Implementation Statement

Pendragon Group Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the Pendragon Group Pension Scheme ("the Scheme") to set out the following information over the year to 31 December 2025:

- The voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes; and
- How the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

Several changes to the Scheme's investment strategy were implemented over the year, including full disinvestments from the BlackRock Aquila Life MSCI World Index Fund, BlackRock iShares Emerging Markets Index Fund, BlackRock Dynamic Diversified Growth Fund, Hamilton Lane Global Private Assets Fund and Aviva Lime Property Fund. As such, the voting and engagement information for these funds has not been included in this implementation statement.

Trustee policies on voting and engagement

The Trustee's Statement of Investment Principles (SIP) in force at 31 December 2025 describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

> *"The Trustee delegates responsibility for stewardship activities attaching to the Scheme's investments to its investment managers. Managers are expected to exercise voting powers with the objective of preserving and enhancing long-term shareholder value. In addition to the exercise of voting rights, managers are expected to engage with key stakeholders (which may include issuers of debt or equity, corporate management, regulators and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance and social and environmental impact and to mitigate financial risks.*
>
> *The Trustee periodically reviews engagement activity undertaken by their investment managers to ensure that the policies outlined above are being met and may explore these issues with its investment managers as part of the ongoing monitoring of the ESG integration and stewardship activities of its investment managers."*

The Trustee's SIP was last reviewed in June 2023. The SIP has been made available online here:
https://members.pensionpal.co.uk/pendragonpensions

The Trustee has decided not to set stewardship priorities for the Scheme as the Scheme solely invests through pooled investment vehicles where the Scheme's asset only represents a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the managers. Additionally, given the Scheme's short time horizon to buy-out, a number of changes have been made to the investment strategy which has resulted in the Scheme no longer holding any investment in assets with voting rights attached at the year-end. However, the Trustee takes climate risk and ESG factors into account at manager selection. The Trustee also reviews the stewardship and engagement activities of the investment managers annually.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- The Trustee undertook an initial review of the stewardship and engagement activities of the managers in place at the time at a Development Day in 2020 and were satisfied that their policies were reasonable and no remedial action was required at that time.
- Annually the Trustee receives a Sustainability Monitoring Report on the Scheme's investment managers (which includes data on stewardship, voting and engagement activities) from their investment advisors. The last report was issued in December 2025 covering the Scheme's position as at 31 March 2025.
- Annually the Trustee receives and reviews voting and engagement data from the Scheme's investment managers which they review and report in their annual implementation statement.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

Prepared by the Trustee of the Pendragon Group Pension Scheme
June 2026

Voting Data

As at the year-end, the Scheme held no assets with voting rights attached. The Scheme's investments consist of holdings in liability driven investment ("LDI") funds, asset-backed securities, corporate bonds and the WTW Secure Income Fund, which have no voting rights attached and limited ability to engage with key stakeholders given the nature of the holdings. Therefore, there is no voting data or significant voting information to report.

Engagement data

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	M&G	TwentyFour	Schroders	Schroders	Schroders	WTW
Fund name	Alpha Opportunities Fund	Strategic Income Fund	Securitised Credit Fund*	Buy & Maintain Credit Fund	Sterling Liquidity Fund	Secure Income Fund**
Number of engagements undertaken on behalf of the holdings in this fund in the year	57	177	67	65	57	*Data not available*
Number of entities engaged on behalf of the holdings in this fund in the year	16	170	-	32	11	*Data not available*
Number of engagements undertaken at a firm level in the year	533	482	956	956	956	*Data not available*

Source: Investment managers.
**Schroders stated that they do not engage with companies/entities on behalf of this fund, but rather with stakeholders involved.*
***WTW were unable to provide the information at the time of writing.*

Examples of engagement activity undertaken over the year to 31 December 2025

Manager and Fund	Example engagement
M&G *Alpha Opportunities Fund*	**Eramet:** In January 2025, Eramet was flagged by ESG provider RepRisk for alleged breaches of UN Global Compact principles on human rights and the environment, based on claims from Survival International regarding the PT Weda Bay Nickel (WBN) mine in Indonesia. The allegations centre on impacts on the O'Hongana Manyawa people of Halmahera. Eramet notes that Indonesia lacks a legal framework for Free, Prior and Informed Consent (FPIC) aligned with international standards, and the group is not formally recognised as an indigenous or customary law community. Nonetheless, WBN considers them a vulnerable group and has implemented expert-informed protocols and a long-standing employee awareness programme to ensure culturally appropriate interactions. Eramet states it complies with local law while maintaining public commitments to global standards on indigenous rights and FPIC. In 2022, it committed WBN to the Initiative for Responsible Mining Assurance (IRMA) standard. Self-assessments were completed in 2022–2023, and an action plan is in progress. A

Manager and Fund	Example engagement
	third-party IRMA audit is scheduled for 2026, after which detailed environmental and social impact reports will be published. The company also publicly reports on its stakeholder engagement in its Human Rights report. The next step will be to review the IRMA audit findings once released in 2026.
TwentyFour *Strategic Income Fund*	**Flutter:** An ESG review of Flutter (an online betting company, and the only exposure to US gambling within the Strategic Income Fund) was conducted following a decision from TwentyFour's ESG committee to reassess whether US gambling companies remain a suitable portfolio holding given the weak US regulatory environment compared to Europe. The review highlighted concerns about Flutter's planned launch of a new prediction-markets product, which will operate in the US without regulated sports betting. This suggests the company is not moving toward advocating for stronger regulation, and current research shows little indication that this position will change. Given the US online gambling market is new and far less regulated than in the UK and Europe, negative social impacts have already emerged, and there is growing concern that these effects will worsen without appropriate safeguards. From both a social-welfare and a credit-risk perspective, TwentyFour view the situation as high-risk, especially if regulators respond with sudden, stringent interventions. TwentyFour concluded that US gambling exposure should be avoided until meaningful regulatory improvements are in place to protect users. The Flutter position will therefore be exited opportunistically, depending on market conditions, and the sector will remain under review as regulatory standards and industry practices evolve.
Schroders *Securitised Credit* *Buy & Maintain Fund* *Sterling Liquidity Fund*	**GSK:** GSK is a UK-headquartered global biopharmaceutical company focused on medicines and vaccines, with an ambition to positively impact the health of 2.5 billion people by 2030, including 1.3 billion people in lower-income countries. Schroders' engagement with GSK has focused on governance of strategy and risk, access to medicines, and antimicrobial stewardship, involving ongoing discussions with board members, senior executives and sustainability teams. Since a demerger in 2022, GSK has strengthened board oversight and scientific capability, deepened biopharma expertise and improved director training. Schroders also pressed for stronger alignment between remuneration and performance, and GSK incorporated this feedback into its 2025 policy. Schroders have also engaged on how GSK embed access-to-medicines goals into its governance and KPIs. GSK outlined their patient-reach methodology, use of tiered pricing, technology transfer and global health partnerships, though Schroders continue to encourage more detailed reporting and stronger support for local manufacturing capacity. GSK report full compliance with AMR Alliance wastewater standards at internal sites and is targeting British Standards Institution (BSI) Kitemark validation across all sites by 2026, supported by a 2025 AMR position statement outlining key partnerships and investments. Overall, GSK has been highly responsive, strengthening governance, remuneration alignment and AMR oversight. Schroders will continue to monitor progress, particularly around access to medicines, reporting transparency and responsible manufacturing across the value chain.
WTW* Secure Income Fund	**Tesco:** EOS have engaged with Tesco on plastic waste management since 2018, encouraging it to adopt clear, public reduction targets in line with peers. While Tesco has made progress – such as auditing products against a packaging hierarchy and applying this approach to branded goods – EOS ongoing concern has been the lack of long-term targets and consistent disclosures. Engagements in 2021 and 2023 confirmed that the company relies on internal annual goals and cites policy uncertainty as a barrier to public target-setting, limiting visibility over the effectiveness of its reduction efforts. Despite this, Tesco has shown leadership within the sector by advancing initiatives like traffic-light packaging assessments and convening peers to develop a red/amber/green preferred materials framework to support a circular economy. Given wider industry and regulatory uncertainty, EOS are cautious about concluding that Tesco is not effectively managing plastic-related risks. Looking ahead, EOS will continue to encourage Tesco to align its advocacy with ambitious, transparent reduction targets – particularly as regulation is expected to strengthen – to improve accountability and preparedness.

Source: Investment managers.

**WTW utilise the engagement services of EOS at Federated Hermes. Therefore, the example above reflects the engagement undertaken by EOS rather than WTW directly.*