Accent Group Pension Scheme

Statement of Investment Principles – Implementation Statement

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 Trustee's Statements of Investment Principles (SIPs) dated May 2025 and October 2025 have been implemented.

It also includes the Trustee's 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 Trustee, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 6 April 2025 to 5 April 2026.

Investment objectives of the Scheme

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

The Trustee's primary objectives are set out on page 4 of the SIPs and are as follows:

- To achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.
- In doing so, to aim to maximise the expected returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

The Trustee appreciates that these objectives are not necessarily mutually exclusive.

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

The Trustee did not revise its investment objectives over the year.

Review of the SIP

The SIP was last reviewed in October 2025. The Trustee updated the SIP to reflect changes in the Scheme's investment strategy that were made during the Scheme year.

Prior to this, the SIP had last been updated in May 2025 to take account of previous changes made to the Scheme's investment strategy (implemented in the prior Scheme year).

The Trustee has 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 Trustee has 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 Trustee's latest SIP.

The Trustee's policy on financially material considerations was updated during the year to reflect that the Scheme invested in equity funds with a specific and heightened focus on ESG considerations within their investment process, whilst the policy on engagement and voting rights was updated to reflect that the Trustee acknowledges that synthetic equity exposure does not provide attaching voting rights or opportunities to engage with underlying issuers. The Trustee's policy on non-financially material considerations was not updated during the year.

Investment managers and funds in use

The Trustee's investment strategy for the Scheme as at the start of the year was as shown in the below table, which is reflected in the May 2025 SIP.

Asset Class	Fund	Target Asset Allocation
Diversified Growth	BNY Mellon Real Return Fund	10.0%
Equities	L&G Low Carbon Transition Emerging Markets Equity Index Fund	5.0%
Infrastructure	JP Morgan Infrastructure Investments Fund	13.4%
Multi-Asset Credit	Bluebay Total Return Diversified Credit Fund	9.0%
Secured Finance	Insight Global Asset Backed Securities Fund	15.0%
LDI Solution	Columbia Threadneedle Dynamic LDI Funds	47.6%
	Columbia Threadneedle Equity-Linked Dynamic LDI Funds*	
	Columbia Threadneedle Net Zero Transition Low Duration Credit Fund	
	Columbia Threadneedle Sterling Liquidity Fund	
Total		**100.0%**

*Within the LDI Solution, the Scheme targeted an additional 18% of equity asset exposure provided via the equity-linked LDI funds.

During the year, the Trustee revised the Scheme's investment strategy by redeeming the Scheme's holding in the diversified growth fund. The proceeds from this redemption were reinvested into a new allocation to an ESG-focused developed market equity fund, and additional investments made to the existing secured finance and low duration credit funds.

The Trustee's investment strategy in place as at the end of the year is as shown in the table below, and is reflected in the October 2025 SIP.

Asset Class	Fund	Target Asset Allocation
Equities	L&G Low Carbon Transition Developed Markets Equity Index Fund	5.0%
	L&G Low Carbon Transition Emerging Markets Equity Index Fund	5.0%
Infrastructure	JP Morgan Infrastructure Investments Fund	13.4%
Multi-Asset Credit	Bluebay Total Return Diversified Credit Fund	9.0%
Secured Finance	Insight Global Asset Backed Securities Fund	17.5%

Asset Class	Fund	Target Asset Allocation
LDI Solution	Columbia Threadneedle Dynamic LDI Funds	50.1%
	Columbia Threadneedle Equity-Linked Dynamic LDI Funds*	
	Columbia Threadneedle Net Zero Transition Low Duration Credit Fund	
	Columbia Threadneedle Sterling Liquidity Fund	
Total		**100.0%**

*Within the LDI Solution, the Scheme targeted an additional 18% of equity asset exposure provided via the equity-linked LDI funds.

Investment governance

The Trustee is responsible for making investment decisions, and seeks advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustee's investment consultant.

The Trustee does not actively obtain views of the membership of the Scheme to help form its policies set out in the SIP as the Trustee's primary objective is to meet the benefits of the Scheme as they fall due, and the current investment strategy in place is intended to meet this objective. In addition, the Trustee notes that the Scheme is comprised of a diverse membership, which the Trustee expects to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustee has put in place strategic objectives for Broadstone, as the Trustee's investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustee in January 2024. 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 Managers (as detailed below), the Trustee receives performance reports on a quarterly basis from the Investment Managers, together with performance reports from Broadstone on a quarterly basis to ensure the investment objectives set out in its SIP are being met.

Trustee's policies

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

Requirement	Policy	Implementation of Policy
Selection of Investments	The Trustee 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. 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.	No deviation from this policy over the year to 5 April 2026.

Requirement	Policy	Implementation of Policy
	The Trustee may also: • 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 Scheme's investments. • Hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part, or all, of the future liabilities due from it. • Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.	
Target Asset Allocation	The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting its investment objectives. 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 Trustee's view of the Principal Employer's covenant, the nature of the Scheme's liabilities, or relevant regulations governing pension scheme investment. The Trustee has agreed the range of funds to be used in the investment strategy, taking into account the maturity of the Scheme's liabilities, and to ensure the range is sufficiently robust to allow relatively easy adjustment between the funds as the Trustee's risk appetite changes and the Scheme matures.	No deviation from this policy over the year to 5 April 2026. The Trustee's target investment strategy allocations as at the year end are reflected in the October 2025 SIP.
Delegation to Investment Managers	The Trustee will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments.	No deviation from this policy over the year to 5 April 2026.
Maintaining the Target Asset Allocation and Target Hedging Ratios	The Trustee has responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation and the hedging levels relative to the Target Hedging Ratios. The Trustee monitors the asset allocation and hedging levels on a regular basis with the assistance of its adviser, Broadstone, and will consider switching assets between funds should the allocation move significantly away from the respective targets. The Trustee has no automatic rebalancing process in place.	No deviation from this policy over the year to 5 April 2026. The asset allocation and level of hedging exposure provided by the assets at the year end were broadly in line with their targets and are reflected in the October 2025 SIP.
Realising Investments	Income distributions are received from some of the Investment Managers into the Trustee bank account. The Trustee also makes disinvestments from the Investment Managers as required, with the assistance of its adviser, Broadstone, to meet the Scheme's cashflow requirements. Due to the illiquid nature of the infrastructure fund, this fund will not normally be used for cashflow management purposes or included in Target Asset Allocation rebalancing exercises.	No deviation from this policy over the year to 5 April 2026.

Requirement	Policy	Implementation of Policy
	New money will be invested (or disinvestments required for cash flow purposes) to bring the asset allocation back to the Target Asset Allocation or to maintain the Target Hedging Ratios, as far as possible.	
Performance Benchmarks and Objectives	The diversified growth, multi-asset credit, secured finance, low duration credit, and cash funds used during the year are actively managed, and the Investment Managers have been set performance objectives to achieve returns in-line with, or in excess of, a benchmark. The infrastructure fund is actively managed and has an absolute return target. The equity funds used during the year are passively managed index-tracking funds, and have objectives to track the performance of their respective market benchmarks, within a specified margin of error over a specified timeframe. The leveraged LDI funds have an objective to provide a prescribed level of hedging against changes in the value of liabilities for a typical defined benefit pension scheme caused by interest rate risk and inflation risk. The practical method of implementing this level of hedging is delegated to the LDI manager, with the expectation that the Investment Manager will choose the most cost-effective method. In addition, the equity-linked LDI funds have an objective to provide £1 of synthetic equity market exposure for each £1 invested in the funds.	The funds' performance benchmarks and objectives were reviewed on a quarterly basis over the year to 5 April 2026. There were no changes to the funds' performance benchmarks and objectives over the year.
Investment Management Charges	The annual investment management charges of the funds used during the Scheme year are set out in the Appendices to the May 2025 and October 2025 SIPs and are as follows: • BNY Mellon Real Return Fund: 0.75% • L&G LCT Developed Markets Equity Index Fund*: 0.19% • L&G LCT Emerging Markets Equity Index Fund**: 0.46% • JP Morgan Infrastructure Investments Fund: 0.82% • Bluebay Total Return Diversified Credit Fund: 0.50% • Insight Global Asset Backed Securities Fund: 0.35% • CT Dynamic LDI Funds: 0.29% • CT Equity-Linked Dynamic LDI Funds: 0.30% • CT Net Zero Transition Low Duration Credit Fund: 0.15% • CT Sterling Liquidity Fund: 0.10% *The fee shown includes a variable 'on fund charge', which is expected to be around 0.01% per annum. **The fee shown includes a variable 'on fund charge', which is expected to be around 0.04% per annum. In addition, L&G charge a flat administration fee of £1,500 per annum, which falls to £1,000 per annum should the asset value invested with them exceed £10 million.	There were no changes to the funds' investment management charges over the year to 5 April 2026. The Scheme's charges as at the year end were in line with the SIP dated October 2025. L&G changed their flat administration charge after the year end (effective from 1 January 2027), and any updated charges will be reflected in the SIP when the Trustee next reviews it.

Requirement	Policy	Implementation of Policy
	JP Morgan also apply a performance fee, subject to a hard net hurdle rate, with a high-water mark and a net return cap, in addition to the standard management charge. The performance fee levied is 15% of annual returns based on an individual investor's experience, applying to returns only in excess of 7.0% and capped at 13.5% over the year. 'Returns' for this purpose are calculated net of the annual management charge and exclude the impact of exchange rate movements.	
Financially and Non-Financially Material Considerations	The Trustee's policy on financially and non-financially material considerations is set out on pages 7-8 of the October 2025 SIP, and in full below.	No deviation from this policy over the year to 5 April 2026 (see below).
Engagement and Voting Rights	The Trustee's voting and engagement policy is to use its investments to improve the Environmental, Social, and Governance 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 Trustee believes that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of its investments and is in the members' best interests. The Trustee will aim to monitor the actions taken by the Investment Managers on its behalf and if there are significant differences from the policy detailed above, it will escalate its concerns which could ultimately lead to disinvesting the Scheme's assets from the manager(s). The Trustee acknowledges that where exposure to equities is achieved synthetically, there is no ability to engage and no attaching voting rights.	No deviation from this policy over the year to 5 April 2026 (see below).
Additional Voluntary Contributions ('AVCs')	Members are not currently permitted to make AVCs to the Scheme. Existing assets in respect of AVCs previously made by members are currently invested in individual member accounts in insurance policies operated by the AVC Providers, Utmost Life and Pensions Limited, and ReAssure Limited.	No deviation from this policy over the year to 5 April 2026.

Financially and non-financially material considerations

The Trustee considers many risks which it anticipates could have an impact on the financial performance of the Scheme's investments over the Scheme's expected lifetime.

The Trustee recognises that ESG factors, including but not limited to climate change, can influence risk and return outcomes of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.

The Trustee further recognises that investing with a manager which approaches investments in a responsible way and takes account of ESG-related risks may lead to better risk-adjusted performance as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken. Therefore, other factors being equal, the Trustee would seek to invest in funds which incorporate ESG principles.

In setting its investment strategy, the Trustee has prioritised funds which provide leveraged protection against movements in the Scheme's liability value (including some funds which also provide synthetic equity exposure through regional indices) and also funds which provide diversification across a wide range of investment markets. The Trustee considers the financially significant benefits of these factors to be paramount.

The Trustee notes that ESG considerations are not paramount to the first level decision-making process within the funds, which provide either diversification or leveraged liability protection. However, in the actively managed Secured Finance Fund the Scheme invests in the manager typically does not put ESG considerations at the heart of the asset allocation decision, albeit they will embed ESG considerations into the management of the underlying assets where the manager deems it appropriate to do so.

In addition, the Scheme invests in passively managed Developed Market Equity and Emerging Market Equity funds, which track bespoke indices that have been adjusted from an underlying reference index by the Investment Manager, based on ESG criteria. These funds explicitly consider ESG metrics within security selection, where the investment manager can screen out securities from the portfolios and tilt the portfolios based on their ESG assessments (in favour of underlying issuers expected to provide preferable ESG outcomes). The Trustee has selected a manager with a strong stewardship team which actively engages with companies on all ESG aspects.

The Trustee expects that the importance of ESG considerations will increase over time and has therefore added this as a standing agenda item to its Investment Sub-Committee meetings to ensure that its policy evolves in line with emerging trends and developments. The Trustee is therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

The Trustee's views on how ESG issues are taken account of in each asset class used during the year are set out below.

Asset Class	Active/Passive	Trustee's Views
Equities	Passive	The Trustee acknowledges that the Investment Manager must invest in line with the specified benchmark indices, and notes that these have been adjusted from underlying reference indices following consideration of ESG criteria. The Trustee notes that the manager may further apply security exclusions and tilts within a permitted level of tracking error, should they have concerns relating to ESG issues within benchmark securities. The Trustee also expects the Investment Manager to take account of ESG considerations by engaging with companies that form the indices, and by exercising voting rights on these companies.
Diversified Growth, Infrastructure, Multi-Asset Credit, Secured Finance, Low Duration Credit, Cash	Active	The Trustee expects the Investment Managers to take financially material ESG factors into account, given the active management style of the funds and the ability of the managers to use their discretion to generate higher risk-adjusted returns. The Trustee also expects its Investment Managers 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.
LDI (including synthetic equity exposure)	Active	The underlying assets of the LDI solution consist of government bond funds and derivative contracts, with no underlying investee companies as such. Where equity-linked LDI funds provide synthetic exposure to equity markets, this is implemented using derivative contracts, in lieu of investing in physical securities, and as such does not provide the ability to influence ESG integration. Therefore, the Trustee believes 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. That said, the Trustee does expect the manager to apply ESG factors in determining appropriate counterparties in derivative-based instruments.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects the Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.

Voting rights

The Trustee currently invests in pooled investment funds with the Investment Managers, and it acknowledges that this limits its ability to directly influence each Investment Manager. In particular, all voting activities have been delegated to the Investment Managers, as the Trustee is unable to cast a vote in line with its views on the underlying holdings, given the pooled nature of the Scheme's investments. Where the Trustee is specifically invited to vote on a matter relating to the corporate policy, it will exercise its right in accordance with what it believes to be the best interests of the majority of the Scheme's members.

However, the Trustee will meet with its Investment Managers, 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 Trustee as required. As part of this, the Trustee will seek to challenge its Investment Managers on these matters where it thinks this is in the best interests of members.

Out of the funds held by the Trustee over the year, the BNY Mellon Real Return Fund, L&G Low Carbon Transition Developed Markets Equity Index Fund, and L&G Low Carbon Transition Emerging Markets Equity Index Fund contain publicly listed equity holdings. These funds have voting rights attached to the underlying equities held within the funds, and the Trustee has delegated these voting rights to the managers, where each manager sets its own voting policy. The Columbia Threadneedle Equity-Linked Dynamic LDI Funds have no voting rights attached given the manager gains equity exposure through use of equity derivatives, rather than purchase of the underlying equities which would provide voting rights.

A summary of the votes made by the managers on behalf of the Trustee for each fund used by the Scheme during the year that includes voting rights is provided below at total fund level for the period 1 April 2025 to 31 March 2026.

Fund	Resolutions Voted On	Resolutions Voted:		
		For	Against	Abstained
BNY Mellon Real Return Fund	947	92%	8%	-
L&G LCT Developed Markets Equity Index Fund	21,130	78%	22%	-
L&G LCT Emerging Markets Equity Index Fund	29,293	79%	19%	2%

Information regarding proxy voting, for each manager the Scheme invested with during the year in a fund that has voting rights, is shown below:

- BNY Mellon utilises an independent voting service provider for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform, and for providing research. Its voting recommendations are not routinely followed; it is only in the event that BNY Mellon recognise a potential material conflict of interest that the recommendation of their external voting service provider will be applied.
- L&G do not use a proxy voting service to determine their voting policy, which is formed in-house. L&G do, however, use Institutional Shareholders' Service's (ISS's) Proxy Exchange voting platform to vote on resolutions electronically.

Significant votes

The Trustee has requested details of the significant votes made on its behalf by each manager of a fund the Scheme invested in during the year that has voting rights. In determining significant votes, each manager'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 any manager engagement campaign, for example in line with L&G Investment Stewardship's 5-year ESG priority engagement themes.

The Trustee believes the following are examples of significant votes undertaken on its behalf over the Scheme year:

Significant Vote 1	
Investment Manager	BNY Mellon
Company	Unilever plc
Date of vote	30 April 2025
Percentage of portfolio invested in Company at date of vote	BNY Mellon Real Return Fund: 1.6%
Resolution	Approve Renumeration Report
Why significant	BNY Mellon believes this vote provides an example of where a significant portion of the company's shareholders disagreed with a company's pay practices.
Voting decision	Voted Against
Manager comments	*"BNY Mellon voted against executive pay arrangements owing to significant pay increases granted to executive(s) and the absence of a compelling rationale for this. Further, we voted against executive remuneration arrangements owing to the exit arrangements agreed with a former executive which we considered to be excessive.* *The vote outcome is an indication that shareholder dissatisfaction still persists at Unilever with respect to executive pay. In our opinion, the exit arrangements albeit done under a different board composition and members, was not in line with best practice. Further, we believe, the executive compensation can be further aligned to shareholders by making the proportion more longer-term in nature. This remains a topic that we aim to speak on with the company's board."*
Vote outcome	Resolution Passed

Significant Vote 2	
Investment Manager	L&G
Company	Microsoft Corporation
Date of vote	5 December 2025
Percentage of portfolio invested in Company at date of vote	L&G Low Carbon Transition Developed Markets Equity Index Fund: 4.7%
Resolution	Elect Director Satya Nadella
Why significant	L&G considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.
Voting decision	Voted Against
Manager comments	*"A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.* *L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*
Vote outcome	Resolution Passed

Significant Vote 3	
Investment Manager	L&G
Company	Hyundai Motor Company Limited
Date of vote	26 March 2026
Percentage of portfolio invested in Company at date of vote	L&G Low Carbon Transition Emerging Markets Equity Index Fund: 0.9%
Resolution	Amend Articles of Incorporation
Why significant	L&G consider this shareholder resolution significant due to amendments to the Articles of Incorporation following reforms to the Korean Commercial Code aimed at strengthening shareholder rights and participation, including cumulative voting and hybrid shareholder meetings.
Voting decision	Voted For

Manager comments	*"A vote for is applied as L&G supports amendments that strengthen shareholder rights and participation. These reforms to the Korea Commercial Code that included mandatory cumulative voting and the introduction of hybrid shareholder meetings were introduced to strengthen shareholder participation and oversight. We will assess their effectiveness in practice rather than on a purely procedural basis.* *L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*
Vote outcome	Resolution Passed

Engagement activities

The Trustee has also delegated engagement activities to the Investment Managers. A notable engagement activity of each Investment Manager the Scheme invested with during the year is provided below:

- **BNY Mellon** engaged with Mizuho Financial, a Japanese banking company, in order to encourage the company to obtain relevant external certifications regarding cyber security (e.g., ISO27001) and also ask the bank to continue to reduce its cross-shareholdings (when two companies own each other's equity).

  BNY Mellon considers external verification of cyber security systems to provide investors comfort that an added layer of independent review has assessed critical systems, in order to reduce the risk of costly data breaches, helping companies identify and address vulnerabilities and ensuring overall business continuity. The manager also believes cross-shareholdings (which represented around 30% of Mizuho Financial's net assets in prior years) can lead to inefficient allocation of resources and potential conflicts of interest among companies with intertwined ownership structures – this can negatively impact minority shareholders.

  BNY Mellon reports that whilst there are no material concerns with respect to cybersecurity currently, evidence of third-party review or external certifications would provide investors with further comfort. The manager deemed the bank's acknowledgment of the issue as appropriate and understands it has improved its internal framework over time. They are comfortable with the bank's actions and approach going forward. Furthermore, BNY Mellon believe Mizuho Financial, in line with positive market developments on corporate governance, recognises that unwinding the cross-shareholdings would improve the corporate governance profile and positively impact shareholder value.

- **L&G** engaged with Microsoft to encourage greater transparency, stronger governance, and more robust risk management practices related to Artificial Intelligence (AI) and human rights. L&G believe Microsoft holds significant influence over how AI is integrated into the global economy through its software products and cloud services. L&G hold the view that companies like Microsoft should be transparent in their use of AI and their risk management processes. They also consider that, given the scale of the company's global cloud and digital operations, the human rights risks across its operations and value chain are significant.

  In late 2025, L&G met with the company ahead of their Annual General Meeting (AGM) to discuss shareholder resolutions that had been filed in relation to AI, data governance, and human rights. The meeting aimed to understand the company's approach to these issues and the measures it has put in place to manage the associated risks.

  Following their engagement, L&G believe that Microsoft has improved its transparency on responsible AI governance and human rights over the past few years. The manager understands that although the company's disclosures on AI governance are generally better than its international peers, the company could further improve its data governance disclosures, especially in relation to government requests for content removal and user data. Microsoft has amended its internal risk classification process for projects, including clarifying which types of projects require additional human rights due diligence.

L&G view these changes positively and will continue to monitor progress in AI governance and related processes, and intend to hold future engagements with the company on these topics.

- **JP Morgan** engaged with technology giant Meta through its dealings with portfolio company El Paso Electric. In 2025, Meta publicly announced its plans to develop a 1 Gigawatt data centre in El Paso, Texas, where its substantial electricity needs will be met by El Paso Electric.

  Once fully operational, El Paso Electric expect the data centre's electricity needs to represent around 25% of their peak demand and require high levels of power near constantly, which will help the company utilise latent capacity currently available to them. JP Morgan notes that the data centre will need to pay a pro-rata share of fixed system costs, which will result in a lower allocation of fixed costs to existing residential customers.

  JP Morgan notes that as an essential business and partner in the local community, El Paso Electric has focused on protecting its existing customers by mitigating potential stranded asset risk and ensuring Meta's new data centre pay their fair share for system upgrades. JP Morgan believes the portfolio company ensures appropriate protections are in place for existing customers before entering contracts with new large-load customers. In particular, their engagement strategy with the data centre focuses on the three tenets of credit support (ensuring parent company guarantees or collateral assets are available to support the data centre's demand), long contract lengths with punitive termination clauses, and minimising volumetric (demand volatility) risk through fixed demand-based payments.

- **Bluebay** engaged with IHS, one of the largest independent owners, operators, and developers of shared telecommunications infrastructure globally, with particular strength across Africa and, more specifically, Nigeria. Its activities support digital connectivity in emerging markets. Bluebay participated in dialogue with the company as part of an ongoing responsible investment industry initiative focusing on emerging markets telecoms companies on a range of ESG matters.

  Bluebay notes that the company has been active in exploring some aspects previously flagged by the investor group for its consideration, including reviewing potential inclusion of ESG performance metrics as part of management remuneration to promote greater accountability, and expanding climate reporting as part of its public sustainability disclosure.

  The company continues to act on climate change risks, having set targets to manage down carbon emissions related to its direct operations, with existing measures already resulting in reductions. IHS is working with its suppliers to address emissions data gaps in its supply chain in order to determine what targets may be appropriate in this area in the future.

  Overall, Bluebay were encouraged by the continued momentum the company is exhibiting as well as the strength of its policies and commitments.

- **Insight** engaged with the Australian government to discuss their climate transition strategy, aiming to aid the reduction of climate-related risks associated with sovereign bonds. The engagement has run over multiple years and has focused on several climate-related issues including sovereign emissions disclosure, green bond frameworks, climate adaptation planning, sector decarbonisation pathways, and climate transition.

  In 2025, the agenda included discussion with the Department of Climate Change, the Environment, Energy and Water, and Treasury, focusing on ensuring Australia's plans to meet the goals of the Paris Climate Agreement reflect the strongest possible level of ambition and credibility. During their engagement, Insight note they were able to leverage and highlight the need for alignment with best practices for sector decarbonisation roadmaps on decision-usefulness, links to policy certainty and stability, and clarity around financing mechanisms. This engagement targeted outcomes of investors being provided further transparency, granularity, and quality of disclosure, to help them assess whether the Australian government is serious about delivering on its climate goals. The engagement remains ongoing, and Insight note that the Australian government were due to publish their 2035 climate transition targets in late 2025.

- **Columbia Threadneedle** engaged with Amazon.com Inc. with a focus on evaluating workforce wellbeing in high-demand fulfilment centres, noting that concerns are often raised from the public regarding the company's warehouse working conditions, risk of repetitive strain injuries, and social implications of automation.

  Columbia Threadneedle visited Amazon's Dartford fulfilment centre, which processes around six million packages each week and employs around 2,500 staff. The manager learned that all staff were employed under contracts with guaranteed hours, corporate-equivalent benefits, flexible shift options, and stretch breaks. Furthermore, that cross-training mitigated repetitive strain injuries, and health and safety incidents were sufficiently logged. Employee voice mechanisms included HR kiosks, an app, and peer feedback boards. Whilst recognition systems support promotion pathways, however, they are not financially incentivised. The manager also noted accessibility features for staff, and targeted areas to gather staff feedback. Robotics integration has reduced incidence of manual strain issues, though repetitive strain injuries still occur.

  Following their engagement, Columbia Threadneedle concluded that Amazon demonstrates strong operational transparency and offers sufficient and proactive workforce practices, including health and safety protocols, cross-training, and employee voice mechanisms. They also note that current robotics adoption appears to enhance job design rather than displace labour.

  Columbia Threadneedle intend to continue engaging with the company to track workforce transition programs as automation scales, and validate community impact outcomes in high-growth regions.

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

Signed: **Date:**

On behalf of the Trustee of the Accent Group Pension Scheme