PENDRAGON GROUP PENSION SCHEME

ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2025

SCHEME REGISTRATION NUMBER: 12006432

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CONTENTS

TRUSTEE AND ITS ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2025

Trustee
Pendragon Group Pension Trustees Limited

Trustee Directors
Ross Trustees Services Limited – represented by N Moore
D Best (Independent)

Secretary to the Trustee
R Maloney
Pendragon NewCo 2 Limited

Principal Employer
Pendragon NewCo 2 Limited

Scheme Actuary
N Nash F.F.A.
Mercer Limited

Scheme Administrator
Isio Group Limited

Auditor
Cooper Parry Group Limited

Solicitors
Gowling WLG
Hogan Lovells International LLP

Investment Managers
Aviva Investors UK Services Limited (removed 24 December 2025)
BlackRock Channel Islands Limited (removed 28 November 2025)
BlackRock Investment Management (UK) Limited (removed 28 November 2025)
Hamilton Lane (removed 3 November 2025)
M&G Investment Management Limited
Pendragon Scottish Limited Liability Partnership
Schroder Investment Management Limited
TwentyFour Asset Management Limited
Willis Towers Watson Plc (appointed 26 March 2025)

Investment Adviser
Barnett Waddingham LLP

Annuity Providers
Aegon UK Plc
Aviva Life & Pensions Limited
Canada Life Limited
Phoenix Life Assurance Limited
ReAssure Limited
The Prudential Assurance Company Limited

Additional Voluntary Contributions (“AVC”) Providers
Aviva Life Limited
Aegon UK Plc
Clerical Medical Investment Group Limited
Phoenix Life Limited
Standard Life Assurance Limited
Scottish Widows Limited
Santander UK Plc (disinvested 18 February 2025)
The Royal London Mutual Insurance Society Limited
Utmost Life and Pensions Limited

Bank
HSBC UK Bank Plc

Employer Covenant Adviser
Teneo

Enquiries
Pendragon Group Pension Scheme
c/o Isio Group Limited
PO Box 108
Blyth
NE24 9DY

Email: pendragon@isio.com

INTRODUCTION

The Trustee is pleased to present its report on the Pendragon Group Pension Scheme (the "Scheme") for the year ended 31 December 2025.

Any member or beneficiary may request a copy of the Trustee's Report and Financial Statements. Applications are encouraged and should be sent to the Scheme Administrator whose details are included on page 2.

The Scheme

The Scheme was established on 24 September 2012 following a merger of the CD Bramall Pension Scheme, The CD Bramall Retirement Benefit Scheme, The CD Bramall Dealerships Limited Pension Scheme, Quicks Pension Scheme, Reg Vardy Retirement Scheme and the Pendragon Pension Plan, the "former schemes".

With effect from 24 September 2012 all of the accumulated benefits of the former schemes were reassigned to Pendragon Group Pension Scheme.

The Scheme has multiple benefit structures consisting of a final salary section whereby benefits are payable to members in accordance with the Scheme Rules based on their length of service and their average salary prior to retirement up to 30 September 2006.

The Scheme is governed in accordance with the terms of a Definitive Trust Deed dated 24 September 2012, as subsequently amended.

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

Pendragon NewCo 2 Limited was admitted as a Participating Employer under a Deed dated 31 October 2023.

Trustee

The Trustee, Pendragon Group Pension Trustees Limited, is responsible for the management of the Scheme's assets and ensures that the Scheme is operated in accordance with the Rules and requirements of the Pensions Acts and other relevant legislation. The names of the Trustee Directors during the year are shown on page 1 of this report.

During the year, five Trustee meetings were held.

The Scheme is exempt from the requirement to appoint Member-Nominated Trustees under the Occupational Pension Schemes (Member-Nominated Trustees and Directors) Regulations 2006 as it is a scheme where the sole trustee is independent within the meaning given by Section 23 (3) of the Pensions Act 1995. The sole Trustee has appointed external specialists to advise on legal, actuarial and accounting matters.

A list of these advisers is given on pages 1 and 2 of this report.

Governance and Risk Management

The Trustee has in place a risk register and business plan which sets out its objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustee run the Scheme efficiently and serves as a useful reference document.

Trustee Knowledge and Understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the scheme documentation. TPR has published the General Code to assist trustees on this matter. The Trustee Directors receive regular training which enables the Trustee to meet the Trustee Knowledge and Understanding requirements.

Changes to the Scheme

There have been no changes to the benefits provided by the Scheme over the year.

MEMBERSHIP

Details of the membership of the Scheme for the year are given below.

	2025	*2024*
Pensioners		
Pensioners at the start of the year	2,325	*2,376*
Adjustments	(9)	*(83)*
Retirements	152	*74*
New Dependants	26	*21*
Deaths	(84)	*(63)*
Pensioners at the end of the year	2,410	*2,325*
Members with Deferred Benefits		
Members with deferred benefits at the start of the year	1,652	*1,753*
Adjustments	(12)	*(23)*
Retirements	(152)	*(74)*
Transfers Out	(2)	*(3)*
Deaths	(5)	*(1)*
Trivial Commutations	(3)	*-*
Members with deferred benefits at the end of the year	1,478	*1,652*
Total Membership at the end of the year	3,888	*3,977*

The adjustments above resulted from late notifications relating to the previous year.

The figure for pensioners includes 68 (2024: 70) insured pensioners whose pensions are paid from annuities held in the name of the Trustee. The Trustee is also receiving annuity income for a further 5 (2024: 7) pensioners who are being paid from the Scheme.

FINANCIAL DEVELOPMENT OF THE SCHEME

The financial statements on pages 18 to 28 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the Scheme has increased from £389,301,000 at 31 December 2024 to £390,644,000 at 31 December 2025.

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

Actuarial Position of the Scheme

The most recent full Actuarial Valuation of the Scheme was carried out as at 31 December 2024, the results of which are shown below:

	£'000
The Statutory Funding Objective ("SFO") in relation to the liabilities:	(365,393)
Valuation of assets:	360,623
Deficit relative to the SFO:	(4,770)
Funding level:	99%

If the Employer goes out of business or decides to stop contributing to the Scheme, the Scheme may be "wound up" and the Employer would be required to pay additional money to buy all members' benefits from an insurance company. The comparison of the Scheme's assets to the cost of buying the benefits from an insurance company is known as the "buy-out position". A pension scheme's buy-out position will often show a larger shortfall than the standard actuarial valuation, as insurers are obliged to take a very cautious view of the future, and they also seek to make a profit.

If the Scheme had been discontinued and wound up at 31 December 2024 there would have been insufficient assets to buy out the accrued benefits through the purchase of annuity policies with an insurer. The estimated discontinuance (or wind up) funding level was 97%, corresponding to a shortfall of £10,465,000.This does not mean that the Employer is thinking of winding up the Scheme. The fact that there was a shortfall at the last valuation has not affected the pensions paid from the Scheme and all members who have retired have received the full amount of their pension.

It is worth remembering that a valuation is just a "snapshot" of the Scheme's funding position, and it can change considerably if there are sudden changes in share prices, gilt yields, or if members live longer than expected.

The next full valuation is due to take place as at 31 December 2027.

Additional Information

Further details of how the Statutory Funding Objective will be met, including assumptions for valuing the Technical Provisions and how the Recovery Plan is formulated are in the Statement of Funding Principles dated 14 January 2026. Copies of these documents, the Actuarial Valuations, the Schedule of Contributions and the Recovery Plans are available on request.

The Actuarial Certificate in relation to the Schedule of Contributions is shown on page 29 of the Annual Report.

Further details of the financial development of the Scheme may be found in the audited financial statements on pages 18 to 28. Details of the Scheme's investments are given in notes 11 to 18 to the financial statements.

REPORT ON ACTUARIAL LIABILITIES (CONTINUED)

Method

The actuarial method to be used in the calculation of the technical provisions is the Defined Accrued Method.

Significant Actuarial Assumptions

The key assumptions used for calculating the technical provisions and future contribution requirement for the Scheme were:

Financial Assumptions	
Discount rate:	
Pre and Post Retirement	Mercer Gilt Yield curve, plus 0.5% at each term
Price inflation:	
Retail Prices Index ("RPI")	Mercer Gilt Inflation curve with no adjustment.
Consumer Prices Index ("CPI")	inflation less 0.7% at each term until 2030 and RPI with no adjustment thereafter.
Deferred revaluation (Max 5%)	Elements which have future revaluation in line with RPI/CPI.
Pension increases	Inflation-linked pension increases will be calculated using the Jarrow-Yildirim Methodology based on CPI/RPI inflation and applying any applicable maximum and/or minimum rates.
Demographic Assumptions	
Mortality	
Pre-retirement	No allowance
Post-retirement	102% of the mortality rates in the standard tables S4PMA for males and 100% of S4PFA_M for females, projected to the valuation date in line with the approach below.
Allowance for Future Improvements	CMI core projection model with a 1.5% per annum long term projected rate of improvement (CMI_2023 [1.50%,S=7]), using a year of birth approach.

Recovery Plan

In 2011, the Scheme was provided with an investment which generates a predictable asset-backed income. This investment is in the form of an interest in a Central Asset Reserve, created by the Employer in partnership with the Scheme, which owns properties that are leased back to the Employer on long-term leases and provide the Scheme with rental income for a period of 20 years. The interest will be recorded at the present value of the income rights and, in the event of insolvency, the Scheme will have recourse to the value of the properties. The Trustee does not have the ability to sell or transfer its income interest in the partnership without the Employer's consent.

The Schedule of Contributions agreed by the Trustee and Employer, and certified by the Scheme Actuary on 27 August 2024 was in place during the Scheme's year. This detailed that no further deficit contributions were due to the Scheme and that administration expenses, including levies, will be met by the Employer.

In addition to this, it was agreed that contributions would be paid into the Scheme to achieve its Long Term Funding Target. The majority of these contributions would be in the form of rental income from the Central Asset Reserve. In 2025, the contributions due and paid into the Scheme totalled £5,976,298, this was in line with the Schedule of Contributions certified on 27 August 2024.

On 30 March 2026, a new Schedule of Contributions was certified by the Scheme Actuary, which takes into account contributions received by the Scheme since the valuation date. The shortfall was assessed to have been eliminated and accordingly, no deficit contributions are required from the Employer at this time. Contributions payable to the Scheme from the Central Asset Reserve will be £6,110,765 in 2026 and £1,544,686 in 2027. If, at the end of a quarter, the Scheme's funding level exceeds 102.5% on the Long Term Funding Target basis, contributions will cease. If required, contributions will be paid into an escrow account to be established by the Trustee and the Employer.

INVESTMENT REPORT

Introduction

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustee acting on advice from their Investment Consultants (and Scheme Actuary where applicable). The other element of the policy is the day-to-day management of the assets which is delegated to the Investment Managers. Having considered advice from Barnett Waddingham LLP, the Trustee has set the investment policy, with regards to the Scheme's liabilities and funding level.

Scheme Objectives

The Trustee requires the Scheme Actuary to review the funding level of the Scheme regularly. The Trustee aims to have sufficient and appropriate assets to cover the Technical Provisions under the SFO.

Taking these factors into account, together with the expected returns and risks relative to the liabilities on different types of investment, the Trustee believes that it is appropriate to adopt the following overall objectives to the Scheme:

- To ensure that they can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- To achieve a long-term positive real return;
- To manage the expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution levels;
- To reduce the risk of the assets failing to meet the liabilities over the long term; and
- To minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regards to the above objectives.

It is accepted that at different times within the economic cycle, acceptable levels of risk may change according to market conditions.

Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles (SIP) as required by Section 35 of the Pensions Act 1995. A copy of the SIP is available online at the following address:

https://members.pensionpal.co.uk/pendragonpensions

The SIP was last reviewed in June 2023 and there were no significant departures from the stated principles during the year under review, specific allocations against target are noted on page 8.

Custodial Arrangements

The list of custodians for each of the pooled funds in which the Scheme invests as at the year-end is set out below:

- JP Morgan Chase (Schroders funds)
- State Street Ireland (M&G Alpha Opportunities Fund)
- State Street Bank International GmbH (TwentyFour Strategic Income Fund)
- Northern Trust Fiduciary Services Limited Ireland (WTW Secure Income Fund)

The custodians are responsible for the safe-keeping, monitoring and reconciliation of documentation relating to the ownership of listed holdings. Investments are held in the name of the custodians' nominee companies, in line with common practice for pension scheme investments.

INVESTMENT REPORT (CONTINUED)

Investment Strategy

To achieve these overall objectives the Trustee has decided upon an investment strategy having considered the covenant of the Principal Employer, the agreed funding objective, and the Principal Employer's attitude to risk and their own attitudes to investment risk. The Trustee has divided the Scheme's assets into two elements:

- **Return-Seeking Assets** – Aiming to generate a positive return, in excess of the risk-free rate, and thereby improve the funding position of the Scheme by increasing the size of the Scheme's assets relative to its liabilities.
- **Matching Assets** – Provide a hedge (protection) against movements in interest rates and inflation, to which the Scheme's liabilities are sensitive.

The Scheme's investment strategy is set out in the Statement of Asset Strategy, which is available on request.

Having considered the Scheme's long-term investment strategy, the Trustee had previously set a funding trigger framework. The last of these triggers was actioned in January 2025 when the Scheme was estimated to have reached full funding on the 2021 Self Sufficiency basis.

The Statement of Asset Strategy has been updated following the year-end to reflect the following changes to the investment strategy:

- Following the redemption request submitted by the Trustee in June 2024, Aviva paid out the Scheme's holdings in a series of payments throughout 2025, with the final redemption payment made in December 2025.
- In March 2025, the Trustee invested in the WTW Secure Income Fund, funded in part by proceeds from the Aviva redemption and the remainder from a partial disinvestment from the BlackRock Dynamic Diversified Growth Fund.
- In the last quarter of 2025, the Trustee de-risked the portfolio by fully disinvesting from the Hamilton Lane Global Private Assets Fund, BlackRock Aquila Life MSCI World Index Fund, BlackRock iShares Emerging Markets Index Fund and BlackRock Dynamic Diversified Growth Fund. All proceeds were transferred into the Schroders LDI portfolio, which included the introduction of unleveraged gilt and index-linked gilt funds with Schroders.

The following table sets out the actual and target allocation for the Scheme's investments at the year-end.

Funds	Asset Class	Allocation as at 31 December 2025 £'000	%	Target Allocation %
Schroders LDI Portfolio & Sterling Liquidity	LDI and Collateral	160,643	45.9	46.0
Schroders Buy & Maintain		59,765	17.0	19.0
Schroders Securitised Credit		47,879	13.7	12.0
M&G Alpha Opportunities	Credit	39,320	11.2	10.0
TwentyFour Strategic Income		30,792	8.8	10.0
WTW Secure income	Illiquid	11,881	3.4	3.0
		350,279	100.0	100.0

INVESTMENT REPORT (CONTINUED)

Asset Allocation

In addition to the investments noted in the table above, other assets are held in the Trustee Bank Account, Central Asset Reserve, annuities and AVCs. The Scheme's assets at the end of the year are shown in the table below.

	2025 £'000	2025 %	*2024 £'000*	*2024 %*
Pooled Investment Vehicles (Including Cash)				
Schroders Investment Management Limited	268,287	71.4	*191,288*	*50.1*
M&G Investment Management Limited	39,320	10.5	*38,565*	*10.1*
TwentyFour Asset Management Limited	30,792	8.2	*30,175*	*7.9*
Willis Towers Watson Plc	11,881	3.2		
BlackRock Channel Islands Limited	-	-	*43,817*	*11.5*
Hamilton Lane	-	-	*28,191*	*7.4*
Aviva Investors UK Services Limited	-	-	*20,987*	*5.5*
Other Investment Assets				
Pendragon Scottish Limited Liability Partnership	20,316	5.4	*22,164*	*5.8*
Insurance Policies	2,844	0.8	*4,464*	*1.2*
AVC Investments	2,007	0.5	*2,050*	*0.5*
	375,447	100.0	*381,701*	*100.0*

Investment Performance

The table below shows a summary of the Scheme's assets' performance, net of fees, for the one, three and five year periods to 31 December 2025.

	1 Year (%)		3 Years (p.a.%)		5 Years (p.a.%)	
	Fund	B'mark	Fund	B'mark	Fund	B'mark
Schroders LDI Portfolio	2.3	2.4	(3.2)	(3.2)	(30.3)	(30.0)
Schroders Sterling Liquidity Fund	4.4	4.3	4.9	4.7	3.2	3.1
Schroders Buy & Maintain Fund	7.0	6.9	6.2	5.7	4.1	4.3
Schroders Securitised Credit Fund	6.1	6.3	7.2	6.9	4.4	5.2
M&G Alpha Opportunities Fund	5.2	7.4	8.5	7.9	5.4	6.2
TwentyFour Strategic Income Fund	7.3	8.5	8.9	8.9	2.9	7.2
WTW Secure Income Fund	n/a	n/a	n/a	n/a	n/a	n/a

Performance shown gross of fees for Schroders, and net of fees for other managers.
Performance for the WTW Secure Income Fund is not shown as the Scheme has not been invested in the Fund for the full period.
Overall portfolio performance is shown as money-weighted rate of return and includes the performance of historic funds.

Economic Environment

In the 12-month period to 31 December 2025, market focus shifted towards heightened economic and geopolitical uncertainty after Donald Trump's second term as president began in January 2025. Amidst this uncertainty, the Bank of England and European Central Bank continued their rate cutting cycles, while the Federal Reserve paused until their September 2025 meeting, as they assessed the impact of tariffs on the US economy.

Over the year to 31 December 2025, all major central banks loosened monetary policy.

- The Bank of England reduced the base rate from 4.75% to 3.75%. In September 2025, the Bank announced that it would reduce its stock of gilts by £70 billion per year, a reduction from the previous £100 billion.
- The European Central Bank reduced its deposit rate from 3.00% to 2.00%.
- The Federal Reserve reduced the Federal Funds Rate range from 4.25%-4.50% to 3.50%-3.75%. In March 2025, the Fed announced a decrease in the pace at which it will reduce the stock of treasuries held on its balance sheet from a cap of $25bn to $5bn per month.

INVESTMENT REPORT (CONTINUED)

Falling interest rates, coupled with strong earnings growth, helped global equities rise by 20.5% in local currency terms over the year to 31 December 2025. This marked the third consecutive year in which equities returned to over 20%. This performance was linked to the ongoing strength of AI-linked stocks across all markets.

Over the first quarter of 2025, global markets began to focus on rising geopolitical uncertainty as President Trump announced significant import tariffs on key US trading partners; China, Canada, and Mexico. On 2 April, the president announced a 10% global baseline tariff on imports from all countries and additional large 'reciprocal' tariffs. Retaliation from China sparked a brief trade war, before all additional tariffs beyond the 10% baseline were paused for 90 days. In response, global yields rose and global equities fell, before quickly rebounding following the pause. By August, the US had signed trade deals with most large economies and were continuing negotiations with China. These deals generally led to lower tariff rates than announced on 2 April, although the US average tariff rate is at its highest level since the 1930s. Uncertainty over US policy led investors to reconsider their exposure to the Dollar, which has fallen by 7.4% against Sterling over the year.

During Q2 2025, legislation in the US was introduced to renew and extend Trump's 2017 tax cuts, which is expected to moderately boost growth in the short term but raise US debt by $4.1tn by 2034. Anticipation of the US government's worsening fiscal position contributed to the rise in long-term yields globally.

Market Performance

The 12 months to 31 December 2025 saw positive returns for equities and most bonds as short-term government bond yields fell over the year. Property produced a positive return over the period.

- **Equities:** Global equities produced positive returns across all major regions. The FTSE All World rose by 20.5% over the year to 31 December 2025. The best performing region, in local currency terms, was the Developed Asia ex Japan equities (+35.2%) and the worst performing region was North America (+18.4%).
- **Bonds:** Over the year to 31 December 2025, UK gilt yields fell at the shorter terms. Therefore, UK fixed interest gilts (all stocks) produced a positive return (+5.0%). UK Index-Linked gilts (all stocks) returned (+1.3%) despite implied inflation falling over the year. UK corporate bond spreads (all stocks) decreased (-0.1%) over the year.
- **Property:** The MSCI UK All Property Index rose by 6.8% over the year to 31 December 2025.

Environmental, Social and Corporate Governance ("ESG")

The Trustee believes that Environmental, Social and Governance ("ESG") factors are financially material – that is, they have the potential to impact the value of the Scheme's investments from time-to-time. The Trustee appreciates that the method of incorporating ESG in the investment strategy and process will differ between asset classes, however the Trustee is comfortable that all of the investment managers are managing the respective funds with ESG taken into account as far as it is possible for that particular asset class and within applicable guidelines and restrictions. This position is monitored periodically, at least annually. In the future, ESG factors will be taken into account when appointing and reviewing managers.

Fund Manager Remuneration

Investment managers' fees are primarily remunerated on the basis of market value of the assets under management, but commissions and fees are also levied on investment transactions.

Employer Related Investments

The Trustee is not aware of any material employer-related investments at the year-end.

COMPLIANCE

Pension Increases
Preserved pensions and pensions in payment were increased, in accordance with the statutory requirements and rules of the Scheme. There were no discretionary increases during the year.

Transfer Values
Transfer values paid out of the Scheme during the year were calculated and verified in the manner required by Section 97 and 183 (3) of the Pension Schemes Act 1993. None of the transfer values paid were less than the amount provided by Section 94 (1) of that Act. No discretionary benefits were included in the calculation of transfer values.

Any transfer values paid or received during the year have been calculated and verified in the manner prescribed by the Occupational Pension Schemes (Transfer Values) Regulations 1996.

Single Code of Practice
The Pensions Regulator ("TPR") released a new single code of practice, called the General Code, which came into effect on 28 March 2024. The General Code consolidated 10 of the 15 existing Codes of Practice, along with various pieces of existing guidance and new material required by the 2018 Occupational Pension Schemes (Governance) regulations.

The Trustee has reviewed the General Code and has updated their governance practices to meet TPR's new expectations. Also, as required by the General Code, the Trustee is currently compiling a Own Risk Assessment for the Scheme, which is expected to be completed by 31 December 2026.

Taxation Status
The Scheme is a Registered Pension Scheme for tax purposes under the Finance Act 2004 and, as such, its income and investment gains are free of taxation.

General Data Protection Regulation
The Trustee recognises that maintaining high standards of security is essential to protecting personal data which is done through robust policies and processes that address data protection and security measures. The Trustee reviews the procedures adopted by it and its advisers to ensure that it complies with the requirements, which would ensure that it has appropriate policies and procedures in place.

To help keep the Scheme's records up to date, members are reminded to keep the Scheme informed of any changes, including death benefit nominations and beneficiaries. Please send all correspondence to the Scheme Administrator whose details are on page 2.

Legal Judgments
On 16 June 2023, the High Court handed down its decision in The Virgin Media Ltd v NTL Pension Trustees II which concerned the implications of Section 37 of the Pension Schemes Act 1993. Subsequently, Virgin Media Ltd filed an appeal, the hearing for which took place on 26 and 27 June 2024 and on 25 July 2024 it was announced that the Court of Appeal upheld the High Court ruling. The Court of Appeal's ruling confirms that the requirement to obtain Section 37 confirmation on rule alterations applies to both past and future service rights.

On 5 June 2025, the Government announced that it will pass legislation to give pension schemes affected by the Virgin Media ruling the power to obtain retrospective actuarial confirmation that historic changes to the relevant benefits met the necessary statutory requirements. The Trustee, with its advisers, will investigate the possible implications for the Scheme.

Royal Assent was received for the Pension Schemes Act 2026 on 29 April 2026, which contains provisions allowing trustees of pension schemes that were contracted-out on a salary related basis to obtain retrospective actuarial confirmations in respect of past rule alterations. The Trustee, with its advisers, will investigate the possible implications for the Scheme.

COMPLIANCE (CONTINUED)

GMP Equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who had been contracted out under the Scheme must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustee will need to equalise guaranteed minimum pensions between men and women. This is likely to result in additional liabilities for the Scheme for equalisation of the benefits already crystallised e.g., historical transfers out, retirement benefits etc.

Subsequently, on 20 November 2020, the High Court issued a follow up judgment in respect of the Lloyds Banking Group ruling that any transfers out paid since 17 May 1990 must potentially be increased to reflect additional liabilities arising from the equalisation of GMP accrued between 17 May 1990 and 5 April 1997. This could potentially result in top-up payments to members but presents significant challenges for the Trustee and Scheme Administrator in terms of:

- Identifying transfers paid since 1990
- Equalising the transfer payment
- Tracking the relevant members and the arrangements they transferred to

At this stage the Trustee and Employer have not agreed the equalisation methodology to be used and therefore the Trustee is not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore, the cost of backdating pension benefits and related interest have not been recognised in these financial statements.

In the 2024 Actuarial Valuation, an allowance of 2.5% of the liabilities has been made for GMP equalisation. An additional allowance of £3.8m was made for historic TVs.

Further Information

Most of the information required by members in respect of the Scheme is supplied automatically. This includes general information, such as Statements of Options on retiring. In addition, the documents governing the Scheme, the Trust Deed and Rules, can be inspected on request. These rights apply to all members and most extend to their spouses and other beneficiaries, and recognised trade unions.

It is hoped that all members feel sufficiently well informed, and that specific requests are dealt with fully. Members who are dissatisfied or concerned about any matter relating to the Scheme should first contact the Trustee to resolve the matter and may also seek advice or help from a number of outside bodies:

The Pensions Regulator

The statutory body that regulates occupational pension schemes is the Pensions Regulator ("TPR") and it has the powers to:

- suspend, disqualify and remove trustees for not carrying out their duties;
- wind up schemes where necessary;
- apply for information to prevent the misuse and misappropriation of scheme assets and enforce restitution where necessary; and
- take action to prevent schemes being left in deficit with nobody to meet the liability.

The Trustee, Scheme Auditor and the Scheme Actuary and others involved in the administration of the Scheme have a statutory duty to make an immediate written report if they believe that legal duties concerned with the administration of the Scheme are not being carried out which it is thought may pose a significant risk to members' interests. They can be contacted at:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton
BN1 6AF

Telephone: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

COMPLIANCE (CONTINUED)

The Pension Tracing Service

A pension tracing service is carried out by the Department for Work and Pensions. This service can be contacted as follows:

Pension Tracing Service Post Handling Site A Wolverhampton WV98 1AF	Telephone: 0800 731 0175 Website: www.gov.uk/find-pension-contact-details

The Money and Pension Service

For any general enquiries on their pensions, members can contact the Money and Pensions Service. A local adviser can usually be contacted through a Citizen's Advice Bureau. Alternatively, the Service can be contacted at:

Money and Pensions Service Borough Hall Cauldwell Street Bedford MK42 9AB	Telephone: 0115 965 9570 Email: contact@maps.org.uk Website: www.maps.org.uk

Pensions Ombudsman

In the first instance, any concerns in respect of the Scheme should be referred to the Scheme Administrator, Isio Group Limited, who will try to resolve the problem using the Scheme's Internal Dispute Resolution Process ("IDRP") as quickly as possible. If you are unhappy with their response, you can refer your complaint to The Pensions Ombudsman free of charge.

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman 10 South Colonnade Canary Wharf London E14 4PU	Telephone: 0800 917 4487 Email: enquiries@pensions-ombudsman.org.uk Website: www.pensions-ombudsman.org.uk

You can also submit a complaint online: www.pensions-ombudsman.org.uk/making-complaint.

Enquiries

Members can obtain information about their own pension benefits, copies of the Scheme's governing documentation or further information about the Scheme by contacting:

Pendragon Group Pension Scheme C/o Isio Group Limited PO Box 108 Blyth NE24 9DY	Email: pendragon@isio.com

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Financial Statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension Scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the Financial Statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the Members.

Approval

The Trustee's Report was approved by and signed on behalf of the Trustee by

Signed: ____________________________
N Moore
For and on behalf of Ross Trustees Services Limited

Date:

Signed: ____________________________
D Best
Trustee Director

Date:

Independent Auditor's Report to the Trustee of the Pendragon Group Pension Scheme

Opinion

We have audited the financial statements of the Pendragon Group Pension Scheme for the year ended 31 December 2025, which comprise the Fund Account, the Statement of Net Assets and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland"* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon and our Auditor's statement about contributions. The Trustee is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Trustee of the Pendragon Group Pension Scheme (Continued)

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities Statement set out on page 14, the Scheme's Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the Scheme has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Pensions Act 1995 and United Kingdom Generally Accepted Accounting Practice.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme and how the Scheme is complying with that framework, including agreement of the financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Scheme's control environment and how the Scheme has applied relevant control procedures, through discussion and sample testing of controls;
- obtaining an understanding of the Scheme's risk assessment process, including the risk of fraud;
- reviewing Trustee meeting minutes throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing the appropriateness of journal entries and other adjustments made.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Independent Auditor's Report to the Trustee of the Pendragon Group Pension Scheme (Continued)

Use of our Report

This report is made solely to the Scheme's Trustee, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee, for our audit work, for this Report, or for the opinions we have formed.

Cooper Parry Group Limited
Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date:

FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £'000	*Reclassification* *2024* *£'000*
Contributions and Benefits			
Employer Contributions	4	-	*10,000*
Other Income	5	283	*149*
		283	*10,149*
Benefits Paid or Payable	6	(21,905)	*(18,294)*
Payments to and on Account of Leavers	7	(476)	*(261)*
Administrative Expenses	8	(1)	*(2)*
		(22,382)	*(18,557)*
Net Withdrawals from Dealings with Members		(22,099)	*(8,408)*
Returns on Investments			
Investment Income*	9	21,025	*20,113*
Investment Management Expenses	10	(421)	*(370)*
Change in Market Value of Investments*	11	2,838	*(25,350)*
Net Returns on Investments		23,442	*(5,607)*
Net Increase/(Decrease) in the Fund During the Year		1,343	*(14,015)*
Net Assets at 1 January		389,301	*403,316*
Net Assets at 31 December		390,644	*389,301*

*The reclassification of prior year's figures relates to the Schroders Sterling Liquidity Fund and its underlying nature. The fund has been reclassified in the accounts as a pooled investment vehicle and amounts previously shown as investment income have been moved to change in market value of investments.

The notes to the financial statements on pages 20 to 28 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 DECEMBER 2025

	Notes	2025 £'000	*Reclassification 2024 £'000*
Investment Assets			
Pooled Investment Vehicles*	11/12	349,820	*352,570*
Special Purpose Vehicle	11/13	20,316	*22,164*
Insurance Policies - Annuities	11/14	2,844	*4,464*
AVC Investments	11/15	2,007	*2,050*
Cash*	11	459	*453*
Total Net Investments		375,446	*381,701*
Current Assets	19	15,725	*7,939*
Current Liabilities	20	(527)	*(339)*
Net Assets at 31 December		390,644	*389,301*

*The reclassification of prior year's figures relates to the Schroders Sterling Liquidity Fund and its underlying nature. The fund has been reclassified as a pooled investment vehicle.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Trustee's Report on pages 5 to 6 and in the Actuarial Certificate included on page 29 of this Annual Report. These financial statements should be read in conjunction with these sections.

The notes on pages 20 to 28 form part of these financial statements.

Signed on behalf of the Trustee by:

Signed: ___________________________
N Moore
For and on behalf of Ross Trustees Services Limited

Date:

Signed: ___________________________
D Best
Trustee Director

Date:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK, and the guidance set out in the Statement of Recommended Practice (revised 2018).

The financial statements have been prepared on the going concern basis which the Trustee believes to be appropriate based on its expectations for a 12-month period from the date of approval of these financial statements which indicate that sufficient funds should be available to enable the Scheme to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's Report on page 13.

3. ACCOUNTING POLICIES

The principal accounting policies which have been applied consistently with the previous year are:

3.1 Contributions and Benefits

a) Employer contributions are accounted for on the accruals basis.
b) Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving.
c) Individual transfers in or out are accounted for when paid or received which is normally when the member's liability is accepted/discharged.

3.2 Administrative and Investment Management Expenses

a) Administrative expenses are met by the Employer, unless agreed otherwise.
b) Investment management expenses are accounted for on an accruals basis.

3.3 Valuation of investments

Investments are included in the Statement of Net Assets at their fair value at 31 December 2025, which is determined as follows:

a) Pooled investment vehicles are stated at the latest bid prices or single price where there are no bid/offer spreads as provided by the investment manager.
b) Fixed interest securities are stated at their clean prices. The clean price is the price of the asset not including any accrued interest. Accrued income is accounted for within investment income.
c) Annuities purchased in the name of the Trustee which fully provide the pension benefits for certain members are included in these financial statements at the amount of the related obligation, determined using an assessment on the Pension Protection Fund's Section 179 Valuation Basis, the most recent Scheme Funding valuation assumptions and methodology.
d) AVC investments are stated at the value given by the provider at the year end.
e) Special Purpose Vehicle investments are stated at the value as determined by the Scheme's Actuary at the year-end based on the present value of expected income.
f) The change in market value of investments during the year comprises all increases and decreases in the market value of investment held at any time during the year, including profits and losses realised on sales of investments during the year.

3.4 Currency

The Scheme's functional and presentational currency is Pounds Sterling.

3.5 Investment and Other Income

a) Dividends from quoted securities are accounted for when the security is declared ex-div.
b) Interest is accrued on a daily basis.
c) Investment income is reported net of attributable tax credits, but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.
d) Dividend income from pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within the 'Change in Market Value'.
e) Receipts from annuity policies held in the name of the Trustee to fund benefits payable and paid through the Scheme to members are included within investment income in note 9 on an accruals basis. Pensions paid directly by the annuity provider to members are included within the change in market value in note 11.
f) Distributions from special purpose vehicles comprise an element of income and capital. Due to the split between income and capital not being readily available, receipts are reported as investment income.

3.6 Critical Accounting Estimates and Judgments

The preparation of the financial statements requires the Trustee to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the financial statements and the related fund account movements during the year.

However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee has confirmed that no judgments have had a significant effect on amounts recognised in the financial statements, but notes estimation uncertainty in the valuation of the Special Purpose Vehicle and Annuity Policies, as disclosed in notes 13 and 14.

3.7 Reclassification

The reclassification of prior year's figures relates to the Schroders Sterling Liquidity Fund and its underlying nature. The fund has been reclassified as a pooled investment vehicle.

4. CONTRIBUTIONS RECEIVABLE

	2025	*2024*
Employer	£'000	*£'000*
Additional Contributions	-	*10,000*

5. OTHER INCOME

	2025	*2024*
	£'000	*£'000*
Interest on cash deposits held in the Trustee's bank account	283	*149*

6. BENEFITS PAID OR PAYABLE

	2025	*2024*
	£'000	*£'000*
Pensions	16,773	*15,898*
Commutations and Lump Sum Retirement Benefits	4,924	*2,383*
Lump Sum Death Benefits	208	*13*
	21,905	*18,294*

7. PAYMENT TO AND ON ACCOUNT OF LEAVERS

	2025	*2024*
	£'000	*£'000*
Individual Transfers out to Other Schemes	476	*261*

8. ADMINISTRATIVE EXPENSES

	2025 £'000	*2024 £'000*
Bank Charges	1	*2*

9. INVESTMENT INCOME

	2025 £'000	*Reclassified 2024 £'000*
Income from Pooled Investment Vehicles	15,005	*14,985*
Income from Special Purpose Vehicles*	5,976	*5,083*
Interest on Cash Deposits**	27	*25*
Income from Annuities	17	*20*
	21,025	*20,113*

*Income from the Special Purpose Vehicle contributes towards the deficit funding of the Scheme.
**As mentioned on page 18, some of the income from the Schroders Sterling Liquidity Fund has been reclassified as change in market of value of investments due to the nature of the fund.

10. INVESTMENT MANAGEMENT EXPENSES

	2025 £'000	*2024 £'000*
Administration, Management and Custody	421	*370*

11. INVESTMENT RECONCILIATION

	Reclassified Value at 1 January 2025 £'000	Cost of Purchases £'000	Proceeds of Sales £'000	Change in Market Value £'000	Value at 31 December 2025 £'000
Pooled Investment Vehicles*	352,570	288,893	(297,774)	6,131	349,820
Special Purpose Vehicle	22,164	-	-	(1,848)	20,316
Insurance Policies – Annuities**	4,464	-	-	(1,620)	2,844
AVC Investments	2,050	-	(218)	175	2,007
	381,248	288,893	(297,992)	2,838	374,987
Cash*	453				459
	381,701				375,446

*The reclassification of prior year's figures relates to the Schroders Sterling Liquidity Fund and its underlying nature. The fund has been reclassified as a pooled investment vehicle from cash.
** As part of the Actuarial valuation as at 31 December 2024, the Actuary has valued the Scheme's annuities. The change in valuation has been included within the year as change in market value and includes pensions paid directly to members.

There are no direct transaction costs incurred by the Scheme.

12. POOLED INVESTMENT VEHICLES

The holdings in pooled investment vehicles are as detailed in the table below:

	2025	*Reclassified* 2024*
	£'000	*£'000*
Bonds	336,920	*254,795*
Private Markets*	11,881	*28,191*
Money Markets*	1,019	*4,780*
Diversified Growth Funds	-	*24,367*
Property	-	*20,987*
Equities	-	*19,450*
	349,820	*352,570*

*The reclassification of prior year's figures is due to the reclassification of the Hamilton Lane Global Private Assets Fund which was previously included within Equities and has now been reclassified as Private Markets. The Schroders Sterling Liquidity Fund was previously not included as a pooled investment vehicle and has now been included as Money Markets in the current year and the prior year reclassified.

13. SPECIAL PURPOSE VEHICLE

As mentioned on page 6, the Special Purpose Vehicle is the Scheme's investment in a limited liability partnership comprising of an interest in a Central Asset Reserve. Income from this investment is paid to the Scheme as detailed in the Scheme's Recovery Plan on page 6. The income received during the year is shown in note 9.

14. INSURANCE POLICIES - ANNUITIES

The Scheme held insurance policies at the year-end as follows:

	2025	*2024*
	£'000	*£'000*
Insurance Policies - Annuities	2,844	*4,464*

*As mentioned in note 11, the Actuary has valued the Scheme's annuities as part of the actuarial valuation as at 31 December 2024.

15. AVC INVESTMENTS

The Trustee holds assets invested separately from the main fund in the form of individual policies securing additional benefits on a money purchase basis for those members electing to pay AVC. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year.

	2025	*2024*
	£'000	*£'000*
Utmost Life and Pensions Limited	941	*959*
Aviva Life Limited	426	*426*
Scottish Widows Limited	327	*281*
Clerical Medical Investment Group Limited	74	*149*
Standard Life Assurance Limited	72	*68*
Aegon UK Plc	71	*63*
Phoenix Life Limited	57	*57*
The Royal London Mutual Insurance Society Limited	39	*38*
Santander UK Plc*	-	*9*
	2,007	2,050

*Santander informed the Trustee of its decision to discontinue its AVC offering. On 18 February 2025, the AVCs of 7 Scheme members were disinvested and £8,533 was received in the Trustee's bank account.

16. INVESTMENT FAIR VALUE HIERARCHY

The fair value hierarchy of financial instruments has been estimated using the following fair value hierarchy:

Level 1 — The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2 — Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly;

Level 3 — Inputs are unobservable (i.e., for which data is unavailable for the asset or liability).

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Scheme's investment assets have been fair valued using the above hierarchy levels as follows:

				31 December 2025
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled Investment Vehicles	-	337,939	11,881	349,820
Special Purpose Vehicle	-	-	20,316	20,316
Insurance Policies – Annuities	-	-	2,844	2,844
AVC Investments	-	1,839	168	2,007
Cash	459	-	-	459
	459	339,778	35,209	375,446

				Reclassified 31 December 2024
	Level 1 £'000	*Level 2 £'000*	*Level 3 £'000*	*Total £'000*
Pooled Investment Vehicles*	-	*331,583*	*20,987*	*352,570*
Special Purpose Vehicle	-	-	*22,164*	*22,164*
Insurance Policies – Annuities	-	-	*4,464*	*4,464*
AVC Investments**	-	*1,877*	*173*	*2,050*
Cash*	*453*	-	-	*453*
	453	*333,460*	*47,788*	*381,701*

*As mentioned on page 18, the prior year's pooled investment vehicles and cash classification has been updated to reflect the underlying nature of the Schroders Sterling Liquidity fund.
**AVCs have been updated to better reflect the underlying nature of the funds held.

17. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. FRS 102 sets out these risks as follows:

Credit Risk – This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market Risk – This comprises currency risk, interest rate risk and other price risk, defined as follows:

- Currency Risk - This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest Rate Risk - This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other Price Risk - This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines the Scheme's investment strategy after taking advice from a professional investment adviser, Barnett Waddingham LLP. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out previously. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management and the Scheme's exposures to credit and market risks are set out below. This does not include annuity policies or the AVC investments as these are not considered significant in relation to the overall investments of the Scheme. There is minimal risk associated with the annuity policies since they provide a cash flow that exactly matches certain liabilities of the Scheme. Changes in their value resulting from these factors are exactly matched by changes in the value of the corresponding liabilities. There is exposure to the credit risk via the provider with which the annuities are held, although this is considered minimal.

		Market risk				*Reclassified*
	Credit	Currency	Interest Rate	Other Price	2025 £'000	*2024 £'000*
Pooled Investment Vehicles*					349,820	*352,570*
Schroders LDI and Liquidity Funds*	●	○	◐	○	160,183	*90,438*
Schroders Buy & Maintain Fund	●	○	◐	○	59,765	*63,973*
Schroders Securitised Credit Fund	●	○	◐	○	47,879	*36,424*
M&G Alpha Opportunities Fund	●	○	◐	○	39,320	*38,565*
TwentyFour Strategic Income Fund	●	○	◐	○	30,792	*30,175*
WTW Secure Income Fund	●	○	○	○	11,881	*-*
Hamilton Lane Global Private Assets Fund	●	○	○	○	-	*28,191*
BlackRock Dynamic Diversified Growth Fund	●	○	○	○	-	*24,367*
Aviva Lime Property Fund	●	○	○	○	-	*20,987*
BlackRock Aquila Life MSCI Fund	●	○	○	◐	-	*17,572*
BlackRock iShares Emerging Markets Fund	●	○	○	◐	-	*1,878*
Special Purpose Vehicle	○	○	●	○	20,316	*22,164*
Cash*	●	○	◐	○	459	*453*
Total Net Investments (Excluding AVCs and Annuities)					370,595	*375,187*

Key: The risk noted affects the holdings [●] significantly, [◐] partially, [○] hardly and [-] not at all.

*As mentioned on page 18, the prior year's pooled investment vehicles and cash classification has been updated to reflect the underlying nature of the Schroders Sterling Liquidity fund.

17. INVESTMENT RISKS (CONTINUED)

Further information on the nature of these risks and how they can be mitigated are provided below.

Credit Risk

The Scheme is subject to credit risk as it has credit fund exposure and has cash balances. The Scheme does not undertake direct stock lending activities and does not enter directly into repurchase agreements. The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the holdings in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments that make up the pooled investment vehicles.

	2025	*Reclassified 2024*
Analysis of Direct Credit Risk	£'000	*£'000*
Pooled Investment Vehicles	349,820	*352,570*
Cash	459	*453*
	350,279	*353,023*

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

Cash is held within financial institutions which are at least investment grade credit rated.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter ("OTC"). OTC derivatives are not guaranteed by a regulated exchange so there is the risk of a counterparty defaulting on its payment. The risk is reduced through collateral arrangements. It must be emphasised that although OTC derivatives carry various risks, the aim of these investments is to hedge against the changing actuarial value placed on the liabilities of the Scheme.

	2025	*Reclassified 2024*
Pooled Investment Vehicles by Type of Arrangement	£'000	*£'000*
Open Ended Investment Companies	244,278	*289,644*
Unit Linked Insurance Contracts	105,542	*17,572*
Authorised Unit Trusts	-	*24,367*
Jersey Property Unit Trust	-	*20,987*
	349,820	*352,570*

As the Schroders Sterling Liquidity Fund has been reclassified from cash to pooled investment vehicles based on review of the underlying investments, the 2024 figures have been reclassified to include the valuation of this fund within Open Ended Investment Companies.

Currency Risk

The Scheme's liabilities are denominated in Sterling. The Scheme invests in a Liability Driven Investment (LDI) portfolio which is designed to hedge interest rate and inflation risks associated with these Sterling denominated liabilities.

17. INVESTMENT RISKS (CONTINUED)

Interest Rate Risk

The Scheme is subject to interest rate risk on the investments comprising of the Central Asset Reserve held via Special Purpose Vehicle, and also bonds and cash held through pooled investment vehicles. At the year end the Scheme's position compromised of:

Analysis of Interest Rate Risk		2025 £'000	*2024 £'000*
Indirect	Central Asset Reserve held via Special Purpose Vehicle	20,316	*22,164*
	Bonds	336,920	*254,795*
	Cash	1,478	*5,233*
		358,714	*282,192*

Other Price Risk

Other price risks arise principally in relation investments which have either direct or indirect exposure to equity markets. Following the full disinvestment from the BlackRock equity funds, the Scheme has no exposure to equity markets at the year-end.

Analysis of Other Price Risk		2025 £'000	*Reclassified 2024 £'000*
Direct	Equities	-	*19,450*

The Trustee monitors all risks to the Scheme above with advice from Barnett Waddingham LLP on a regular basis, looking at the performance of the Scheme as a whole as well as each individual portfolio. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

18. CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Scheme's net assets as at 31 December:

	2025 £'000	%	*2024 £'000*	*%*
Schroders LDI and Liquidity Funds	160,183	41.0	*85,658*	*22.0*
Schroders Buy & Maintain Fund	59,765	15.3	*63,973*	*16.4*
Schroders Securitised Credit Fund	47,879	12.3	*36,424*	*9.4*
M&G Alpha Opportunities Fund	39,320	10.1	*38,565*	*9.9*
TwentyFour Strategic Income Fund	30,792	7.9	*30,175*	*7.8*
Special Purpose Vehicle	20,316	5.2	*22,164*	*5.7*
Hamilton Lane Global Private Assets Fund	-	-	*28,191*	*7.2*
BlackRock Dynamic Diversified Growth Fund	-	-	*24,367*	*6.3*
Aviva Lime Property Fund	-	-	*20,987*	*5.4*

19. CURRENT ASSETS

	2025 £'000	*2024 £'000*
Cash Balance	12,291	*5,442*
Other Debtors	3,389	*2,497*
Funds Due from Principal Employer	42	-
Benefits Due from Members	2	-
Investment Fees Prepaid	1	-
	15,725	*7,939*

Included in the cash balance shown above is £8,533 (2024: £Nil) which is allocated to 7 members in relation to discontinued Santander AVCs.

20. CURRENT LIABILITIES

	2025	*2024*
	£'000	*£'000*
Other Creditors	305	*274*
Unpaid Benefits	222	*65*
	527	*339*

21. RELATED PARTY TRANSACTIONS

Key Management Personnel Transactions

No Trustee Directors were members of the Scheme during or after the year end.

With the exception of the expenses detailed in note 8, the Scheme's administrative expenses were met directly by the Employer. During the year, the Scheme directly paid £42,328 in relation to levies. The Schedule of Contributions states that the Employer is responsible for paying these expenses and it is expected that the Scheme will be reimbursed. Accordingly, this amount has been included within current assets (note 19).

During the year fees totaling £193,230 (2024: £181,380) were payable on behalf of the Scheme to Ross Trustees Services Limited for all services provided in its role as the Scheme's Independent Trustee. At the year-end, fees totaling £Nil (2024: £15,420) were due to Ross Trustees Services Limited. No other trustee companies or individuals were paid fees.

There were no other related party transactions during the year as defined by FRS 102 Section 33.

Employer and Other Related Investments

The Trustee is not aware of any material Employer-related investments at the year-end.

22. GMP EQUALISATION

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Scheme must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustee will need to equalise guaranteed minimum pensions between men and women. This is likely to result in additional liabilities for the Scheme for equalisation of the benefits already crystallised e.g., historical transfers out, retirement benefits etc.

Subsequently, on 20 November 2020, the High Court issued a follow up judgment in respect of the Lloyds Banking Group ruling that any transfers out paid since 17 May 1990 must potentially be increased to reflect additional liabilities arising from the equalisation of GMP accrued between 17 May 1990 and 5 April 1997. This could potentially result in top-up payments to members but presents significant challenges for the Trustee and Scheme Administrator in terms of:

- Identifying transfers paid since 1990
- Equalising the transfer payment
- Tracking the relevant members and the arrangements they transferred to

At this stage the Trustee and Employer have not agreed the equalisation methodology to be used and therefore the Trustee is not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore, the cost of backdating pension benefits and related interest have not been recognised in these financial statements. They will be recognised once the Trustee is able to reach a reliable estimate.

In the 2024 Actuarial Valuation, an allowance of 2.5% of the liabilities has been made for GMP equalisation. An additional allowance of £3.8m had been made for historic TVs.

Certificate of Schedule of Contributions*

Adequacy of Rates of Contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated (i.e., signed on behalf of the Trustee on) 14 January 2026.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature	*Nicola Nash*
Name	Nicola Nash
Date of signing	30 March 2026
Address	Mercer Limited 1 New Park Square 1 Airborne Place Edinburgh EH12 9GR
Qualification	Fellow of the Institute and Faculty of Actuaries

*The original documents governing the Scheme, the Trust Deed and Rules, can be inspected on request. Please send all correspondence to the Scheme Administrator whose details are on page 2.

Independent Auditor's Statement about Contributions to the Trustee of the Pendragon Group Pension Scheme

We have examined the Summary of Contributions to the Pendragon Group Pension Scheme in respect of the Scheme year ended 31 December 2025 which is set out on page 31.

In our opinion contributions for the Scheme year ended 31 December 2025 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 27 August 2024.

Scope of Work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective Responsibilities of the Trustee and the Auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our Report

This Statement is made solely to the Scheme's Trustee, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our work on contributions has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in such an auditor's Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee, for our work on contributions, for this Statement, or for the opinions we have formed.

Cooper Parry Group Limited
Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date:

Trustee's Summary of Contributions Payable Under the Schedule in Respect of the Scheme Year Ended 31 December 2025

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the Employer contributions payable to the Scheme under the Schedule of Contributions certified by the Actuary on 27 August 2024. The Scheme's Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

	2025 £'000
Contributions Payable Under the Schedule of Contributions	
Income from Special Purpose Vehicle	5,976
Contributions Payable Under the Schedule (as reported on by the Scheme Auditor)	5,976

Signed on behalf of the Trustee by:

Signed: ______________________
N Moore
For and on behalf of Ross Trustees Services Limited

Date:

Signed: ______________________
D Best
Trustee Director

Date:

APPENDIX DIVIDER
REFERENCED IN CONTENTS

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 provided*
Number of entities engaged on behalf of the holdings in this fund in the year	16	170	-	32	11	*Data not provided*
Number of engagements undertaken at a firm level in the year	533	482	956	956	956	*Data not provided*

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 & 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 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.

Manager & Fund	Example Engagement
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.*