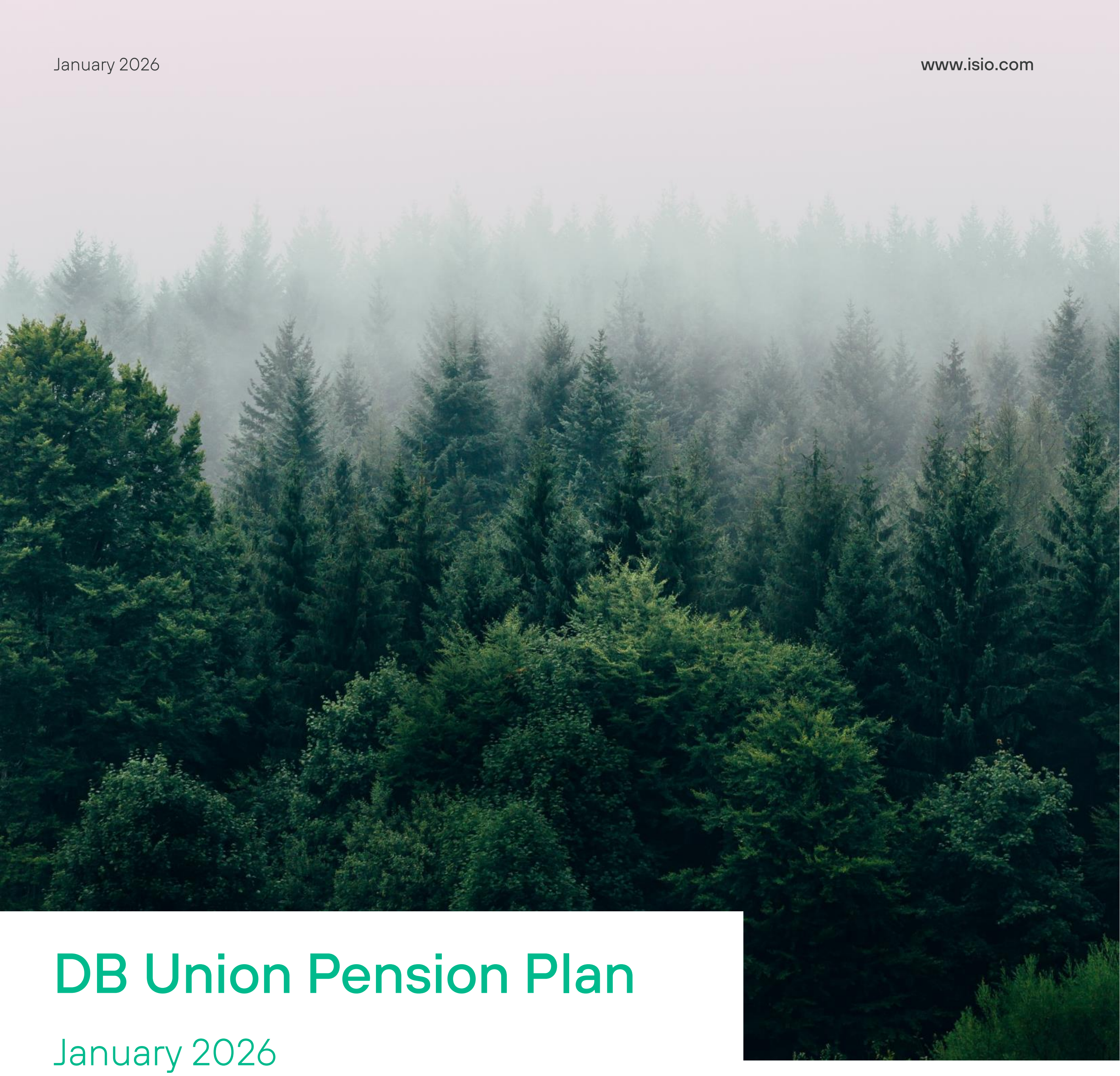

DB Union Pension Plan

January 2026

isio.

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Statement of Investment Principles (SIP)

The Plan's SIP, ESG and risk management policy outlined in this document refers to the latest version of the SIP, which was updated in December 2025.

The SIP can be found online at the web address below:
https://dbsantasalo.com/legal/ethics-compliance#:~:text=DB%20Union%20Statement%20of%20Investment%20Principles%20The%20Trustee,available%20via%20the%20link%20in%20the%20table%20

Implementation Report

This implementation report is to provide evidence that the DB Union Pension Plan continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Plan has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Plan has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 30 September 2025 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf

Summary of key actions undertaken over the Plan reporting year

- In June 2025, Isio prepared a formal manager selection report assessing the Nordea Diversified Returns mandate against the L&G Diversified Fund. Following consideration, the Trustee agreed to terminate the Nordea mandate and appointed L&G to manage the diversified growth mandate through their Diversified Fund. The Plan instructed the full redemption (c.£4.8m) from the Nordea Diversified Fund on 21st July, with £4.4m then reinvested within the L&G Diversified Fund on 25th July. The remainder of the Nordea proceeds were retained in the Trustee Bank Account to help fund short-term cashflow requirements.

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Implementation Statement

This report demonstrates that the DB Union Pension Plan has adhered to its investment principles and its policies for managing financially material considerations including ESG factors.

Signed: ANGELA MCCALLUM

Position: TRUSTEE

Date: 22/01/2026

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Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Plan assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 100% (on the Technical Provisions basis) of funded liability movements caused by changes to interest and inflation rates.	Post reporting period, the Trustee agreed to increase the hedge from 95% to 100% on the Technical Provisions basis, in line with the funding level for the Plan. This was completed in December 2025.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI/synthetic equity manager.	The Plan maintains an allocation to cash to meet ongoing cashflow requirements. The Plan's Absolute Return Bond mandate sits alongside the LDI portfolio and forms the primary source of collateral under the 'collateral waterfall', providing capital to the LDI portfolio in the event of any re-capitalisation events.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Plan undertook strategy changes over the 12 months to 30 September 2025, which are outlined on the previous page. Market risks were taken into account when deciding upon a new investment strategy.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Plan for the risk of default.	The allocation to credit assets remains diversified in terms of number of managers and credit sub-asset classes, providing increased diversification of default risk.

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Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	The Trustee Directors expect their investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process. The Trustee Directors will be provided with the investment managers' policies in respect of financially material considerations and will ensure they are satisfied that these are consistent with the above approach. The Trustee Directors will take into account the managers' ESG policies when appointing and reviewing investment managers.	The Trustee Directors factored ESG considerations into the decision-making process when deciding to appoint L&G to manage the Plan's diversified growth allocation. The Trustee Directors have not currently undertaken formal ESG training but expect to undergo training with Isio, its investment advisor. As part of any future ESG session, the Trustee Directors will look to: • Review the Plan's investment managers' ESG policies, with the intention of doing this at least on an annual basis. • Review the Trustee Directors' ESG policies for the Plan. **The Trustee Directors' ESG approach has been included in the Plan's SIP. This ESG policy will be reviewed annually.**
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	The Trustee Directors are comfortable being exposed to currency risk from their equity portfolio, however, hedge all currency risk on all assets that deliver a return through contractual income.	
Non-Financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments unless specifically requested as part of the evaluation criteria.	

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Changes to the SIP

Policies added to or updated in the SIP

Date updated: September 2025

Collateral Management Policy

The Collateral Management Policy was updated in September 2025 to reflect the change in manager for the Plan's Multi-Asset growth allocation. As the new manager, L&G, also manages the Plan's LDI portfolio, the Multi-Asset growth mandate was moved within the automatic collateral waterfall agreement with L&G.

The SIP has been updated to reflect the revised collateral waterfall system, as set out below.

Manager	Asset Class	Dealing frequency	Notice period	Settlement period
LDI manager	LDI	Weekly frequency	T – 2	T + 2
LDI manager	Absolute Return Bonds	Daily frequency	T – 1	T + 2
LDI manager	Equity	Weekly frequency	T – 2	T + 2
LDI manager	Multi-Asset Growth	Daily frequency	T - 1	T + 2
Non-LDI manager	Multi-Asset Credit	Daily frequency	T	T + 2

Date updated: December 2025

Interest rates and inflation policy

Post-reporting period, the Trustee Directors increased the Plan's hedge from 95% to 100% on a Technical Provisions basis in December 2025.

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Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Plan's policy with regards to ESG as a financially material risk. This page details how the Plan's ESG policy is implemented. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

Risk Management	1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Plan. 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee Directors.
Approach / Framework	3. The Trustee Directors should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore, the Trustee Directors will receive training as required to develop their knowledge. 8. The role of the Plan's asset managers is prevalent in integrating ESG factors; the Trustee Directors will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	9. The Trustee Directors will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

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Engagement

As the Plan invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to the end of September 2025.

Fund name	Engagement summary	Commentary
Apollo Multi Asset Credit Fund	Total engagements: 191 Environment: 1 Social: 1 Governance: 1 *ESG: 188 *One engagement covering multiple engagement themes	Apollo have a clear due diligence and engagement framework. The team continually engage with portfolio companies through discussion with management, and these engagements have been a key driver for the production for formal company ESG reports and Key Performance Indicators. As bond investors, Apollo's voting rights are limited, making it more difficult to engage with portfolio companies in comparison to equity investors. Examples of significant engagements include: **Peloton Interactive Inc** – Apollo engaged with Peloton on a number of sustainability areas. In their discussion, Apollo learned of Peloton's efforts in improving product safety, and reducing waste in manufacturing processes. Peloton's largest distribution centre managed to achieve a 70% landfill diversion rate. Peloton shared with Apollo that over 80% of their emissions are classified as Scope 3 and they are continuing to minimise these emissions by

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		improving supply chain logistics with their partners. **EG Group** - Apollo engaged with EG Group regarding their defence sector exclusions. Through this engagement, Apollo learned of EG Group's successes in reducing Scope 1 and 2 emissions following the introduction of green tariffs. EG group told Apollo that they also plan to expand the reported ESG metrics following new EU regulations. During the discussions, EG Group also shared their improvements in safety performance.
M&G Total Return Credit Investment Fund	Total Engagements: 29 Environmental: 21 Social: 5 Governance: 3	M&G have a systematic approach to engagements whereby specific objectives are outlined in advance and results measured based on the outcomes from the engagements. M&G Analysts are expected to have a more granular awareness of key ESG risks which impact the individual issues they monitor. Where engagement is deemed to be necessary, analysts engage with issuers supported by M&G's Corporate Finance & Stewardship ("CF&S") Team, allowing them to leverage their expertise and sustainability themes. Examples of significant engagements include: **Synopsys Inc –** M&G had a meeting with the Company to discuss their Board composition and encourage them to return the Board level diversity above the 33% expectation threshold. The Company acknowledged the current level of

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		diversity within the Board had fallen below the threshold and confirmed they would share M&G's concerns with the Nomination Committee. M&G will re-assess the Board Composition next year, and take further steps if needed. **Tesco Corporate Treasury Services PLC –** M&G held its annual follow-up call with Tesco's Head of ESG to discuss modern slavery and risk management. Tesco was flagged as a candidate for engagement on modern slavery as it was deemed to operate in a high risk sector. Tesco confirmed modern slavery is a key focus of its Human Rights strategy, reviewed in 2020 with input from several independent third-party organisations such as the Office of the Independent Anti-Slavery Commissioner. The company reports progress in annual statements, monitors agency workers hours, provides training, and promotes helplines. M&G are satisfied with the quality of Human Rights reporting and will continue to communicate with Tesco on this topic.
L&G All World Equity Index Fund	Total Engagements: 1,482 Environment: 1,197 Social: 114 Governance: 135 Other: 36 *One engagement can cover multiple engagement themes	L&G's Investment Stewardship team are responsible for engagement activities across all funds. L&G share their finalised ESG scorecards with portfolio companies and the metrics on which they are based. L&G have not provided examples of Fund-specific significant engagements.
L&G Diversified Fund	Total engagements: 2,415 Environment: 2,041	

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	Social: 148 Governance: 186 Other: 40 *One engagement can cover multiple engagement themes	
L&G Global Unconstrained Bond Fund	Total Engagements: 303 Environment: 213 Social: 32 Governance: 44 Other: 14 *One engagement can cover multiple engagement themes	
L&G LDI Portfolio	L&G currently do not provide engagement activities for the L&G LDI.	
IFM Global Infrastructure Fund	IFM currently do not provide details of their engagement activities due to the nature of the Fund. Isio will work with IFM on the development of the firm's engagement reporting	IFM engage through board representation in both their private equity and public market portfolio holdings. IFM will only invest in companies which have appropriate governance structures in place. IFM bring together key executives of their portfolio companies to help spread good ESG practice and objectives across the portfolio. An example of a significant engagement includes: **Mersin Internation Port –** IFM continues to support Mersin International Port on the delivery of its Safety Remedial Actions as well as with the set-up of its longer-term Safety Culture Transformation Programme. In 2024 and 2025, Mersin International Port continued to improve its safety culture, as evidenced by a further decrease in lost time injury frequency ("LTIF") rates.

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Voting (for equity/multi asset funds only)

The Trustee Directors have acknowledged responsibility for the voting policies that are implemented by the Plan's investment managers on their behalf.

The Plan's equity and diversified growth managers have provided details on their voting actions including a summary of the activity covering the reporting year up to 30 September 2025. The Trustee Directors have adopted the managers' definitions of significant votes and have not set stewardship priorities. The managers have provided examples of votes they deem to be significant.

Fund name	Voting summary	Examples of significant votes	Commentary
L&G Diversified Fund	Meetings eligible to vote at: 10,034 Resolutions eligible to vote for: 102,334 Resolutions voted on: 99.9% Resolutions voted with management: 76.3.% Resolutions voted against management: 22.4% Resolutions abstained or withheld from: 1.3%	**BHP Group Limited** **Date:** 30/10/2024 **Percentage of portfolio**: 0.2% L&G voted in favour of approving BHP's Climate Transition Action Plan, in line with management's recommendation. L&G noted that BHP has made meaningful progress in embedding sustainability into its strategy and that its Climate Transition Action Plan shows substantial alignment with L&G's framework for assessing mining company transition plans. L&G will continue to monitor BHP's disclosures on methane measurement, management and mitigation, as well as its initiatives to support the decarbonisation of steelmaking. This resolution was considered significant given the relatively high level of shareholder support it received. **Microsoft Corporation** **Date:** 10/12/2024 **Percentage of portfolio:** 0.3% L&G voted in favour of the publication of a Report on Microsoft's AI Data Sourcing Accountability. The rationale for this vote is that the Company has faced increasing legal and reputational risks in relation to copyright infringement from its data sourcing practices. L&G noted the company has strong disclosures on its approach to responsible AI and its related risks. However, L&G believe shareholders would benefit from greater attention to the risks caused by the company's use of	L&G's Investment Stewardship team are responsible for managing voting activities across all funds. L&G's Investment Stewardship team uses ISS's 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G, and they do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with their position on ESG, L&G have put in place a custom voting policy with specific voting instructions. L&G publicly communicates its vote instructions on its website with the

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		third-party information to train its large language models. The resolution was not passed, but L&G will continue to engage with Companies on this topic and publicly advocate for this issue.	rationale for all votes against management.
L&G All World Equity Index	Meetings eligible to vote at: 6,602 Resolutions eligible to vote for: 64,855 Resolutions voted on: 99.9% Resolutions voted with management: 79.2% Resolutions voted against management: 19.0% Resolutions abstained or withheld from: 1.8%	**Alphabet Inc** **Date:** 06/06/2025 **Percentage of portfolio:** 1.2% L&G voted against the resolution to elect John L. Hennessy as director as L&G expect boards to be regularly refreshed to maintain appropriate mix from an independence, relevant skills, experience, tenure and background perspective. In this case, L&G voted against the resolution as women make up less than one-third of the board, the Chair of the Committee has served more than 15 years and because the voting structure is currently not one-share-one-vote. **Mastercard Incorporated** **Date**: 24/06/25 **Percentage of portfolio**: 0.6% L&G voted in favour of the resolution requesting oversight and disclosure of a racial equity audit. L&G believe diversity is a financially material issue that directly impacts long-term value creation for clients. Supporting this resolution aligns with L&G's thematic priorities on diversity, equity, and inclusion, and signals expectation that companies should proactively manage diversity-related risks and opportunities to deliver sustainable performance	

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