchai Akrasanee	Against	Related to D, E & I	For	Passed
Man	Lamb Weston Holdings Inc	25/09/2025	Elect Hala G. Moddelmog	Against	Related to Climate Change	Against	Passed
Magnetar	Company A	5/06/2025	Resolution to approve sale of company assets and have distributions as a return of capital	For	Large % holding	For	Passed