Nestlé UK Pension Fund (DB Section) Statement of Investment Principles Implementation Statement

July 2026

Contents

Introduction

This Implementation Statement ("the Statement") has been prepared by the Trustee Board ("the Trustee") of the Nestlé UK Pension Fund ("the Fund").

This Statement is produced by the Trustee as required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. The regulations state that the Statement must:

- Describe any review of the Statement of Investment Principles ("SIP") during the period covered by the Statement including an explanation of any changes to the SIP.
- Set out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year; and
- Describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and state any use of the services of a proxy voter during that year.

From 1 October 2022, further Department for Work and Pensions ("DWP") guidance on the reporting of stewardship activities through Implementation Statements came into effect. This statement has been prepared with this guidance in mind.

Based on regulatory requirements, the Statement will cover the period from 1 January 2025 to the end of the Fund's financial year on 31 December 2025. This Statement should be read in conjunction with the Fund's Defined Contribution ("DC") Section Implementation Statement.

The Statement is split into three sections:

1. An overview of the Trustee's actions and highlights during the period covered (including any reviews and changes to the SIP);
2. The policies set out in the Fund's SIP for the DB section and the extent to which they have been followed during the reporting period; and
3. The voting behaviour, including significant votes cast, and engagement activity undertaken by the fund managers (or specialist third-party providers, where relevant) on behalf of the Fund.

Reviews of, and changes to, the SIP

During the reporting period, 1 January 2025 to 31 December 2025, the Trustee reviewed and subsequently updated the Fund's SIP. As there were no material changes to the Fund's investment strategy or objectives, the primary update related to the Responsible Investment section to document the Trustee's approach to reviewing the Fund's net zero target. Minor amendments were also made to improve clarity and streamline language throughout the document. These changes were finalised in February 2026.

Reviews of SIP policies

The table sets out the policies in the Fund's SIP and evidence detailing how they have been followed. The Trustee is satisfied that it has adhered to the policies in the Fund's SIP during the reporting period.

Policy	Evidence
Fund Governance (1)	
The Trustee has taken proper written advice from its investment advisers and consulted the Principal Employer to the Fund in the preparation of this SIP.	The Trustee received written advice from its adviser and consulted with the Principal Employer with respect to the contents and wording of the SIP in accordance to Section 35 of the Pension Act 1995.
The Trustee considers that the governance structure set out in this SIP is appropriate for the Fund as it allows the Trustee to make the important decisions on investment policy, while delegating the day-to-day aspects to its appointed asset managers and/or its advisers as appropriate.	The Trustee has established the Defined Benefit Investment Committee, a governance committee responsible for certain investment matters delegated to it under terms of reference set out by the Trustee. The Trustee believes that the governance structure set out in the SIP is appropriate for the Fund.
The Trustee takes advice from its investment advisers to ensure that the assets of the Fund are invested in accordance with the policies set out in this SIP and the requirements of section 36 of the Pensions Act 1995.	The Trustee's investment adviser reviews all Fund assets to ensure they are compliant with the policies in the SIP and the requirements of section 36 of the Pensions Act 1995. The Trustee was not informed of any breach of these policies occurring during the reporting period.
Investment Objectives (3)	
Primarily to invest the assets of the Fund to meet its liabilities when they fall due. The Trustee wishes to protect members' accrued benefits, whilst maintaining a reasonable prospect of being fully funded on the long-term funding basis of Gilts +0.5% p.a. by 31 December 2036.	The Trustee received regular advice from its investment advisers on the Fund's investment strategy. This included quarterly reporting as well as ad hoc updates regarding funding level developments and steps the Trustee could take to achieve its primary funding objective.
Manage the investment risk, including that which arises due to a mismatch between assets and liabilities, and limit the total risk of the Fund.	The Trustee sets a budget on an appropriate risk metric, which is monitored on a quarterly basis. Over the reporting period, the Fund remained within the risk budget and no corrective action was required. The Trustee employs an investment strategy according to an agreed Strategic Asset Allocation ("SAA"). It targets a well-diversified and low-risk portfolio aligned to the long-term funding basis. The Fund has been transitioning its portfolio towards the SAA since 2021. In February 2025, the Trustee updated the SAA to ensure the strategy remained consistent with governance requirements and continued to meet the minimum Expected Return target. Over the reporting period, further progress was made in transitioning towards the SAA, including the ongoing reduction of the Fund's allocations to legacy Hedge Funds, Property, and Private Equity mandates. Rebalancing activity related to the Fund's Diversified Matching Illiquids allocation was also undertaken over the year.

Maintain suitable liquidity of assets such that the Fund is not forced to sell investments at particular times to pay member benefits or meet potential collateral calls.	The Trustee monitored the required and available collateral of the Fund on a quarterly basis. The Fund maintained sufficient liquidity and collateral to pay member benefits and/or meet collateral calls throughout the reporting period.
In order to help the Trustee achieve its investment objectives, the Trustee established a Defined Benefit Investment Committee ("the DBIC"), which is responsible for certain investment matters delegated to it under terms of reference.	The DBIC met 4 times during the reporting period and carried out its role according to the governance structure as set out in the SIP.
Summary of the Fund's Investment Strategy (4.1) – Investment Allocation Approach	
Assets are invested taking account of the nature and duration of the Fund's liabilities and to ensure appropriate diversification between asset categories.	When making investment recommendations to the Trustee, the investment advisers evaluate the suitability of investments in the context of the Fund's liabilities and their contribution to total investment risk. Diversification opportunities are considered as part of this process.
Summary of the Fund's Investment Strategy (4.2) – Asset Managers	
The Trustee delegates day-to-day investment decisions to suitably qualified independent asset managers. Asset Managers are carefully selected to manage each of the underlying mandates following guidance and written advice from the Trustee's investment advisers.	Over the reporting period, the Trustee continued to delegate day-to-day investment decisions to its asset managers.
The DBIC selects the Fund's asset managers with an expectation of a long-term appointment, although the legal terms of the contracts may provide for different durations according to asset class.	The Trustee continues to have an expectation of long-term appointments for the Fund's asset managers.
To aid diversification the Trustee employs a number of asset managers with specialisms in different asset classes and regions and varying investment styles, both passive and active.	There were no changes to the Trustee's approach during the reporting period. It continues to employ a range of asset managers whose areas of specialism combine to achieve a diversified source of investment returns for the Fund across both passive and active strategies.
Each mandate's performance targets, benchmarks, restrictions and fees are set out in the respective Investment Management Agreements ("IMA") or pooled fund documentation. The documents governing the manager appointments include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Fund. Asset managers have discretion to buy and sell investments within the terms of their agreements.	The Trustee retains records of all IMA and pooled fund documentation and receives advice from its investment adviser on the suitability of any amendments to agreements following a change in circumstance or objective.
When investing in a pooled investment fund, the DBIC ensures the investment objectives and guidelines of the fund are consistent with the Trustee's investment policies. Where segregated mandates are used, the DBIC may set explicit guidelines within the IMA where it is appropriate to do so.	The Trustee's investment advisers provided advice on the suitability of the objectives listed in the pooled fund agreements or guidelines for both types of allocation prior to the Fund's investments.

Asset managers are listed in the Fund's annual report and accounts, which also contains information about investment performance, asset allocation and major investment decisions taken during the year.	The Fund's asset managers continue to be listed in the Fund's annual report and accounts. A copy of this document can be requested from Nestlé Pensions.
Summary of the Fund's Investment Strategy (4.3) – Manager Review and Monitoring	
The Trustee and/or DBIC regularly monitors the Fund's asset managers to consider the extent to which the investment strategy and decisions of the managers are aligned with the Trustee's policies. This includes: - The managers' performance (net of fees and costs) against a benchmark appropriate to each manager, taking into account the level of risk taken by each manager. Performance targets are monitored over short, medium and long-term horizons; - The extent to which the managers make decisions based on assessments about medium- to long-term performance and engage with underlying investee companies in order to improve their performance in the medium- to long-term; - The managers' approach to responsible investment and alignment with the Trustee's policies in this area; - The managers' fees and costs related to portfolio turnover. Should the Trustee's monitoring process reveal that a manager's investment strategy and investment decisions are not aligned with the Trustee's policies, the Trustee and/or DBIC will engage with the manager to discuss how alignment may be improved. This includes specific consideration of the Fund's responsible investment policies. If, following engagement with the manager, it is the view of the Trustee and/or DBIC that the degree of alignment remains unsatisfactory, the arrangements with the manager may be altered or their appointment terminated.	The Trustee reviewed the managers' performance via quarterly meetings, alongside reporting from their investment adviser. The Trustee considered the performance of each manager across a variety of time horizons and, where applicable, against appropriate benchmarks. This included the manager's engagement with investee companies and annual management fees and costs. Additionally, the Trustee interacted with its managers through its advisers on an ad-hoc basis regarding matters relevant to the Fund. This included questions about individual assets held by the managers and the managers' permitted investment opportunity set. The Trustee considered whether the managers of the Fund's key strategic portfolios are taking sufficient action to align the portfolios with the Trustee's investment and responsible investment policies, as well as the managers' stewardship and engagement approach. Over the reporting period, the Trustee did not find that the Fund's managers' investment strategy or decisions were misaligned with the Trustee's policies.

Costs and Charges (5)	
Fees are charged by the Trustee's managers either as a proportion of the assets under management and/or are related to performance targets. They are negotiated individually when a manager is appointed and are reviewed periodically. The Trustee and/or DBIC takes advice from its investment advisers to ensure that fees are commensurate with the services provided.	Over the reporting period there were no changes to existing fee arrangements, which are all either as a proportion of the assets under management and/or are related to performance targets. The Trustee completed its annual review of a report prepared by its investment advisers that assesses the fees paid to the Fund's asset managers. The adviser's report found the fees paid to managers to be market competitive given the mandates' size and scale.
Portfolio turnover costs are a necessary cost to generate investment returns and the level of these costs varies across asset classes and manager. The Trustee and/or DBIC keeps them under review with the help of its investment advisers to ensure that they are appropriate. No specific ranges are set for portfolio turnover costs.	There were no reports of materially high portfolio transaction and turnover costs over the period.
Types of Investments Held (6.1) – Investments in DB Section	
Assets are diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations of risk in the Fund as a whole.	The Trustee was satisfied that the Fund retained a sufficient level of diversification between asset classes during the reporting period.
Types of Investments Held (6.3) – Expected Returns on Investments	
The Trustee receives professional independent investment advice on the expected levels of investment returns (after the deduction of expected charges) and risks for the funds to ensure that they are consistent with the Trustee's objectives.	The Trustee's investment adviser provided quarterly reports outlining the expected level of investment return and risk of the Fund. The current asset allocation was assessed to be within acceptable levels throughout the reporting period.

Risk Management and Monitoring (8)	
All pension schemes are exposed to various risks. The Trustee recognises the importance of how these key risks interact with each other and with other risks the Fund is exposed to in relation to its funding level and the Fund's sponsor (the risk that, for whatever reason, the sponsoring employer is unable to support the Fund as anticipated). The Trustee also has in place processes to consider and monitor these non-investment risks on a regular basis and takes an integrated approach to managing investment and non-investment risks.	In accordance with the SIP, the Fund's progress against its strategic objectives is managed and monitored using a Pensions Risk Management Framework ("PRMF"), which is prepared by the investment adviser and is reviewed by the Trustee on at least a quarterly basis. The Trustee used the PRMF to monitor various risks as outlined in the SIP, and in particular to ensure that: - The expected return on investments was close to the return required to meet the primary funding objective of being fully funded on the long-term funding basis of Gilts +0.5% p.a. by 31 December 2036. - Investment risk (including that which arises due to mismatch between assets and liabilities) was being kept within agreed budgets. - The Fund maintained sufficient liquidity and collateral to maintain its hedging strategy. - The Fund's liability hedging strategy remained appropriate and broadly in line with the agreed proportion of the Fund liabilities. The Trustee is satisfied that the implementation of the risk management and monitoring strategy was consistent with the SIP and the circumstances of the Fund during the reporting period.

Overview of the Trustee's Stewardship, Voting, and Engagement Policies

The Trustee's responsible investment belief concerning stewardship and engagement is:

"Engagement is the preferred means of aligning the Fund's investments with the goals of the Trustee, but the Trustee will consider an exclusion and divestment strategy where engagement fails to yield meaningful alignment and where consistent with the Trustee's fiduciary duties."

The Trustee's policy concerning Stewardship, Voting, and Engagement is summarised in its Statement of Investment Principles and explained more fully in the Responsible Investment policy. It is characterised by the four sections below:

- Selecting the Fund's Investments
- Appointment, review and monitoring of the Fund's asset managers
- Stewardship – "A responsible owner of our assets"
- Addressing the risks (and opportunities) of climate change

Additional detail on these policies, and evidence demonstrating how they have been followed during the reporting period, is provided below. The Trustee is satisfied that their responsible investment policies were adhered to during the reporting period.

Selecting the Fund's Investments

The Trustee's policy with regard to selecting the Fund's investments includes:

- All else being equal, the Trustee will allocate the Fund's DB assets to asset classes where Environmental, Social, Governance ("ESG") can be integrated into decision making.
- ESG risks will be assessed along with other factors such as investment risk and return.
- The Trustee will not divest the Fund's DB assets from existing asset classes for ESG reasons alone but consider its function within the broader portfolio along with other factors such as investment risk and return.

How have the policies been followed by the Trustee?

The Trustee did not allocate the Fund's DB assets to any new asset classes or asset managers during the reporting period. The Trustee continues to disinvest from several legacy asset classes in order to transition the Fund's investment portfolio to the agreed long-term Strategic Asset Allocation. These divestments were not made on purely ESG grounds, however consideration was given to the ESG impact.

Appointment, review and monitoring of the Fund's asset managers

The Trustee's policy with regard to the appointment, review and monitoring of the Fund's asset managers includes:

- In relation to the appointment of new asset manager(s), the integration of ESG into their investment process is considered as a key selection factor used to assess the manager(s) during the investment due diligence process.
- Once appointed, the Trustee requires its appointed asset managers to be cognisant of climate change risks and opportunities within their investment processes as applied to the assets of the Fund.
- The extent to which managers integrate ESG and specifically climate-related factors into their investment process is monitored to ensure it is sufficient for the characteristics of the asset class and aligned to the Trustee's responsible investment policies.
- The Trustee requires all the Fund's asset managers to provide reporting on ESG factors, including climate change, where possible.

How have the policies been followed by the Trustee?

Over the period, the integration of ESG, and specifically climate-related, factors continued to be an explicit topic of discussion between the Trustee and its investment adviser. The Fund's asset managers provided quarterly reporting on the integration of, and risks related to, ESG and climate-related factors pertinent to the assets they manage on the Fund's behalf, as well as ad hoc ESG reporting. This included, for example, carbon emissions reporting in addition to case study evidence. These topics were the subject of focussed discussion during the quarterly review meetings with the managers, with examples provided by the managers of specific ESG integration within their portfolios, where relevant.

The Fund is currently in the process of de-risking its portfolio as it transitions to a long-term Strategic Asset Allocation. During this process, the Trustee has taken steps to incorporate ESG and climate-related considerations into the investment guidelines given to its asset managers, subject to maintaining appropriate broader investment characteristics. This includes activity such as optimising a portfolio's emissions profile versus a representative benchmark and adopting ESG screens consistent with the Trustee's policies.

Stewardship – "A responsible owner of our assets"

In order to focus the Trustee's stewardship efforts, it has selected six core ESG themes based on advice as to their likely financial materiality to the Fund and alignment with the United Nations Global Compact principles.

The core ESG themes are:

- Environment
- Climate Change
- Human Rights
- Labour Rights
- Corporate Governance
- Corruption

The core themes are kept under review by the Trustee and may be updated or added to periodically.

The Trustee and/or DBIC use a framework to monitor the managers' track record of engaging with companies based on the Trustee's six core ESG themes. This framework is used to define the most significant vote reporting shown in the Voting Behaviour section below.

The Trustee's policy regarding stewardship & engagement includes:

- The Trustee has delegated all voting and engagement activities to the Fund's asset managers, or specialist third party advisors where appropriate. It is the Trustee's responsibility to monitor and oversee how the managers steward assets on its behalf, including the casting of votes in line with each managers' individual voting policies. The Trustee reviews manager voting and engagement and escalation policies on an annual basis to ensure they are in line with the Trustee's expectations and in members' financial best interests. Prospective asset managers are also required to provide this information for the Trustee to review in advance of any new appointment.
- Managers are expected to employ the full range of engagement tools at their disposal and engage with companies on the Trustee's behalf in relation to ESG considerations and other relevant matters (such as the company performance, strategy, risks, capital structure, and management of conflicts of interest). Managers are expected to escalate their engagement activities consistent with their own stewardship policies, which should reflect leading industry standards.
- The Trustee expects their asset managers to be signatories to the FRC's UK Stewardship Code (or regional equivalent) and be able to demonstrate that they act in accordance with its 12 principles. Where a manager is not a signatory, the Trustee will seek to understand why this is the case and encourage them to become signatories. The Trustee recognises that stewardship expectations vary across different asset classes and are currently highest for managers of listed equity and corporate bond portfolios. For multi-asset, alternative, and illiquid asset managers, the Trustee relies on its advisors to appraise the quality of managers' stewardship as appropriate.
- While the Trustee delegates voting and engagement activities to the Fund's managers, or specialist third party advisors where appropriate, it recognises its responsibility to oversee the voting and engagement activities carried out by managers on its behalf. The Fund's asset managers are therefore required to provide qualitative and quantitative data to the Trustee and/or IC on a regular basis regarding their recent voting and engagement activities.
- Should the Trustee's monitoring process reveal that a manager's voting and engagement policies and actions are not aligned with the Trustee's expectations, the Trustee will engage with the manager to discuss the rationale behind their voting and engagement activity and how alignment may be improved. If, following engagement with the manager, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the arrangements with the manager may be altered or their appointment terminated.

How have the policies been followed by the Trustee?

The majority of the Fund's asset managers are signatories to the UK Stewardship Code and therefore have committed to perform good stewardship, including the responsible allocation, management, and oversight of capital, to create long-term value on the Fund's behalf. Only two managers are not current signatories due to the private nature of the assets which they invest in on the Fund's behalf. The Trustee does not have immediate concerns with these managers' non-signatory status.

The use of voting rights is most likely to be facilitated in the sections of the portfolio where physical equities are held. This is only relevant for the Fund's Global Equity allocation. During the reporting period, the Trustee continued to exercise a higher degree of control over the voting-focused stewardship activity related to the Global Equity mandate, following the adoption of a third-party proxy voting policy in 2024. The adopted policy was chosen as it closely aligned with the Trustee's core ESG themes (as outlined above), thereby increasing the likelihood that voting-focussed stewardship undertaken on the Trustee's behalf within the Global Equity allocation is aligned more closely to the Trustee's investment beliefs. An overview of votes cast during the applicable period by the third-party provider can be found in the **Voting Behaviour** section.

The Trustee completed its annual in-depth review of the stewardship activities carried out by the managers of the Global Equity and Buy & Maintain Credit allocations. These asset classes were selected given their size in the total portfolio, the relative influence the Trustee can have on the managers' stewardship and engagement activities, and the asset classes' importance to the Fund's long-term investment strategy.

As part of this review, the managers' exposure to the core ESG themes was assessed and a watchlist of companies whose exposure to these themes was deemed to be material was established for review. The reporting highlighted that less than 2% of the Fund's portfolio was allocated to companies on the watchlist. In addition, the

Trustee reviewed the managers' engagement record, specifically assessing their participation in company resolutions and the number of engagement actions undertaken.

Addressing the risks (and opportunities) of climate change

The Trustee's climate change policy includes:

- The Trustee has developed a monitoring process, which includes the setting of climate change-related goals/targets for the Fund, in support of the Trustee's commitment to manage and integrate the consideration of these issues within the Fund.
- The Trustee has set an interim target to achieve 60% of financed emissions in companies assessed as having a verified Paris Aligned temperature pathway, or for high impact companies that are flagged as not having a Paris-Aligned pathway, ensuring these companies are subject to structured engagement. This target currently applies to NUKPF's public equity and corporate bonds and the timeframe for achieving this target is 2027.
- The Trustee remains supportive of a transition to a net zero economy and achieving net zero portfolio emissions, believing this is in the best long-term interests of members. Nevertheless, the Trustee is bound by its fiduciary duty and the prevailing policy environment. The relevance of the Trustee's target is reviewed annually to ensure they remain appropriate for the Fund.

How have the policies been followed by the Trustee?

In addition to broader ESG risks, the Trustee's annual monitoring assessment of the core ESG themes was used to identify companies with a high degree of climate risk. The managers were asked to provide details of their engagement activity with these companies, including details of positive climate-related outcomes.

The Trustee completed an assessment of the climate-related engagement activity of the managers of the Global Equity and Buy & Maintain Credit allocations. The managers were asked to provide case study examples of their engagements with selected companies, including the rationale and outcomes. The companies were identified based on their degree of alignment to the Climate Change core ESG theme or if they qualified as "high impact" and without a verified Paris-aligned pathway, as described in the Trustee's climate target.

In line with the interim target, during the period the Trustee also completed an assessment of the absolute emissions, carbon footprint, and degree of alignment to the goals of the 2015 Paris Agreement of the Fund's investment portfolio. For more information on the methodology and results of this analysis, please refer to the Trustee's 2025 TCFD Report, which can be found on the Nestlé Pensions website.

The Trustee does not take non-financial factors into account in the selection, retention and realisation of investments in the Fund.

Voting Behaviour

Below is information on the voting activity over the period for the Fund's Global Equity allocation, which held listed equities over the period. This section includes information related to the most significant votes by considering items associated with the Trustee's six core ESG themes.

The exercise of voting rights was completed (where applicable) in accordance with the third-party provider's voting policy throughout the 2025 reporting period. This policy applies to the Fund's Global Equity investments, where physical equities are held.

It is the Trustee's belief that the policies set out in the SIP regarding the exercise of voting rights attached to investments and the undertaking of engagement activities in respect of the investments have been followed over 2025. No further follow up is required.

Voting statistics summary (01.01.2025 – 31.12.2025): Global Equities – Voting under third-party provider's policy

VOTING STATISTICS	RESPONSE
How many meetings were you eligible to vote at?	1,071
How many proposals were you eligible to vote on?	14,026
What % of proposals did you vote on for which you were eligible?	98.5%
Of the proposals on which you voted, what % did you vote with management?	92.3%
Of the proposals on which you voted, what % did you vote against management?	7.7%
Of the proposals on which you voted, what % did you abstain from voting?	0.07%
In what % of meetings, for which you did vote, did you vote at least once against management?	44.8%
Any use of proxy voting services during the period?	Proxies are voted in accordance with the third party provider's voting policy.

Significant votes summary (01.01.2025 – 31.12.2025) – Voting under third party provider's policy

	Amazon.com, Inc	Tesco Plc.	The Kraft Heinz Company
Summary of the resolution	Disclose all material Scope 3 emissions.	Re-election of Board Director	Report on recyclability claims.
Criteria on which the vote is considered "significant"	Core Theme – Climate Change	Core Theme – Corporate Governance	Core Theme – Environment
How you voted	For	Against	For
Rationale for the voting decision	The third-party provider supported this proposal due to (in their view) the company's limited adoption of Scope 3 carbon reporting, lack of disclosure regarding emissions from third-party sales unlike many of its major retail peers, and ongoing controversies surrounding the company's climate and environmental practices. The third-party provider believes expanded Scope 3 disclosure would enhance transparency and enable shareholders to more accurately evaluate Amazon's environmental risks and sustainability performance.	The third-party provider did not support the re-election of the company's incumbent nomination committee chair due to concerns about the lack of diversity on the board.	The third-party provider supported this proposal due to the view that increased assessment and disclosure of the recyclability of the company's plastic packaging would enable shareholders to better understand how the company is managing an emerging area of legal and reputational risk.

Outcome of the vote	Fail	Pass	Fail

	Dollarama Inc.	Microsoft Corporation	Tesla, Inc.
Summary of the resolution	Disclose plans to reduce greenhouse gas (“GHG”) emissions.	Report on risks of operating in countries with significant human rights concerns	Report on the use of child labour in connection with electric vehicles.
Criteria on which the vote is considered “significant”	Core Theme – Climate Change	Core Theme – Human Rights	Core Theme – Labour
How you voted	For	For	For
Rationale for the voting decision	The third-party provider supported this proposal on the basis that (in their view) additional disclosure on the company’s GHG emissions reduction plans would improve transparency around how climate-related risks are being managed.	The third-party provider supported this proposal on the basis that (in their view) shareholders would benefit from increased disclosure regarding how the company is assessing the implications of siting data centres in countries of significant human rights concern.	The third-party provider supported this proposal on the basis that (in their view) additional information on the company's efforts to eliminate child labour from its supply chain would allow investors to better understand how the company is managing human rights-related risks in its supply chain.
Outcome of the vote	Fail	Fail	Fail

Engagement Activity

This section includes information on the engagements carried out on the Trustee’s behalf related to the Trustee’s six core ESG themes. Below are case studies provided by the asset managers on their engagement activity during the reporting period:

Manager: Aviva

Private Debt

Topic for this engagement: *Environment*

Aviva engaged with the borrower following a request to substitute assets within the portfolio, driven by the sale of an existing property and the addition of two new assets. Engagement focused on assessing the impact of the substitution on the portfolio’s sustainability Key Performance Indicators (KPIs), including the requirement for the average Building Research Establishment Environmental Assessment Method (“BREEAM”) In-Use rating to improve year-on-year and the need to reset the baseline following changes to the asset pool. As a result of the engagement, the substitution was approved on the basis that a revised BREEAM In-Use baseline was established and the borrower committed to improving performance from the new baseline. While the updated baseline score reduced due to the inclusion of a lower-scoring asset, the portfolio remained compliant with the KPI framework, with further engagement identifying planned refurbishment works expected to support improvements in the asset’s environmental performance over time.

Private Debt

Topic for this engagement*: Climate Change*

Aviva engaged with the borrower as part of the annual review of the sustainability-linked terms in 2025 to assess progress against agreed KPIs and emissions reduction targets. Engagement focused on operational sustainability performance, including waste management practices and certification outcomes. As a result of the review, Aviva confirmed that the borrower continued to maintain zero waste to landfill across its operational buildings and achieved KPI 3 through obtaining a BREEAM In-Use “Excellent” rating for both the asset and management components at Globe Point in Leeds. This achievement resulted in the associated margin reduction being awarded, demonstrating continued progress against the sustainability objectives embedded within the financing structure.

Manager: BlackRock

Private Credit

Topic for this engagement: *Climate Change*

BlackRock engaged with a borrower through the inclusion of an ESG ratchet within a loan agreement supporting the acquisition of a global provider of maintenance, repair and overhaul services and safety equipment for the airline industry. The ESG ratchet committed the borrower to reporting Scope 1–3 carbon emissions, setting a net zero commitment and reducing emissions intensity. In September 2025, the borrower reported carbon emissions for the first time and met additional Key Performance Indicators (KPIs) relating to health and safety and employee engagement.

Private Debt

Topic for this engagement: *Climate Change*

BlackRock engaged with a borrower as part of a refinancing exercise for a senior secured loan to a provider of fire protection products and installation services in Germany. Engagement focused on material ESG risks, including air quality and energy management, identified using the Sustainability Accounting Standards Board’s (“SASB”) materiality map. As a result, an ESG margin ratchet was introduced, and the borrower has since set a public net zero commitment, reported Scope 1–3 carbon emissions, and completed a carbon reduction opportunities assessment for Scope 1 and 2 emissions. Engagement on emissions intensity reduction and other sustainability KPIs is ongoing.

Manager: Legal & General Investment Management (“L&G”)

Topic of engagement*: Labour rights*

<u>Why was the company the subject of engagement?</u>

Walmart was identified by L&G as a priority company under its 2023 Income Inequality campaign, which focused on income inequality and the payment of a living wage. As part of this campaign, L&G selected 15 of the largest global food retailers with the objective of encouraging improved living wage practices for employees and workers within supply chains. Walmart was included due to its scale and potential influence on labour standards across global operations and supply chains.

<u>How did the manager engage with the company?</u>

In 2025, L&G engaged with Walmart through discussions with the company’s Investor Relations team as part of its Income Inequality and living wage campaign. L&G also assessed Walmart’s disclosures using the Platform for Living Wage Financials (“PLWF”), an investor-led initiative that evaluates company policies and practices relating to living wages for both employees and supply chain workers. The assessment considers disclosure on living wage policies, purchasing practices and access to remedy. L&G made clear that insufficient progress following engagement could result in escalation, including voting action at future Annual General Meetings (“AGM”).

What was the outcome of the engagement?

Walmart did not meet L&G's minimum expectations under the 2023 Income Inequality engagement campaign, and L&G voted against the re-election of the Chair at the company's AGM. Under the PLWF assessments, Walmart's level of disclosure had historically been considered "embryonic". However, following further engagement, L&G noted progress in the 2024/25 assessment, with Walmart moving into the "developing" category. L&G will continue to monitor disclosures and engage with the company to encourage further improvements in living wage practices.

***Topic of engagement**: Climate Change, Corporate Governance*

Why was the company the subject of engagement?

Toyota was identified by L&G as a priority company due to its scale, global influence and role in the transition to net-zero transportation. While Toyota has promoted a "multi-pathway" decarbonisation strategy incorporating hybrid, electric and fuel-cell vehicles, concerns have been raised regarding the alignment of this approach with global climate ambitions and regulatory developments in regions progressing rapidly towards electric vehicles. In particular, L&G sought greater clarity on how Toyota's strategy aligns with its climate goals, including the absence of a target to phase out internal combustion engine vehicles.

How did the manager engage with the company?

L&G engaged with Toyota through five meetings during 2025, including three collaborative engagements via the Asia Corporate Governance Association and the Asia Investors Group on Climate Change, with the remainder led by L&G's investment stewardship team. Engagement typically involved senior representatives, including the President and CEO and the Head of Investor Relations. Engagement objectives focused on enhancing disclosure of climate-related lobbying activities, encouraging alignment of public policy advocacy with Paris-aligned outcomes, and improving transparency around Toyota's "multi-pathway" strategy, including governance and valuation considerations related to the TICO proposal and cross-shareholdings. Toyota's progress was assessed against L&G's Climate Impact Pledge minimum expectations for the road transport sector.

What was the outcome of the engagement?

Following limited progress and concerns regarding board independence, accountability and the alignment between Toyota's stated climate ambitions and its strategy, L&G voted against the re-election of the Chair at the company's 2024 AGM. Subsequently, Toyota demonstrated increased willingness to engage with shareholders. In 2025, L&G voted in favour of the re-election of the Chair while continuing to monitor progress against its Climate Impact Pledge expectations. L&G noted continued progress in the unwinding of cross-shareholdings and improvements to committee structures, enhancing the ability of outside directors to provide effective oversight. L&G considers engagement objectives to be in progress and will continue to engage with Toyota, both collaboratively and through L&G-led engagement, to monitor progress and assess the company's alignment with climate and governance expectations.

Manager: PIMCO

***Topic of engagement**: Climate Change, Environment*

Why was the company the subject of engagement?

The issuer is a leading European bank and a repeat green bond issuer, with a strong ESG framework and an improving strategy. PIMCO has engaged with the issuer over a multi-year time horizon, with previous interactions focused on validation of emissions reductions, sustainable finance reporting, and the alignment of remuneration with ESG objectives. Progress has been observed in the issuer's EU taxonomy alignment.

How did the manager engage with the company?

The most recent engagement focused on clarifying progress against prior recommendations and identifying areas where the issuer could further enhance its climate strategy and sustainable finance disclosures. This included reviewing updates to the issuer's 2025 sustainability policy, which covers human rights, climate, biodiversity and circularity. PIMCO recommended enhancing disclosure by including relative green financing figures (i.e. as a percentage of total financing). PIMCO also encouraged strengthening engagement practices, including targeting top emitters and setting time-bound expectations. In addition, PIMCO advised the adoption of explicit methane management guidelines for oil and gas counterparties, including alignment with the World Bank's Zero Routine Flaring by 2030 initiative.

<u>What was the outcome of the engagement?</u>

The issuer has partly met PIMCO's sustainable finance reporting recommendations by reporting absolute green loan exposure and the relative share of assets meeting certain sustainability criteria. However, progress on methane-related commitments and external validation of decarbonisation targets remains outstanding. Next steps for the issuer may include further enhancing its climate strategy through expanded engagement practices and improved green financing disclosures. PIMCO will continue to monitor progress and follow up as appropriate.

Topic of engagement*: Climate Change, Environment*

<u>Why was the issuer the subject of engagement?</u>

The issuer owns the regulated electricity transmission grid in Europe and is a leader in environmental risk management and climate commitments among regulated entities. PIMCO has consistently engaged with the issuer since 2020, both bilaterally and through collaborative initiatives, with a focus on climate risk strategy, transition planning and green bond issuance.

<u>How did the manager engage with the issuer?</u>

PIMCO engaged with the issuer on its outlook for green financing, bond alignment and capital expenditure planning to support decarbonisation objectives. Engagement focused on the issuer's expectations for green bond issuance and EU Taxonomy alignment, as well as its approach to managing emissions reductions through network upgrades, including leak prevention and line loss reduction. PIMCO also discussed the issuer's investment in infrastructure upgrades to support decarbonisation targets, noting differentiated approaches across core jurisdictions.

<u>What was the outcome of the engagement?</u>

The issuer outlined plans to increase green bond issuance, with an expectation that issuance will be fully aligned with EU Taxonomy. The issuer also highlighted ongoing capital investment to support decarbonisation targets. In addition, the issuer reaffirmed its commitment to advancing climate adaptation and nature preservation beyond minimum regulatory requirements. PIMCO will continue to monitor progress against decarbonisation and environmental objectives and engage further as required.