Engagement Policy Implementation Statement for the Year Ended 31 March 2026

Sembcorp Utilities Teesside Pension Scheme ("the Scheme")

1. INTRODUCTION

The Engagement Policy Implementation Statement (known as the "Statement") presents the Trustee assessment of adherence to their engagement policy and policy concerning the exercise of rights (including voting rights) attaching to the Scheme's investments throughout the one-year period ending 31 March 2026 (the "Scheme Year").

The Trustee's policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in January 2024. A copy of the Trustee's SIP is available here.

This Statement has been prepared in accordance with the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019* and the guidance published by the Department for Work and Pensions.

The day-to-day management of the Scheme's assets over the Scheme Year was delegated to Cardano Risk Management Limited (the "Fiduciary Manager"). In advance of the appointment, the Trustee took steps to ensure that the management of the Scheme's assets and the Fiduciary Manager's policies were aligned with the Trustee's own policies. The Trustee continues to monitor the Fiduciary Manager, as part of their regular interactions.

During the Scheme Year, on 1 January 2026, the acquisition of the Fiduciary Manager by Mercer completed. Following the integration of the Fiduciary Manager and Mercer, the Scheme contract remains with the Fiduciary Manager (now called Mercer Risk Management Limited) ("MRML").

The Trustee monitors the voting and engagement activity of the Scheme's investment managers, and, through the Fiduciary Manager, challenges the decisions as appropriate.

The Trustee focusses most effort on those investment managers where voting and engagement is material. The policies of those investment managers are summarised in this Statement, along with examples of the type of activity which took place during the period covered by this Statement. Some of the investment managers use investment approaches where stewardship is less likely to be relevant or significant. The Trustee is comfortable that the Fiduciary Manager has an appropriate approach to assess the stewardship and voting policies for all investment managers.

Section 2 of this Statement outlines the Trustee's stewardship policy and evaluates the extent to which it has been followed during the Scheme Year.

Section 3 sets out the Trustee's policy regarding the exercising of rights (including voting rights) attached to the Scheme investments. This Section also provides detailed information on the voting activities undertaken by third-party investment managers appointed during the Scheme Year.

Considering the analysis presented in Sections 3 and 4, the Trustee believes that their policies with regard to engagement and the exercise of rights attaching to investments have been followed during the Scheme Year.

2. TRUSTEE'S STEWARDSHIP POLICY INCLUDING ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, AND CLIMATE CHANGE

Policy Summary

"Stewardship" is the responsible allocation, management and oversight of capital to create long-term value for members, which should also lead to sustainable benefits for the economy, the environment and society. In practice, stewardship is effected through exercising the right to vote on any shares which are owned by the Scheme and engaging with the management of any companies or properties where an investment has been made.

The Trustee Stewardship policy is outlined in the Scheme's SIP, with the key aspects summarised below:

"The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager encourages the Scheme's investment managers to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council (and the Trustee monitors the Fiduciary Manager's activity in this regard).

Where relevant, the Trustee prefers its investment managers to have an explicit strategy, outlining the circumstances in which they will engage with a company (or issuer of debt or stakeholder) on relevant matters (including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance matters) and how they will measure the effectiveness of this strategy."

The Fiduciary Manager is responsible on an ongoing basis for engaging with our investment managers. For managers where it is expected to have a meaningful impact, the Fiduciary Manager monitors voting records and the level of engagement with underlying investments.

The Trustee has selected three stewardship priorities for manager engagement in order to improve alignment against our policies and beliefs as well as enhance disclosure. These priorities are linked to the UN Sustainable Development Goals with an international endeavour in mind, and aim to improve sustainability within the portfolio and have a direct real world impact to our members' current and future landscape. The Trustee's three stewardship priorities are:

- Climate Crisis (with a focus on climate change and net zero greenhouse gas emissions)

- Environmental Impact (with a focus on biodiversity, deforestation and water)
- Human Rights (with a focus on living wages gender equality and health & nutrition)

How the Policy has been implemented over the Scheme Year?

The Trustee holds investments primarily on an indirect basis through pooled funds. The reason for this approach is that:

- It provides a broader range of investment opportunities, which helps to improve the diversification of investments, and in turn helps to manage risk;
- Fixed costs are shared amongst other investors, thereby reducing the Scheme's overall costs; and
- It simplifies the implementation process as existing funds can be used with standard terms and agreements, reducing the overall governance burden both on the Trustee and the Sponsor.

Where investments are made in pooled funds the Trustee follows the voting and engagement policies of the investment managers of the pooled funds. However, the Trustee remains responsible for ensuring that the investment managers our Fiduciary Manager appoints act consistently with the Scheme's Stewardship Policy.

The Trustee assesses that the Fiduciary Manager has taken actions that are aligned with our Stewardship Policy throughout the year. The Fiduciary Manager has been a signatory to the UN Principles for Responsible Investment since 2011, and a signatory to the UK Stewardship Code 2020.

In addition, the Fiduciary Manager is a member of a range of sustainable investment organisations, some of which are noted below.

PRI Principles for Responsible Investment | IIGCC The Institutional Investors Group on Climate Change | Climate Action 100+ | ICSWG Investment Consultants Sustainability Working Group | Inclusion in Finance

To manage engagement efficiently, the Trustee has delegated the day-to-day implementation of our beliefs to the Fiduciary Manager, having concluded that the Fiduciary Manager's core beliefs are consistent with our own. The beliefs driving the Fiduciary Manager's approach to engagement are as follows:

Quality over quantity

- The Fiduciary Manager is interested in a few meaningful quality engagements, with strong reporting (rather than being interested solely in the quantity of votes). It wants managers to prioritise the highest sustainability impacts in their portfolios

Long-term

- The Fiduciary Manager encourages underlying managers to form long-term relationships with companies. Successful stewardship can take many months, maybe even years

Real world impact

- The Fiduciary Manager is interested in engagement on topics that contribute to positive real-world sustainability impact (such as, reduction in absolute carbon emissions)

Transparency

- Some engagement, perhaps even most engagement, will be unsuccessful. The Fiduciary Manager is realistic, and they prefer transparency from managers

Collaboration

- Engagement is more efficient when managers collaborate – not just for the managers, but for the companies too (who will field fewer, but higher conviction, engagements from their investors). The Fiduciary Manager encourages underlying managers to participate in collaborative initiatives, such as Climate Action 100+

Innovation

- The Fiduciary Manager welcomes innovation, for example, third-party tools to assess a company's conviction on sustainability topics

Integrated

- The Fiduciary Manager is interested in how (if at all) stewardship contributes to the investment thesis and whether managers link their stewardship to other engagement activity (for example, policy engagement)

3. TRUSTEE'S POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO SCHEME INVESTMENTS

Manager selection and monitoring

When selecting investment managers, the Fiduciary Manager scrutinises the stewardship, voting and engagement policies. Activities of investment managers are assessed before the initial investment to ensure they align with our Stewardship Policy. The Fiduciary Manager monitors our investment managers on an ongoing basis; ensuring their activities align with our Stewardship Policy and engages with our investment managers to help them improve their stewardship approach. The Fiduciary Manager closely monitors investment managers who do not meet our stewardship standards and actively works with them to improve their policies, processes and reporting.

The Trustee monitors voting and engagement activity of our investment managers and challenges their activity through the Fiduciary Manager. We categorise our managers according to how material voting and engagement is in their mandate, focusing efforts on managers where voting and engagement is material.

Use of proxy voting services

Proxy voting services are specialist firms that provide an outsourced voting service. Some investment managers choose to use these services (rather than vote themselves). The reasons for using proxy voting services could include:

- The investment manager lacks the resource to research each vote and submit votes
- The investment manager wants to follow a recognised code of practice and the proxy voting service is an easy way to implement this

Using a proxy voting service does not necessarily mean that voting is done poorly. In fact, many professional proxy voting services are able to devote significant resource to researching AGM motions and are able to follow best practice guides like the Financial Reporting Council's (FRC) Stewardship Code.

We recognise that by having a suitable Stewardship Policy in place and using our Fiduciary Manager to monitor voting activity, investment managers can create more engagement over time; particularly smaller, more boutique managers with less in-house expertise and resource.

The table below outlines the use of proxy voting services by the Scheme's investment managers where voting is deemed to be of material importance.

Manager	Use of proxy voting service
Cardano Sustainable Transition Equity Fund	Use Glass Lewis as a proxy provider to deliver vote recommendation and execution services. Glass Lewis applies the custom voting policy of Cardano and an audit process is in place with Glass Lewis to ensure the policy is applied correctly.

A summary of the voting activity from the funds the Scheme's assets are invested in is provided for the year ending 31 March 2026. This may include information in relation to funds that the Scheme's assets were no longer invested in at the year end.

Note: the managers included denote those where voting and engagement are seen as material aspects of their investment process, rather than necessarily those investments we have the largest exposure to. In addition, not all managers in this category will always have voting opportunities in any given year. Although all investment managers that the Scheme invests with, directly or indirectly, are subject to the Scheme's engagement policy and monitored accordingly, some managers are not subject to engagement / stewardship disclosure obligations.

Fund	Total Proposals		Vote Decision			Meetings	
	Eligible Proposals	Proposals Voted On	For	Against	Abstain	No.	Against
Cardano Sustainable Transition Equity Fund	25,416	100%	75%	22%	1%	1942	77%

Notes: % may not sum up to 100% due to rounding

Most Significant Votes

Significant Votes: The Trustee has based the definition of significant votes in line with the requirements of the Shareholder Rights Directive (SRD) II and on the Scheme's stewardship priorities. The most significant proposals reported below relate to the companies with a relatively larger weight in each fund (relative to other companies in the full list of significant proposals), while considering the stewardship priorities.

Where available, information on next steps and plans to escalate are included in the table below.

Fund	Company	Proposal	Manager Vote Decision	Proposal Outcome
Cardano Sustainable Transition Equity Fund	Microsoft (holding size 3.8%)	Shareholder proposal regarding reporting on siting in countries of significant human rights concern	For – Consistent with the manager's Sustainable Investment Policy, the manager acknowledges the corporate responsibility to respect human rights. The obligation is greater when a company is linked to a conflict or high risk area. In such cases, enhanced, conflict-specific human rights due diligence is expected. The manager has had constructive engagements with Microsoft on their due diligence process and believe that shareholders would benefit from additional disclosure from Microsoft on its human rights impact assessments in countries of heighted human rights risks.	The vote received 27% of shareholder support
	Alphabet (holding size 1.5%)	Shareholder proposal regarding disclosure related to 2030 climate goals	Against - While the manager acknowledged Google provides detailed information and data on its carbon reduction goals and is transparent about the challenges, a vote for this resolution was warranted, in line with Cardano's climate ambitions. Cardano viewed that greater transparency on how the company intends to meet its decarbonisation targets,	The vote received 8.2% shareholder support

			particularly with respect to addressing the significant increase in its Scope 2 emissions, would give investors stronger confidence that the company will achieve its 2030 goal. Cardano will continue to support climate related shareholder resolutions where they fit out sustainable investment framework and beliefs.	
	Amazon (holding size 2.7%)	Shareholder Proposal Regarding Disclosure of Material Scope 3 Emissions	For - In line with their climate ambitions, they supported this shareholder resolution asking for disclosure of material scope 3 emissions. While Amazon reports emissions for its private-label products, this only represents about 3% of total products sold through its platform - meaning that Amazon currently does not account for emissions from around 97% of sales. Scope 3 disclosures are essential to accurately assessing climate-related financial risks, regulatory exposure, and the credibility of decarbonization strategies within their investment portfolios. Moreover, Cardano notes that Amazon lags industry peers as retailers such as Walmart, Target and Costco already report material Scope 3 emissions from all products sold.	The vote received 14% shareholder support

4. MANAGER ENGAGEMENT ACTVITY

Engagement is considered to be purposeful dialogue with a specific and targeted objective to achieve positive change in the interests of beneficiaries, thereby a key action required for delivering good stewardship.

The tables below provide examples of engagement activity of the Scheme's investment managers where engagement should be a material activity in the management of the assets.

Manager	Engagement theme	Industry	Engagement Activity	Outcome
Cardano Sustainable Transition Equity Fund	Climate change	Banking	The manager participated in ShareAction's Climate Transition Banking Program, an investor-led engagement initiative focused on aligning major EU and UK banks with the Paris Agreement. As part of this programme, the manager engaged with the company, recognising its significance as one of Europe's largest banks and its material influence on global capital flows. Engagement with the company has taken place since 2023 and has focused on the alignment between the company's	The shareholder resolution received 24% support, signalling meaningful investor concern regarding the pace of Barclays' climate transition. Following the vote, the company agreed to hold annual meetings with the CEO and senior management, improving investor access and dialogue at the most senior level. Through continued engagement, the company provided greater insight into the strategic and regulatory challenges influencing its climate

			net-zero commitments and its financing activities, particularly fossil fuel financing. In 2024, alongside other investors, the manager co-filed a shareholder resolution requesting that Barclays phase out financing for fossil fuel companies misaligned with Paris goals. Following the AGM, the company agreed to hold an annual meeting between the CEO, senior management and the investor group. In 2025, the group met with the company and discussed potential improvements, including stronger public advocacy and clearer external confirmation of the bank's continued commitment to its climate strategy.	positioning, particularly its exposure to the US market. While the bank has retained its climate commitments and enhanced some transition-plan disclosures, the manager considers that further progress is required to achieve credible alignment between stated ambitions and financing activities. The manager will continue to engage with the company, prioritising clearer public signals, stronger advocacy and measurable actions to support alignment with global climate goals.
	Human Rights	Business	The manager initiated a dedicated engagement programme in July 2025 focused on human rights due diligence (HRDD) in conflict-affected and high-risk areas (CAHRAs), informed by insights gained at the United Nations Forum on Business and Human Rights. In collaboration with like-minded investors, the manager identified portfolio companies linked to CAHRA-related controversies and engaged them to assess and strengthen their HRDD practices in line with international standards. Engagements focused on companies' identification of CAHRAs and salient human rights risks, the use of conflict analysis to inform context-specific mitigation measures, and the practical application of these processes to specific controversies. During the second half of 2025, 13 companies were contacted, resulting in 10 engagement calls and one in-person meeting at the UN Forum in Geneva.	All companies engaged demonstrated an understanding of the engagement objectives, with four companies evidencing progress in developing or enhancing heightened HRDD frameworks aligned with international standards. One engagement was successfully closed, as the company demonstrated best practice, including clear evidence that its actions had resolved its linkage to the identified controversy. While most companies were responsive, three showed limited engagement, with one only providing a delayed written response. Overall, the engagement programme improved transparency around companies' human rights risk management and highlighted varying levels of maturity in HRDD implementation. The manager will continue to engage with companies to monitor progress, expand the scope of the programme in 2026, and consider escalation strategies where responsiveness or progress remains insufficient.