London International Group UK Pension Scheme ("the Scheme")

Annual Engagement Policy Implementation Statement

Year Ending 31 March 2026

Introduction

This Statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ("SIP"), produced by the Trustee, has been followed during the year to 31 March 2026. The SIP is a document drafted by the Trustee to set out and help govern the Scheme's investment strategy. It details a range of investment-related policies, a summary of which is included below alongside relevant actions taken by the Trustee in connection with each of these policies over the Scheme year.

This Statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

Members should be aware that this Statement is part of a wider set of information available on the Scheme's governance and investment responsibilities undertaken by the Trustee:

- Members can view the SIP (mentioned above) here which discloses, in detail, the investment principles, policies, objectives, and strategy followed.

- Members can request a copy of the Annual Report and Financial Statements of the Scheme, which contains certain information on the management of the Scheme, its governance and investment risk management.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the investment objectives that have been set.

The Trustee's objective is to invest the Scheme's assets in the best interest of the members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries. Within this framework, the Trustee has agreed a number of objectives to help guide it in the strategic management of the assets and control of the various risks to which the Scheme is exposed. The Trustee's overall investment policy is guided by the following objective:

- To match the interest rate and inflation sensitivity of the Scheme's expected liabilities on the self-sufficiency (gilts + 0% p.a. or "gilts flat") basis.

The Scheme's investment strategy targets 100% interest rate and inflation hedge ratios to closely match movements in the present value of the Scheme's liabilities on the self-sufficiency basis, to assist in meeting the objective above.

The objective set out above was updated over the 12 months to 31 March 2026, with the target interest rate and inflation hedge levels updated from 95% to 100% (as a percentage of liabilities valued on the self-sufficiency basis).

Review of the SIP

The SIP was last updated in January 2026, to reflect the new strategic asset allocation agreed by the Trustee.

In January 2026, the Trustee reviewed the Scheme's investment strategy in light of the revised long-term objective to run-on the Scheme. The Trustee concluded that two changes should be made to the investment strategy:

1. Increase the target level of interest rate and inflation hedging from 95% to 100%, as a percentage of self-sufficiency liabilities;

2. Replace the allocation to long-dated, passively managed investment grade corporate bonds with an allocation to shorter-dated investment grade corporate bonds, managed on a "Buy and Maintain" basis.

These changes were implemented in March 2026.

The investment strategy is designed to target a level of return such that the funding level on the Scheme's self-sufficiency basis is expected to remain at or above 100%, based on a suitably prudent assessment. The Trustee does not have a formal rebalancing policy for the asset allocation and the actual allocation is expected to deviate from the benchmark over time due to market movements.

When setting the investment strategy, the Trustee takes into consideration any factors that it considers to be financially material to the Scheme.

Assessment of how the policies in the SIP have been followed for the year to 31 March 2026

The information provided in the following 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 in the SIP.

The strategic benchmark has been determined using appropriate economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors.

The Trustee is satisfied that the SIP has been adhered to during the year.

Policies in relation to the Scheme's investment strategy and associated risks

Sections 2, 4, 5, 7 and 9 of the SIP contain the Scheme's policies around its investment strategy, the day-to-day management of the assets and associated risks.

When considering the Scheme's investment strategy, the Trustee takes into account the requirements of the Statutory Funding Objective as defined in the triennial actuarial valuation,

its own appetite for risk (including financially material risks such as Environmental, Social and Governance risks, including climate change), the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant.

The basis of the Trustee's strategy is to divide the Scheme's assets between investment grade corporate bonds, gilts/index-linked gilts and cash. The Trustee regards the basic distribution of the assets to be appropriate for the Scheme's objectives and the funds in which the Scheme invests are expected to provide an investment return commensurate with the level of risk being taken.

The Trustee recognises risk (both investment and operational) from a number of perspectives in relation to the investments held. As detailed in Section 4 of the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, and the choice of fund managers.

As the Scheme invests in pooled investment vehicles, the Trustee accepts that it has no ability to specify the risk profile and return targets of the manager, but believes that appropriate mandates can be selected to align with the overall investment strategy.

The Trustee recognises the need to hold investment managers and advisers to account. Whilst the day-to-day management of the Scheme's assets is delegated to the Investment Manager, all other investment decisions including strategic asset allocation and selection and monitoring of investment managers is based on advice received from Mercer Limited "Mercer", who acts as Investment Consultancy Provider (Investment Consultant) to the Scheme.

In November 2019, the Trustee put in place investment objectives Mercer, as required by regulation, and its performance against these objectives is reviewed on an annual basis. The objectives may be revised at any time but are reviewed at least every three years, or as soon as reasonably practicable following any significant change to the Scheme's investment strategy, objectives or policies. The latest review was carried out in February 2026.

The intention of these objectives is to ensure the Trustee is receiving the support and advice it needs to meet its investment objectives. The objectives set cover both short and long term objectives across strategy, monitoring, compliance and regulation, client servicing and relationship management and member engagement and communications.

Policy on ESG, Stewardship and Climate Change

The SIP sets out the Trustee's policy on ESG factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to stewardship. This was last reviewed in January 2026. The Trustee keeps its policies under regular review, with the SIP subject to review at least triennially.

The Trustee believes that ESG factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustee has given the Scheme's appointed Investment Manager full discretion in evaluating ESG factors, including climate change considerations and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee reviews the investment manager's policy and engagement activities (where applicable) on an annual basis.

Given the nature of the Additional Voluntary Contributions ("AVCs"), the Trustee does not currently consider how ESG, climate change and stewardship is integrated within investment processes when monitoring existing Investment Managers in relation to the Scheme's AVC assets. However, the Trustee keeps this under review and would consider the extent to which these factors might be relevant in the event of any appointment of new investment managers.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a quarterly basis by receiving investment reports from the investment manager.

The Trustee requested that the Investment Manager, Legal & General ("L&G"), confirms compliance with the principles of the UK Stewardship Code. L&G are signatories of the current UK Stewardship Code as of the latest update on 28 January 2026. L&G have confirmed that they intend to provide a response to the Stewardship Code annually and expect to continue as a Signatory to the Code.

Performance of the Scheme's invested assets is reviewed by the Trustee on a quarterly basis, and any changes to investment manager ratings are communicated by the Investment Consultant. **L&G remained highly rated by the Investment Consultant during the year**.

The Trustee has reviewed the engagement activity carried out by the Investment Manager. A summary of engagements carried out is provided in the section below.

Engagement Activity

The Scheme's investment strategy comprises corporate bonds, government bonds (gilts and index-linked gilts) and cash. There is little scope to engage the issuer of gilts and index-linked gilts. Similarly, for the corporate bond holdings, there is limited power as bond investors do not formally vote on engagement issues, however L&G do formally engage with companies to get greater clarity and raise issues that concern them.

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 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". The Trustee has decided that a policy is not required in this area given the Scheme does not hold any assets with attached voting rights.

A summary of L&G's engagement policy and actions taken during the year is provided below:

L&G have established a fully integrated framework for responsible investing to strengthen long-term returns. Their framework for responsible investing is based on stewardship with

impact and active research across asset classes. These activities enable L&G to conduct engagement with the aim of driving positive change.

L&G's core investment beliefs are as follows:

"Responsible investing is essential to creating long-term value by looking to mitigate risks and seek opportunities, aiming to drive positive change for the future of markets and economies.

When we make investments, we research relevant environmental, governance and societal issues.

Environmental, social and governance (ESG) factors can be financially material over the longer term and many pose systemic risks, albeit not all to the same degree. Different sectors and different companies will have different exposures to these risks, and to corresponding opportunities. Patience is required, because of the long-term horizons over which progress on sustainability factors unfolds.

Transparency, engagement and the ability to escalate enable us to drive progress towards delivering long-term, systemic change on a global scale".

There are 60 L&G employees with roles dedicated to responsible investment. In addition, L&G's Stewardship team at the end of 2025 was comprised of 21 professionals with an average of c.12 years' experience in areas including responsible investment, investment stewardship, accounting and audit, impact investment and public policy. The team includes sector specialists and experts on themes, such as nature and climate change, diversity, and governance. It covers many geographies, including both emerging and developed markets, and has a global remit, with members in the UK, the US, Japan, and Singapore.

The Scheme was invested in the L&G Over 15 Year Investment Grade Corporate Bond Index Fund for the majority of the Scheme year up to March 2026, when the Scheme disinvested from this mandate in favour of the L&G Buy & Maintain Credit Fund. As such, the engagement activity noted below is in relation to the L&G Over 15 Year Investment Grade Corporate Bond Index Fund. Within this fund, LGIM engaged with 31 different companies in which the fund has holdings. In total there were 136 different engagements, with the top 5 engagement topics being:

- Climate Impact Pledge
- Remuneration
- Company Disclosures & Transparency
- Climate Mitigation
- Corporate Strategy

Examples of engagement carried out by L&G during the year under review are provided below:

Engagement Example – Shell PLC

Engagement Topic: Climate

Rationale for engagement

As one of the world's largest oil and gas companies, Shell Plc plays a critical role in the transition to net-zero. L&G's longstanding engagement with the company has taken place against a backdrop of evolving challenges - from shifting market dynamics and geopolitical tensions, to ongoing uncertainty about the pace and direction of the net-zero transition.

While this case study focusses on our 2025 engagement and pinpoints specific issues around the company's 2025 AGM, L&G emphasise that this follows many years of continued engagement with Shell on strategy, corporate governance and the challenges and opportunities presented by the climate transition.

Currently, L&G would describe their objectives with Shell Plc as follows:

- Remuneration: transition-linked performance metrics
- Demonstrate business resilience against plausible net-zero scenarios
- Demonstrate business strategy alignment with climate related objectives
- Application of responsible divestment principles in all asset sales
- Increase the board's awareness of our climate ratings and expectations under the Climate Impact Pledge
- Improved transparency on lobbying activities

What has been done

L&G's history of engagement with Shell dates back many years, reflected in the fact that they are among the companies with which L&G engage on an annual basis. In 2025, L&G recorded nine engagements with the company, led by their Investment Stewardship and Climate Solutions team. Levels of individual engaged included the Chair, the Finance Director and the Head of Investor Relations.

In recent years, L&G's engagement has been extensive and focused on the company's energy transition strategy, with particular emphasis on climate-related financial risks associated with its liquefied natural gas ("LNG") operations, including in 2024/ 2025 a series of direct engagements with Shell's leadership, including the Chairman, Sir Andrew Mackenzie. Through these discussions, L&G received clear commitments that the company will enhance its reporting in line with L&G's expectations - specifically, providing detailed disclosures on business resilience against plausible net-zero scenarios, related to Shell's growing exposure to LNG. These gaps were key reasons L&G were unable to support the company's climate transition strategy at its 2024 AGM. L&G are now seeing meaningful responsiveness to L&G's engagement priorities, particularly around the transparency and management of climate-related financial risks, and view Shell's commitment in this area as a positive step.

Outcomes and next steps

L&G will continue to engage with Shell to ensure that the promised disclosures are delivered in a timely and meaningful manner. Should the company fall short of these expectations, L&G will reassess their position.

L&G consider most of the objectives outlined above to be in progress and expect them to evolve over time.

Engagement Example – GSK PLC

Engagement Topic: Remuneration

Rationale for engagement

L&G have set out their expectations regarding UK company executive remuneration in their published policy document. In assessing remuneration, L&G take into account a number of factors in determining overall level of alignment of "pay for performance".

As a large UK Plc and the first such company to "fail" a "say on pay" vote in 2003, GSK has often been under scrutiny from investors regarding its remuneration structure.

L&G's specific areas of concern ahead of the company's 2025 AGM vote on its remuneration policy and remuneration report were regarding peer group selection for comparisons, salary, bonus structure and shareholding requirements. L&G's objective was for these areas of concern to be sufficiently addressed in order for them to be able to vote in favour of the company's remuneration policy and report at their 2025 AGM.

What has been done

L&G met with the company once in 2025 and this was complemented by multiple detailed email exchanges on the granular points of the company's remuneration structure. Engagement was led by L&G's investment stewardship team and levels of individual typically engaged included the Chair, Remuneration Committee Chair and the Company Secretary.

Outcomes and next steps

As a result of L&G's discussions in person and via email, the company made a number of amendments to their remuneration structure. Specific changes included amending the post-exit shareholding requirement to two years, amendments to the long-term incentive plan maximum awards and establishing a new size-adjusted peer group.

L&G consider the objective set out above to have been successfully completed.