

# PGI Group Pension Plan

## Statement of Investment Principles – Implementation Statement

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The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated February 2024 have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 January 2025 to 31 December 2025.

### Investment objectives of the Plan

The Trustees' objectives for setting the investment strategy of the Plan have been set broadly with regard to the Plan's Statutory Funding Objective set out in the Statement of Funding Principles.

The Trustees' primary objectives are set out on page 2 of the SIP and are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Plan's benefits as they fall due.
- To aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Plan.
- To invest the Plan's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Plan's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustees' funding plan have a reasonable chance of being achieved in practice.
- Where future opportunities arise to increase protection against liability-related risks in such a way that it does not invalidate the Trustees' funding plan, the Trustees will consider steps to further reduce the volatility of the Plan's funding position relative to its funding objective.

The Trustees appreciate that these objectives are not necessarily mutually exclusive.

The Trustees also recognise that it is currently necessary to accept some risk in the investment strategy to achieve the long-term funding objective.

### Review of the SIP

The SIP was last reviewed in February 2024. The Trustees updated the SIP to reflect changes in the Plan's de-risked investment strategy that were made over the prior Plan year.

Prior to this, the SIP had last been updated in October 2022 to take account of previous changes made to the Plan's investment strategy.

The Trustees have a policy on financially material considerations relating to Environmental, Social, and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustees' SIP.

The Trustees' policies on financially and non-financially material considerations, as well as engagement and voting activities, were not updated over the year.

## Investment manager and funds in use

The Trustees' investment strategy during the year was as shown in the below table, which is reflected in the Trustees' SIP:

| Asset Class      | Fund  | Target Asset Allocation |
|------------------|---|-------------------------|
| Global equity    | BlackRock Aquila Life MSCI World Index Fund               | 15.0%                   |
| Corporate bonds  | BlackRock Buy & Maintain ESG Vintage Funds                | 43.0%                   |
| Government bonds | BlackRock Aquila Life Over 25 Years UK Gilt Index Fund    | 26.0%                   |
|                  | BlackRock Aquila Life Over 5 Years Index-Linked Gilt Fund | 16.0%                   |
| Cash             | BlackRock Sterling Liquidity Fund                         | -                       |
| <b>Total</b>     |   | <b>100.0%</b>           |

There have been no changes to either the Investment Manager used or the Target Asset Allocation for the Plan's invested assets over the year.

However, at the beginning of the year, the BlackRock Buy & Maintain ESG Vintage Fund 2020-2024 reached maturity, making its final distribution in early 2025, and was subsequently closed. The Plan's triennial actuarial valuation is currently in progress, and the overall investment strategy will be reviewed alongside this in due course.

## Investment governance

The Trustees are responsible for making investment decisions, and seek advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment consultant.

The Trustees do not actively obtain views of the membership of the Plan to help form their policies set out in the SIP as the Plan is comprised of a diverse membership, which the Trustees expect to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustees in May 2025. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance, and service standards.

## Monitoring of investment arrangements

In addition to any reviews of Investment Managers or approaches, and direct engagement with the Investment Manager (as detailed below), the Trustees receive performance reports on a quarterly basis from BlackRock, together with performance reports from Broadstone on a quarterly basis to ensure the investment objectives set out in their SIP are being met.

## Trustees' policies

The table below sets out how, and the extent to which, the relevant policies in the Plan's SIP have been followed:

| Requirement                                    | Policy   | Implementation of Policy   |
|--|--|--|
| <b>Selection of Investments</b>                | <p>The Trustees may select investments from a wide range of asset classes from time to time, including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property, and alternative asset classes, such as hedge funds, private equity, and infrastructure.</p> <p>The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.</p> <p>The Trustees may:</p> <ul style="list-style-type: none"> <li>Invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Plan's investments.</li> <li>Hold insurance policies such as deferred or immediate annuities which provide income to the Plan, matching part, or all, of the future liabilities due from it.</li> <li>Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Plan.</li> </ul> | <p>No deviation from this policy over the year to 31 December 2025.</p>  |
| <b>Balance of Investments</b>                  | <p>The Trustees will set a Target Asset Allocation from time to time, determined with the intention of meeting their investment objectives.</p> <p>The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the Sponsoring Employer's covenant, the nature of the Plan's liabilities, or relevant regulations governing pension scheme investment.</p>   | <p>No deviation from this policy over the year to 31 December 2025.</p> <p>The Trustees' target investment strategy allocations as at the year end are reflected in the SIP.</p> |
| <b>Delegation to Investment Manager</b>        | <p>The Trustees will delegate the day-to-day management of the Plan's assets to professional investment manager and will not be involved in the buying or selling of investments.</p>  | <p>No deviation from this policy over the year to 31 December 2025.</p>  |
| <b>Maintaining the Target Asset Allocation</b> | <p>The Trustees have responsibility for maintaining the overall balance of the asset allocation. The Trustees monitor the asset allocation on a regular basis with the assistance of their adviser, Broadstone, and will consider switching assets between funds should the allocation move significantly away from target.</p>  | <p>No deviation from this policy over the year to 31 December 2025.</p> <p>The asset allocation at year end was in line with the targets and are reflected in the SIP.</p>       |
| <b>Realising Investments</b>                   | <p>The Trustees make disinvestments from the Investment Manager taking advice from Broadstone, where appropriate, to meet the Plan's cashflow requirements.</p>  | <p>No deviation from this policy over the year to 31 December 2025.</p>  |

| Requirement  | Policy  | Implementation of Policy  |
|--|---|---|
| <b>Performance Benchmarks and Objectives</b>                   | <p>All equity and gilt funds used are index-tracking, meaning that their objective is to track the total return on a specified market index.</p> <p>The buy and maintain corporate bond funds aim to deliver the credit risk premium (additional return) over and above comparable gilts, whilst minimising the risk of default losses. The buy and maintain funds do not have specific performance benchmarks.</p> <p>The cash fund aims to deliver a stable rate of return consistent with short-term high quality money market instruments and is benchmarked against the Sterling Overnight Index Average Rate (SONIA).</p>                   | <p>The funds' performance benchmarks and objectives were reviewed on a quarterly basis over the year to 31 December 2025.</p> <p>There were no changes to the funds' performance benchmarks and objectives over the year.</p> |
| <b>Investment Management Charges</b>                           | <p>The annual investment management charges of the funds used during the Plan year are set out on page 4 of the SIP and are as follows:</p> <ul style="list-style-type: none"> <li>• BlackRock Aquila Life MSCI World Equity Index: 0.130%</li> <li>• BlackRock Buy &amp; Maintain ESG Vintage Funds: 0.090%</li> <li>• BlackRock Aquila Life Over 25 Years UK Gilt Index Fund: 0.080%</li> <li>• BlackRock Aquila Life Over 5 Years Index-Linked Gilt Fund: 0.080%</li> <li>• BlackRock Sterling Liquidity Fund: 0.125%</li> </ul> <p>These charges are subject to a minimum fee across all investments with BlackRock of £15,000 per annum.</p> | <p>There were no changes to the funds' investment management charges over the year to 31 December 2025.</p>   |
| <b>Financially and Non-Financially Material Considerations</b> | <p>The Trustees' policy on financially and non-financially material considerations is set out on page 8 of the SIP and in full below.</p>   | <p>No deviation from this policy over the year to 31 December 2025 (see below).</p>   |

| Requirement  | Policy  | Implementation of Policy  |
|--|---|---|
| <b>Engagement and Voting Rights</b>                | <p>Responsibility for engagement with the issuers of the Plan's underlying investment holdings and the use of any voting rights, where applicable, is delegated to the Investment Manager. The Trustees can therefore only influence engagement and voting policy indirectly.</p> <p>The Trustees' voting and engagement policy is to use their investments to improve the ESG behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustees will aim to monitor the actions taken by the Investment Manager on their behalf and if there are significant differences from the policy detailed above, the Trustees will escalate their concerns which could ultimately lead to disinvesting their assets from the manager.</p> <p>The Investment Manager provides, on request, information to the Trustees on their actions in relation to engagement and use of any voting rights. The Trustees are therefore aware of the policies adopted by the Investment Manager.</p> | <p>No deviation from this policy over the year to 31 December 2025 (see below).</p> |
| <b>Additional Voluntary Contributions ('AVCs')</b> | <p>The Plan holds AVCs separately from the assets backing defined benefits via investments held with Utmost Life and Pensions and Santander.</p>  | <p>No deviation from this policy over the year to 31 December 2025.</p>             |

## Financially and non-financially material considerations

The Trustees recognise that Environmental, Social and Governance (ESG) issues, including climate risk, can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Plan invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the Plan's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receives information from the Investment Manager on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Plan's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Plan's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Plan's funding position than other risks. The Trustees will continue to monitor market developments in this area with their investment advisers.

The Trustees have determined that the financial interests of the Plan members are their priority when choosing investments. The Trustees have decided not to consider non-financial considerations, such as ethical views when setting the investment strategy for the Plan.

There have been no changes to the Trustees' policy, nor any departures from their policy, during the year.

The Trustees note that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustees are satisfied that the funds currently invested in by the Plan are managed in accordance with their views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustees have access to updates on governance and engagement activities by the Investment Manager, and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their Investment Manager, given they are investing in pooled funds.

The Trustees invest across a range of asset classes and styles. The Trustees expect the Investment Manager to take into account ESG considerations by engaging with the underlying companies and where relevant, by exercising voting rights on these companies.

The Trustees' views on how ESG issues are taken account of for each asset class used are set out below.

| <b>Asset Class</b>      | <b>Active/Passive</b> | <b>ESG Views</b>  |
|-------------------------|-----------------------|---|
| <b>Equities</b>         | Passive               | The Trustees acknowledge that the Investment Manager must invest in line with specified indices and, therefore, may not be able to disinvest from a particular security if they have concerns relating to ESG. The Trustees expect the Investment Manager to take ESG considerations into account by engaging with companies that form the index, and by exercising voting rights on these companies.   |
| <b>Corporate bonds</b>  | Active                | <p>The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the funds and the ability of the manager to use their discretion to generate higher risk-adjusted returns. The Trustees also expect their Investment Manager to engage with the underlying investee companies, where possible, although it appreciates that fixed income assets within the portfolio do not typically attract voting rights.</p> <p>In particular, the Trustees note that the BlackRock Buy &amp; Maintain ESG Vintage Funds are ESG-focused funds, where the investment manager incorporates ESG within the investment process in a manner which ensures that ESG considerations are taken into account at each stage of the investment process (portfolio construction and review), and ensures a pathway to net zero carbon across the portfolios by 2050.</p> |
| <b>Government bonds</b> | Passive               | The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.  |
| <b>Cash</b>             | Active                | The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.  |

## Voting rights

The Trustees currently invest in pooled investment funds with the Investment Manager, and it acknowledges that this limits their ability to directly influence the Investment Manager. In particular, all voting activities have been delegated to the Investment Manager, as the Trustees are unable to vote on the underlying holdings, given the pooled nature of the Plan's investments.

However, the Trustees and/or Broadstone periodically meet with their Investment Manager, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustees. As part of this, the Trustees and/or Broadstone will seek to challenge their Investment Manager on these matters where they think this is in the best interests of members.

The Trustees have delegated engagement activities to their Investment Manager who reports quarterly to the Trustees on how they have voted on behalf of the Trustees for the underlying holdings.

Out of the funds held by the Trustees over the year, only the BlackRock Aquila Life MSCI World Index Fund contain publicly listed equity holdings. This fund has voting rights attached to the underlying equities held within the funds, and the Trustees have delegated these voting rights to BlackRock, where BlackRock sets its own voting policy.

A summary of the votes made by BlackRock from 1 January 2025 to 31 December 2025 on behalf of the Trustees for the fund used by the Plan during the year that includes voting rights was requested from the manager. It was requested that the manager provides voting data broken down into Environmental, Social, and Governance categories. However, the manager advised that the data is not yet available in this format. The breakdown of this data will continue to be requested in future periods. The data in the table below is therefore provided at total fund level.

| Fund  | Resolutions Voted On | Resolutions Voted: |         |           |
|---|----------------------|--------------------|---------|-----------|
|   |                      | For                | Against | Abstained |
| BlackRock Aquila Life MSCI World Index Fund | 18,483               | 97%                | 3%      | -         |

At the year end, all of the Plan's assets were invested in pooled funds. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA"). The analysts within each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute voting instructions.

## Significant vote

The Trustees have requested details of the significant vote made on behalf of the Trustees where voting rights are attached. In determining significant votes, BlackRock's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile votes which have such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at the manager's annual Stakeholder roundtable event, or where the manager notes a significant increase in requests from clients on a particular vote;
- Sanction votes as a result of a direct or collaborative engagement;
- Votes linked to a BlackRock engagement campaign.

The Trustees believe the following is the most significant vote undertaken on their behalf over the Plan year:

| Significant Vote   |   |
|--|---|
| <b>Investment Manager</b>  | BlackRock   |
| <b>Company</b>   | Takeda Pharmaceutical Co., Ltd.   |
| <b>Date of vote</b>  | 25 June 2025  |
| <b>Percentage of portfolio invested in Company at date of vote</b> | BlackRock do not provide this information and instruct clients to look this information up themselves.  |
| <b>Resolutions</b>   | <ul style="list-style-type: none"> <li>• Approve Annual Bonus</li> <li>• Elect Director Emiko Higashi</li> </ul>  |
| <b>Why significant</b>   | <p>BlackRock have deemed these votes significant due to:</p> <ul style="list-style-type: none"> <li>• issues with compensation-related disclosure and governance.</li> <li>• directors with direct responsibility for compensation-related disclosure and governance.</li> </ul>  |
| <b>Voting decision</b>   | Voted Against both  |
| <b>Manager comments</b>  | <i>“At the June 2025 AGM of Takeda Pharmaceutical Co., Ltd., a Japanese pharmaceutical company, BIS did not support the election of the compensation committee chair and the approval of the annual bonus to certain board directors. In BIS’ assessment, there was a misalignment between pay and performance, alongside insufficient disclosure on the effectiveness of the remuneration policies in incentivizing long-term financial value creation.”</i> |
| <b>Vote outcome</b>  | Both resolutions passed   |

## Engagement activities

The Trustees have also delegated engagement activities to the Investment Manager. A notable engagement activity of BlackRock is provided below:

- **BlackRock** engaged with Alphabet, a collection of companies, the largest of which is Google Services. The U.S. based company offers a wide range of popular products and platforms including Search, Ads, Chrome, Cloud, YouTube and Android. At its June 2025 annual general meeting (AGM), Alphabet included management proposals, and a range of shareholder proposals on the ballot. One such shareholder proposal requested that the company conduct an independent human rights impact assessment (HRIA) related to AI-driven targeted advertising policies.

BIS supported a similar proposal at Alphabet’s June 2024 AGM given the team’s assessment that the independent HRIA would help investors understand the effectiveness of the human rights due diligence carried out by Alphabet in relation to this material operational risk.

At the June 2025 AGM, BIS supported management’s recommendation on the election of directors and all but one shareholder proposal, including the aforementioned AI-related proposal. In particular, the team noted changes to the company’s AI-related disclosures — including the publication of updated safety frameworks — as well as its annually published advertising safety report.

All management proposals and no shareholder proposals received majority shareholder support at the June 2025 AGM, ranging from 80% to 100% support. The shareholder proposals did not reach the threshold for approval, with support ranging from less than 1% to 31%.

In December, BIS engaged with Alphabet to further understand its approach to board effectiveness and director qualifications, as well as the company's governance structure. Alphabet shared that its board had approved the formation of a dedicated Risk & Compliance Committee to strengthen its risk management framework and oversight of regulatory and other non-financial risk. BlackRock found the update helpful to understanding the company's oversight of material risks and opportunities.

The Trustees also consider an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

**Original signed on behalf of the Trustees of the PGI Group Pension Plan on 13 May 2026**