

Pfizer Group Pension Scheme (the “Scheme”)

Annual Implementation Statement for the Year to 31 March 2025

September 2025



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Section 1

Introduction

This statement sets out how, and the extent to which the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the year running from 01 April 2024 to 31 March 2025 (the “**Scheme Year**”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Scheme Year, the latest of which is dated September 2024. Post the Scheme year end, an updated SIP was agreed in April 2025, following changes made to the Scheme’s investment strategy, and again in August 2025, to reflect further changes made to the Scheme’s investment strategy and the merger with the Monsanto Pension Plan.

The following Section of this statement sets out the investment objectives of the Scheme and changes which have been made to the SIP during the Scheme Year, and the extent to which the policies in the Defined Benefit (“DB”) Section of the SIP have been followed, respectively.

This Statement covers only the DB Section of the Scheme for the period from 1 April 2024 to 31 March 2025, as the remainder of the Defined Contribution (“DC”) assets were transferred to the Aon Master Trust on 24 March 2025. Consequently, the Trustee has not included a review of the implementation of the DC Section policies during this reporting period, as was done in previous years. Until the transfer was completed, the Trustee continued to implement the SIP policies for the DC assets. Going forward, the DC assets are now governed and reported under the Aon Master Trust.

The Trustee can confirm that all policies, procedures and objectives in relation to the SIP have been followed in the Scheme Year. In conjunction with this, the Trustee also recognises that the DB Section’s actual asset allocation may differ from the strategic allocation over time due to the nature and liquidity profile of the underlying assets.

A copy of the SIP is available at <https://www.pfizerpensiondirectory.co.uk/>.

The last sections of this statement include information on the engagement and key voting activities of the underlying investment managers within the DB Section of the Scheme.

Section 2

Statement of Investment Principles

Investment Objectives of the Scheme

For the DB Section, the Trustee believes it is important to consider the policies in place in the context of the objectives it has set. The Trustee's primary objective is to meet the benefit obligations in full, as they fall due. To satisfy this objective, and in addition to its Statutory Funding Objective, the Trustee has established a long-term, lower-risk funding target. The Trustee has designed the overall portfolio to generate long-term returns in excess of liability-matching gilts. In seeking to achieve this level of return, the Trustee seeks to manage risks (as set out in section 3.2 of the SIP) appropriately.

As the Scheme approaches the Long-Term Funding Target, the Trustee believes:

- Dependency on the covenant of the Principal Employer could be steadily and significantly reduced from current levels;
- The key financial risks e.g. asset market, interest rate and inflation risks should be progressively reduced as and when considered appropriate.

These are considered holistically by the Trustee over time when making key decisions (e.g. relating to investment strategy) in respect of the Scheme.

Review of the SIP

During the Scheme Year, the Trustee reviewed and amended the SIP in September 2024 following changes to the investment strategy of the DB Section.

For the DB Section, the SIP incorporates the following main changes:

- Update to the strategic asset allocation to introduce an allocation to Open-Ended Infrastructure Equity.
- Updates to the responsible investment and corporate governance policy.

After the Scheme Year covered by this statement, the Trustee reviewed and amended the SIP in April 2025 to reflect the following main changes:

- Update to the strategic asset allocation to introduce Trade Finance and Asset Backed Securities.
- Updates to the allocation tolerance ranges, in particular for the asset classes which are running off over time.

- Reflect the transition of the DC Section to Master Trust.

Subsequently in August 2025, the Trustee conducted another review and amendment of the SIP to reflect the following main changes:

- Adjusted the strategic asset allocation by increasing the allocation to Trade Finance and reducing the allocation to LDI.
- To reflect the merger with Monsanto Pension Plan.

Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies, procedures and objectives in the SIP that was in force during the Scheme Year (i.e. the SIP dated September 2024), relating to the DB Section of the Scheme.

In summary, it is the Trustee's view that the SIP has been followed during the Scheme Year.

Investment Mandates

Securing compliance with the legal requirements about choosing investments

Policy

As required by the legislation, in considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of a suitably qualified investment consultant, Mercer Limited (“Mercer”). The advice received and arrangements implemented are, in the Trustee’s opinion consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

How has this policy been met over the Scheme Year?

Before deciding to take investment risk relative to the liabilities, the Trustee has received advice from the Investment Adviser and Scheme Actuary, and held discussions with the Sponsoring Employer where required.

As part of the two Ares redemptions in 2023 of £65m each, two payments of £1.95m relating to each tranche were held back, and these were released on 3 April 2024. The proceeds were invested in the Insight LDI portfolio.

In December 2023, the Ares Secured Finance portfolio began the process of winding-up, with the liquidation due to be completed in several tranches. A total of c. £23.0m was distributed up to 31 March 2025; c. £1.5m (April 2024), c. £5.0m (May 2024), c. £3.6m (August 2024), c. £2.8m (October 2024), c. £3.6m (November 2024) and c. £6.5m (February 2025). The money was transferred to the Insight LDI portfolio before being used to help fund the JP Morgan open-ended infrastructure equity mandate.

In December 2023 a disinvestment instruction of £100m was made from the AXA Global Secured Assets Fund, with the proceeds to be received in 4 separate tranches of £25m. The intention was to cover the majority of the outstanding loan balance with these proceeds. The first tranche was redeemed in December 2023 and settled in January 2024, the proceeds were transferred to the Insight LDI portfolio before being used to pay off the loan. The second tranche was redeemed in March 2024 and settled in April 2024, with the proceeds directly used for the final loan repayment. The loan was fully repaid in May 2024, using AXA’s second tranche, and the remaining outstanding amount was settled from the Trustee Bank Account. The remaining two tranches were redeemed at the end of June 2024 and December 2024 and settled in August 2024 and February 2025 respectively. The proceeds were transferred to the Insight LDI portfolio before being used to partially fund the JP Morgan open-ended infrastructure equity mandate.

The loan that the Scheme took out with Lloyds Bank (as part of the second phase of the buy-in transaction in December 2022) was fully repaid over the year to 31 March 2025:

- Capita, the administrator of the Scheme, paid £5m at the end of the first quarter to Lloyds Bank as part of the £150m loan agreement, as agreed.

- In May 2024, the second AXA redemption of £25m was transferred to the trustee bank account. Capita, the administrator of the Scheme, fully paid off the £25.8m outstanding loan balance (£25m from AXA redemption and c.£0.8m from the cash available in the trustee bank account) to Lloyds on 16 May 2024.

In November 2024, an instruction was submitted to fully redeem the AXA Global Secured Assets Fund (c.£30m). The first tranche of c.80% (c. £24.5m) was received in February 2025. The proceeds were transferred to the Insight LDI portfolio.

At the end of the Scheme Year, two new investment managers JP Morgan and KKR were appointed following a review of the investment strategy. These were funded in January (JP Morgan) and July (KKR) 2025.

Realisation of Investments

Policy

The Trustee's administrators will realise assets following member requests on retirement or earlier where required. As detailed in the SIP, the Trustee considers the liquidity of the investment in the context of the likely needs of members.

Further details are set out in the following section of the SIP:

- Realisation of Investments (SIP Section 4.11)

How has this policy been met over the Scheme Year?

Investment managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation and pooled fund prospectuses. The Trustee has confirmed that the investment managers have followed the stipulated parameters over the year under review.

The liquidity of the funds held by the Scheme is dependent on the liquidity characteristics of the asset class. The Scheme holds private investments, which are highly illiquid, but they represent a relatively small percentage of the portfolio.

In order to meet benefit payments as they fall due, the Scheme holds cash balances both in the Trustee bank account and with the LDI manager. These cash balances are topped up over time to ensure the available cash does not fall below a pre-determined float. Further, a number of the Scheme's investment managers distribute income over time.

The Trustee's administrators worked with the Trustee, Investment Adviser and LDI manager to realise assets following member requests on retirement or earlier where required.

Environmental, Social and Governance (“ESG”)

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

Policy

The Trustee’s policy in relation to Responsible Investment and Corporate Governance is set out in section 14 of the SIP.

The Trustee considers financially material considerations in the selection, retention and realisation of investments. Within the funds, consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager.

Investment managers are expected to evaluate these factors, including climate change considerations, exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.

How has this policy been met over the Scheme Year?

The Pension Schemes Act 2021 introduced legislation requiring specified pension schemes to ensure there is effective governance with respect to the effects of climate change. Occupational pension schemes with £1 billion or more in assets are required to have in place effective governance, strategy, risk management, and accompanying metrics and targets for the assessment and management of climate risks and opportunities from 1 October 2022, aligned with the Task Force on Climate-related Disclosures (“TCFD”) framework. The Trustee prepared its first TCFD report during the Scheme Year and made it available on a publicly available website.

The Trustee has delegated responsibility for the selection, retention, and realisation of investments to their investment managers and accordingly, the Trustee seeks to manage the risks and opportunities associated with these ESG factors by selecting industry leaders in investment management who are committed to the Principles for Responsible Investment (“UNPRI”) (as they apply to the sector in which the manager invests or the strategy pursued by the manager) and against criteria which include ESG considerations. ESG and the level of integration will differ across asset classes and by investment manager.

The Trustee does not require the Scheme’s investment managers to take non-financial matters into account in their selection, retention and realisation of investments.

The investment performance report is reviewed by the Trustee on a quarterly basis, this includes ratings (both general and specific ESG) from the Investment Adviser. Where rated by Mercer, the majority of the DB managers remained highly rated during the year.

Further, the Trustee has reviewed the Scheme's carbon footprint and produced climate scenario analysis to test the resilience of the investment and funding strategy adopted by the Trustee and assess the potential implication of climate change for the Scheme. This also allowed the Trustee to consider Scheme's progress against climate targets agreed.

The Trustee met with managers across the Scheme year to discuss their approach to ESG, climate change and specific holdings. They met with JP Morgan and KKR prior to selection in August 2024 and with CBRE in December 2024. Overall, the Trustee deemed the managers' approaches to ESG and climate change to be in line with the SIP.

Additionally, a summary of the updated ESG beliefs were reviewed by the Trustee in August 2024.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee's would monitor and engage with relevant persons about relevant matters).

Policy

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Scheme's investments to the investment managers.

Further details are set out in Section 14 and Section 16 of the SIP, which apply to the DB Section of the Scheme. In addition, it is the Trustee's policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

How has this policy been met over the Scheme Year?

For the DB Section, the Trustee delegates the exercise of their voting rights to the investment managers. The Trustee does not use the direct services of a proxy voter.

During the Scheme Year, voting and engagement summary reports from the DB Section's investment managers were received by the Investment Adviser on behalf of the Trustee, to ensure that they were aligned with the Trustee's policy.

Section 3 of this report includes voting and engagement activity undertaken by the DB Section's investment managers and sets out a summary of voting activity and the most significant votes cast on behalf of the Trustee by these investment managers. Following the DWP's consultation response and outcome regarding Implementation Statements in June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote" and that trustee were required to include details on why a vote is considered significant and rationale for the voting.

The Trustee defines a significant vote as one that is linked to the Scheme's stewardship priorities/themes of Size, Environment and Governance:

- **Size:** votes in relation to one of a portfolio's 10 largest holdings;

- **Climate Change:** e.g. a vote requiring publication of a business strategy aligned with the Paris Agreement, or resolutions on climate related activities that would result in significant biodiversity loss.
- **Broad Governance including D&I:** e.g. votes on proposals that would be at odds with the expectations of the UK Corporate Governance Code (i.e. matters of excessive or inappropriate executive remuneration or lack of board diversity).

The Trustee will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustee did not inform the investment managers of what it considered to be a 'significant vote' in advance of voting.

The Trustee supports the aims of the UK Stewardship Code and its investment managers are encouraged to report their adherence to the Code. The Trustee might ask managers to present to the group on an ad-hoc basis and may challenge decisions made including voting history and engagement activity. When the investment managers present to the Trustee, they are asked to highlight key Responsible Investment activity and the impact the actions have had on the portfolio.

The Scheme's investment managers within the DB Section are currently all signatories to the current UK Stewardship Code, with the exception of Ares. Ares is signatories of the UK Stewardship Code Disclosure Statement (the "Code") and report periodically on transparency reports, which they deem to have considerable overlap with the UK Stewardship Code.

With this information, the Trustee believes investment managers are engaging responsibly on their behalf and in line with the Trustee's investment beliefs.

Monitoring the Investment Manager



Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies

Policy

The Trustee's policy in relation to investments to be held is set out in Sections 4, 14.5 and 15 of the SIP. *Managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they are selected. As the Trustee invests in pooled investment vehicles it accepts that it has no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.*

How has this policy been met over the Scheme Year?

Most of the investment managers have delivered the expected return and risk profile for the relevant asset classes consistent with the Trustee's objectives and performed in line with expectations during the year under review. A number of the managers with "cash+" or "inflation+" benchmarks underperformed their respective performance targets but were broadly in line with their respective benchmarks over the year (M&G Credit Opportunities V and VII, ICG Private Debt and AXA Global Secured Assets and Global Secured Strategy).

Some mandates are actively managed and the managers are incentivised through remuneration (via a performance related fee arrangement in one case, with a hurdle rate structure in place to avoid the Trustee paying additional fees during periods of long term underperformance) and performance targets (an appointment will be reviewed following periods of sustained underperformance). The Trustee will review the appropriateness of using actively managed funds (on an asset class basis) regularly.

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustee's policy is set out in Section 15 of the SIP, which applies to the DB Section of the Scheme.

How has this policy been met over the Scheme Year?

The Trustee considered the long-term investment performance of the managers against their specific objectives and, whilst some challenges remain for some of the managers / strategies, the Trustee was comfortable that the longer term performance remained appropriate and no further action was required at this time beyond continued monitoring (and the strategic changes undertaken).

Monitoring portfolio turnover costs

Policy

The Trustee's policy is set out in Section 15 of the SIP.

How has this policy been met over the Scheme Year?

The Trustee adhered to the Cost Transparency Initiative and currently monitors portfolio turnover costs. ClearGlass has been appointed to collect the data on the costs of the Scheme's investment managers and prepare a report with the results to be presented to the Trustee, as part of the governance reviews. The Trustee will engage with a manager if portfolio turnover is higher than expected. This is assessed by comparing portfolio turnover as reported by the investment managers across the same asset class on a year-on-year basis, or relative to the manager's specified portfolio turnover range in the investment guidelines or prospectus (where applicable). For the analysis over the period 1 January 2024 to 31 December 2024, the Trustee noted an increase in the transaction costs from 2023, mostly in respect of AXA mandates.

Whenever there was an asset transition at the overall portfolio level, the Trustee received information from its Investment Adviser confirming expected and actual portfolio turnover costs.

The duration of the arrangements with asset managers

Policy

There is no set duration for the manager appointments as set out in Section 15 of the SIP. However, the appointment is regularly reviewed as to its continued suitability and could be terminated either because the Trustee is dissatisfied with the managers' ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Trustee.

How has this policy been met over the Scheme Year?

The Trustee will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager; or
- The manager appointment has been reviewed and the Trustee is no longer comfortable that the manager can deliver the mandate.

For closed-ended funds, the Scheme is invested in a manager's fund for the lifetime of the fund. At the time of appointment, the investment managers provided an indication of the expected investment duration of their funds and have the discretion to extend the lifetime of the fund in line with the

Investment Management Agreement. In order to maintain a strategic allocation to such asset classes, the Trustee may choose to stay with a manager in a new closed-ended fund for that asset class or appoint a different manager.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

Policy

In allocating between different types of investments, the Trustee considers the level of diversification required, illiquidity risk and the level of matching between assets and liabilities, amongst other risks identified in section 3.2 of the SIP.

As set out in section 6.2 of the SIP, the Trustee's objective is that the spread of asset types and the investment managers' policies on investing in individual securities within each asset type will provide adequate diversification of investments such that the asset mix is appropriate for controlling the risks identified in section 3.2. The Trustee regularly reviews the suitability of these arrangements and of the appointed managers. Following a review, the Trustee may from time to time make adjustments to the asset mix, manager line-up and the degree of active management in accordance with this Statement. Section 4 of the SIP details the kinds of investments that the asset mix may include.

How has this policy been met over the Scheme Year?

Over the year, the Trustee assessed how the asset allocation might change over time due to the run-off of illiquid holdings and the impact of this on the expected return. As a result, over the Scheme Year and post year end, the Trustee adjusted the investment strategy to reflect the investment into Open-Ended Infrastructure Equity, Trade Finance and Asset Backed Securities.

The Trustee has determined an overall benchmark allocation of asset types to target the required level of expected return, together with ranges to trigger discussions on rebalancing should the actual allocation move outside of these ranges, which was divided by:

- "Liquid Growth" assets such as publicly traded equities;
- "Semi-Liquid Growth" assets such as trade finance and open-ended unlisted infrastructure equity;
- "Illiquid Growth" assets such as private debt;
- "Liability Enhancing" assets to mitigate liability related risk while generating additional income over a government bond of equivalent duration (e.g. buy and maintain credit, high-lease-to-value property and secured finance); and
- "Liability Matching" assets to provide direct interest rate and inflation liability hedging exposure through Liability Driven Investments ("LDI") (including physical gilts, interest rate and inflation swaps, gilt total return swaps, gilt repurchase agreements and annuities).

In August 2025, the overall benchmark allocation of the Scheme's DB Section assets was revised from 4% Liquid Growth, 15% Semi-Liquid Growth, 20% Illiquid Growth, 22% Liability Enhancing and 39% Liability Matching, to 4% Liquid Growth, 20% Semi-Liquid Growth, 10% Illiquid Growth, 32% Liability Enhancing and 34% Liability Matching. Due to the underlying nature and liquidity profile of the assets, the Trustee acknowledges and is comfortable with the fact that the actual asset allocation may not be in line with target at all times. The Trustee may apply cashflow experience in such a way as to assist in the realignment of the strategic and actual allocations (where possible) over time.

Risks, including the ways in which risk are to be measured and managed

Policy

The Trustee recognises a number of risks involved in the investment of the assets of the DB Section and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found in section 3.2 of the SIP.

How has this policy been met over the Scheme Year?

The Trustee recognises risk (both investment and operational) arise from the Scheme's assets. The Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation and the choice of fund managers / funds / asset classes.

The Trustee manages these risks through a combination of retaining expert Investment Advisers, setting the overall investment strategy based on expert advice and with consideration to the circumstances of the Scheme. The Trustee regularly monitors the investment performance of the Scheme's assets, monitoring the relative value of the Scheme's assets and liabilities and communicating with the Sponsoring Employer to understand its position with respect to the Scheme and the Scheme's funding.

The Trustee also carried out climate scenario modelling on the investment portfolios to understand the resilience of the investment strategy and funding strategy to potential climate warming pathways. Further information on the outcome of this analysis is included in the Trustee's first Taskforce on Climate-Related Financial Disclosures (TCFD) report, which is available on the member website.

The Scheme also holds a bulk annuity to help towards managing the risks of the liabilities.

Section 3

Engagement Activity by the Scheme's Investment Managers

Updated guidance was provided by the DWP in June 2022, which requires trustee to define their key stewardship themes / priorities and to report on significant votes when drafting the Implementation Statement. During the Scheme Year, voting and engagement summary reports from the Scheme's investment managers were provided to the Trustee for review to ensure that they were aligned with the Trustee's policy. The following sections include engagement activity undertaken by the Scheme's investment managers. The Trustee has not reported any voting activity or significant votes cast over the Scheme Year because the investment managers have not voted on behalf of the Scheme, given the nature of the investments.

The Trustee recognises the importance of being a responsible owner of capital. It believes it is important that there is engagement on ESG matters with investments held on behalf of Scheme. The Trustee would usually expect its appointed investment managers to carry out this engagement on its behalf and will seek to appoint investment managers whose approach to engagement is consistent with the Trustee beliefs. The Trustee supports the aims of the UK Stewardship Code and its investment managers are encouraged to report their adherence to the Code. The Trustee asks the Scheme's investment managers to present on an ad-hoc basis and may challenge decisions made, including on voting history and engagement activity. When the investment managers present to the Trustee, they are asked to highlight key sustainable investment activity and the impact the actions have had on the portfolio.

The Trustee delegates the exercise of their voting rights to the investment managers. The Trustee does not use the direct services of a proxy voter. The Scheme's investment managers use proxy voting services. As previously noted, there was no voting activity for the DB Section over the Scheme Year given the nature of the investments.

The following are examples of engagement activity undertaken by the Scheme's investment managers.

ICG

Because the Scheme's investment in ICG does not have voting rights attached, there is no voting activity to be reported. ICG engages with its portfolio companies on governance, strategy, risk and performance matters, ensuring that they deliver high standards of corporate responsibility and sustainable business practices. ICG monitors the ESG performance of investments through its Annual ESG survey, which covers areas such as sustainability governance and accountability, climate change, and diversity and inclusion, among others. Over the 12 months to 31 March 2025, ICG declined 7 deals on the grounds of unacceptable levels of ESG risk.

M&G Investments

M&G's ICOF V and VII mandates invest in fixed income securities, which have no voting rights attached.

M&G have two approaches to their engagement programme: Top-down and bottom-up.

Top-down, proactive ESG engagement programmes, are thematic, such as their climate engagement programme, diversity and inclusion, engagement on nature or controversies, including United Nations Global Compact red flags and modern slavery within operations or supply chains.

Bottom-up programmes, which create individual engagements, with proactive targets arising from: company monitoring; ESG portfolio reviews; annual governance meetings; remuneration reviews; controversial resolutions at shareholder meetings et al. M&G also undertake reactive engagements in light of company news, including on trading, changes to the board, M&A etc.

One example is the engagement with Zayo Group Holdings Inc, centred on their net zero and decarbonisation efforts, specifically addressing a recent increase in Scope 1 and 2 carbon emissions. The aim was to challenge the company on this rise and seek clarity on their pathway to achieving Science Based Targets initiative (SBTi) targets. During a call with Zayo's Sustainability Director and a member of the Investor Relations team, it was explained that the increase in emissions from 2021 to 2022 was largely due to an acquisition. For Scope 1, Zayo has completed an audit of their 2023 data, noting a decrease in 2022 submissions due to better data availability. They are working with Bain & Company to identify areas for emission control. For Scope 2, Zayo is focusing on electricity usage across 49,000 global sites, expecting an increase as they expand, but they have committed to purchasing 100% renewable electricity. They plan to replace less fuel-efficient vehicles with hybrids and are implementing green solutions for employee travel.

Zayo has allocated significant operational expenditure (OPEX) towards technical sites, focusing on "easy wins," while exploring renewable options for sites managed by third parties. They clarified that they do not use carbon offsets for Scope 1 and 3 emissions but are allowed to for Scope 2, with a base year of 2020 showing emissions of 202,000 mTCO₂e for Scope 1 and 193,000 mTCO₂e for Scope 2.

CBRE

The Scheme's holdings with CBRE primarily relate to investments in direct real estate and have no voting rights attached. Securing asset-level environmental data has been critical for identifying and managing climate transition risk. CBRE confirmed that without this data, real estate investors and asset owners struggle to provide transparency on ESG performance, assess climate risks, develop mitigation strategies, and track progress towards net zero carbon.

Engagements have been made with PropTech and NLC (Network Leveraged Collection) to enhance the environmental data collection process. This combined approach leverages PropTech's technical solutions alongside CBRE ESG Consultancy's relationships with tenants and asset knowledge. As a result, data coverage for energy, water, and waste has significantly improved in the 2024 GRESB submission, with energy data coverage increasing from 73% to 88%, water data from 44% to 62%, and waste data from 44% to 67%.

A specific example of engagement occurred in February 2025, when CBRE ESG Consultancy collaborated with CBRE property managers and asset occupiers to obtain key asset-level environmental data for Marks & Spencer, Crouch End. This asset, representing 1% of the portfolio and encompassing 7,007 sq ft, involved collecting and collating monthly utility consumption from multiple stakeholders. This collaborative effort will contribute to Pfizer's annual GRESB reporting and promote a more positive outcome for the portfolio. Governance issues tend to be less central to engagement discussions, as the portfolio invests directly into real estate.

Goldman Sachs Asset Management ('GSAM')

The Scheme was invested in Corporate Bonds with GSAM during the year, which have no voting rights attached. During the year to 31 March 2025, GSAM had a total of 112 engagements with 73 companies, related to ESG issues.

One example is the engagement that happened in January 2025, with the members of the Global Stewardship Team engaging with the Chief Sustainability Officer, Global Chief Impact Officer, and other sustainability team members of McDonald's Corporation, a US consumer discretionary company. This engagement was part of GSAM's ongoing Biodiversity and Nature – Plastics initiative, aimed at discussing the disclosure of packaging metrics in line with SASB standards. GSAM has been in dialogue with McDonald's since 2021 regarding key sustainability issues, including efforts to reduce plastics usage, improve sustainability in sourcing, and enhance point-of-store recycling programs. During their discussions, McDonald's outlined its current approach to plastics disclosure, noting that data accuracy across its franchised operations and an ongoing CSRD-mandated materiality assessment are impacting its ability to provide comprehensive data. While the company tracks its packaging use in detail, it emphasised the need for economically viable and scalable solutions that ensure customer satisfaction. McDonald's also highlighted its collaborative efforts within the industry to achieve these sustainability goals but reiterated that it does not plan to publicly release its full materiality assessment. GSAM intends to continue their engagement with the company on this important topic.

Ares

Given the fixed income nature of the Scheme's investment with Ares, there are no voting rights attached.

Ares do not currently track engagements at the strategy level. Ares actively monitors and manages a given investment and maintains dialogue with the manager / counterparty on a wide variety of topics (ESG or otherwise) specifically relevant to that investment. The Alternative Credit Team's engagements are done on a case-by-case basis on various relevant topics, if and when deemed appropriate. Ares recognise the importance of their fiduciary and stewardship responsibilities as asset managers. The consideration of relevant ESG factors forms part of the investment process and is the responsibility of the investment team (Alternative Credit and Real Estate Debt teams). Investment professionals maintain responsibility and accountability for an investment over its entire life, from diligence to realisation. The team actively monitors and manages a given investment and maintains dialogue with the manager or counterparty on a wide variety of topics (ESG or otherwise) specifically relevant to that investment.

AXA

Given the fixed income nature of the Scheme's investment with AXA, there are no voting rights attached. During 2024, AXA conducted more than 550 engagements (including 'engagements with objectives' and 'sustainability dialogues') with 426 entities. Climate change was the key theme of discussion, with 41% of cases covering this topic, followed by Corporate Governance and Biodiversity & Natural Capital (with 22% and 17% of coverage respectively). Other key themes were Human Rights, Human Capital, Public Health and Business Ethics.

Insight

Given the nature of the investments that the Scheme has with Insight, voting activity is not applicable. Insight has comprehensive details of their engagement activity in their quarterly reporting to the Scheme.

During Insight's engagement discussion, they inquired about how Credit Agricole is assessing its customers' transition plans and whether it plans to expand these plans beyond the oil and gas sector. Credit Agricole explained that its initial focus on oil and gas is due to the sector being its largest exposure. However, it is also engaging with customers in other sectors to develop transition plans, enabling the issuer to calculate the impact of new loans on its net zero target. If a new loan increases the intensity of the portfolio, the credit committee will evaluate the loan to determine if the associated risk is acceptable. Credit Agricole prefers to remain invested and continue discussions with clients rather than exclude them. Insight also addressed Credit Agricole's lack of a sustainable financing target. They indicated that it plans to publish a medium-term strategy to meet its net zero target and mentioned its intention to report revenue contributions from sectors that are improving carbon intensity, such as its residential portfolio. However, Insight noted that the absence of a sustainable financing target puts the issuer behind its peers, as it is one of the few banks assessed without such a target. This raises concerns about how Credit Agricole will approach green finance opportunities in the future.

Additionally, Insight intends to continue monitoring Credit Agricole's progress in the areas of human rights and diversity and inclusion, which were highlighted as opportunities for improvement in the questionnaire. Insight will issue a feedback report addressing these concerns, including

recommendations such as considering the disclosure of the CEO Pay Ratio and committing to exit client relationships if clients are found responsible for human rights abuses.

JP Morgan

Given the Infrastructure Investments Fund (IIF) is the 100% or majority owner of its portfolio companies, engagement is conducted directly through active asset management rather than voting rights or proxies, which is why no voting rights are attached to the Scheme's investment with JP Morgan. The Infrastructure Investment Fund's (IIF) engagement in the energy transition focuses on investing in renewable energy and decarbonisation technologies, which helps reduce emissions from carbon-intensive assets while aligning with fiduciary responsibilities. The portfolio companies are actively involved in sectors that present significant opportunities for operational improvements and expansion through specific energy transition projects. These initiatives not only enhance return and risk profiles but also generate customer-driven outcomes within the existing portfolio.

IIF anticipates USD 11 billion in accretive energy transition investments over the next five years, with 10.6 GW of renewable capacity currently in place. Over 22% of IIF is invested in renewables through partnerships with Nadara, Sonnedix, and Onward's wind/solar platform.

In particular, Beacon Rail is committed to decarbonising freight and passenger movements across the rail industry. Their engagement includes initiatives such as the procurement of Vectron electric locomotives in collaboration with Siemens Mobility, aimed at improving energy efficiency and sustainability in rail transport. Additionally, Beacon is launching the Class 99 locomotive, which features bi-modal capabilities to support decarbonisation efforts across various rail sections. Long-term, Beacon is focused on innovating within its existing fleet and collaborating with customers and technology partners to drive advancements in low-carbon rail solutions.

Section 4

Voting Activity during the Scheme year

To ensure voting behaviour is consistent with the Trustee's beliefs and stewardship priorities, as well as, the Scheme's investment objectives, within equity mandates, the Trustee believes that investment managers should seek to vote on 100% of resolutions. However, the Trustee recognises that some votes will be more significant than others based on their likely financial materiality. The Trustee views the votes on the following as matters that would be a significant vote:

- (i) **Size:** size of company holding in fund is taken into consideration.
- (ii) **Climate Change:** e.g. a vote requiring publication of a business strategy aligned with the Paris Agreement, or resolutions on climate related activities that would result in significant biodiversity loss.
- (iii) **Broad Governance including D&I:** e.g. votes on proposals that would be at odds with the expectations of the UK Corporate Governance Code (i.e. matters of excessive or inappropriate executive remuneration or lack of board diversity).

The Trustee will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustee did not inform the investment managers of what it considered to be a 'significant vote' in advance of voting.

Where applicable, the managers provide examples of significant votes across the funds previously noted as containing equity. It may not be possible to disclose all information received in this statement. Therefore, in line with the above, the Trustee has determined that the vote within the area of climate change or broad governance in respect of the holding with the highest allocation in each fund is the most significant for disclosure.

Due to the nature of the funds that the Scheme was invested in over the year, there were no voting rights attached to the funds. Therefore, the Trustee will not report on the voting activity for the DB Section of the Scheme in this statement.