

Heart of England Co-operative Society Pension Scheme

Implementation Statement for the year ended 05/04/2026

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the Heart of England Co-operative Society Pension Scheme ("the Scheme") has followed its policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 5 April 2026 ("the reporting year"). In addition, this Statement provides a summary of the voting behaviour, and most significant votes cast during the reporting year.

Background

During the reporting year, the Trustee accepted advice from XPS Investment Limited ("XPSIL") to reduce the Scheme's secure income allocation with BlackRock in light of rising cashflow requirements, and a partial redemption was completed from the BlackRock Strategic Alternative Income Fund (SAIF) in March 2026.

Some of the proceeds were reinvested into the L&G Dynamic Diversified Fund and the L&G ESA Portfolio shortly after the end of the reporting year, with the remainder held to support Scheme cashflow requirements. The Scheme's interest rate hedge was also increased from 95% to 100%. The Trustee also reviewed whether the remaining holding in BlackRock SAIF continued to be appropriate or whether a full redemption should be considered, concluding that a full redemption of the Scheme's remaining allocation to BlackRock SAIF at the January 2027 dealing date was appropriate.

The Statement of Investment Principles ("SIP") which remained in force throughout the reporting year was dated 2024. This will be updated in due course to capture the above-noted updates to the investment strategy, and to reflect the 2026 actuarial valuation discussions as they progress. The Trustee documented its voting and engagement policies via a Responsible Investment Policy, which was adopted during the previous reporting year. The agreed engagement priorities will be reflected in the SIP when it is next updated.

The Trustee's policy on ESG and stewardship

The Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. The Trustee requires the Scheme's investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

To ensure sufficient oversight of engagement and voting practices of the investment managers, the Trustee may periodically meet with them to discuss engagement which has taken place. The Trustee also expects the investment adviser to engage with the managers from time to time as needed and report back to the Trustee on the stewardship credentials of its managers. The Trustee will then discuss the findings with the investment adviser, in the context of its own preferences, where relevant. This will include considering whether the manager is a

signatory to the UK Stewardship Code. The Trustee recognises the Code as an indication of a manager's compliance with best practice stewardship standards.

In relation to ESG, the Trustee has established the following factors which it considers to be key priorities for stewardship activity undertaken on its behalf.

The Trustee expects the managers to take into consideration the areas specified and provide relevant reporting to the Trustee:

- Conduct / culture and ethics
- Human and Labour rights
- Diversity and inclusion
- Health and safety

The Trustee will annually review stewardship activity undertaken by the investment managers to ensure that the policies and priorities outlined above are being met and may explore these issues with its investment managers as part of the ongoing monitoring of ESG integration and stewardship activities. There are various ways to engage with investee companies, including discussions with senior management and board members and voting on key resolutions when shares are held by the Scheme. The Trustee is satisfied that manager's engagement and voting activity aligns with the Trustee's priorities to an acceptable level, see Pages 3-10 for further details.

Manager selection exercises

One of the main ways in which the latest policy is expressed is via manager selection exercises: the Trustee seeks advice from XPS Investment on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there were no manager selection exercises.

Ongoing governance

The Trustee, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in this Statement. Further, the Trustee has set XPS Investment the objective of ensuring that any selected managers reflect the Trustee's views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustee believes that its approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that it followed its policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. Investments in equities form part of the strategy for the diversified growth funds in which the Scheme invests. A summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below.

As the Scheme invests in pooled funds, the Trustee acknowledges that it cannot directly influence the policies and practices of the companies in which the pooled funds invest. It has therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.

The Trustee has confirmed this approach to be appropriate for the Scheme's investments. The information below is the investment managers' activity in relation to voting.

This voting information has been provided by the investment managers. The Trustee considers votes to be significant on the basis they are linked to key ESG issues including, but not limited to: climate change; other climate issues such as natural capital; executive remuneration; governance; independence; modern slavery or other factors such as the size of the holding.

Where the manager has provided a selection of significant votes, the Trustee has reviewed the rationale for significant votes provided by the managers and is comfortable with the rationale provided, and that it is consistent with its policy. The Trustee, with the help of XPS, has considered the information the investment managers have been able to provide on significant voting, and has deemed the below information as most relevant.

Disclaimer: Neither XPS nor the Trustee has vetted these votes. These summaries have been provided by the investment manager(s) and any reference to "our", "we" etc. is from the investment manager's perspective.

Legal and General
Investment Manager Client Consultation Policy on Voting
L&G's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients. Every year, L&G holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.
Investment Manager Process to determine how to Vote
All decisions are made by L&G's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.
How does this manager determine what constitutes a 'Significant' Vote?
As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, L&G wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account. For many years, L&G has regularly produced case studies and/ or summaries of L&G's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information. In determining significant votes, L&G's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to: • High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny; • Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at L&G's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a

particular vote; • Sanction vote as a result of a direct or collaborative engagement; • Vote linked to an L&G engagement campaign, in line with L&G Investment Stewardship's 5-year ESG priority engagement themes. We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. If you have any additional questions on specific votes, please note that L&G publicly discloses its vote instructions on our website at:

Does the manager utilise a Proxy Voting System? If so, please detail

L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice. We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Voting information

Legal and General - Dynamic Diversified Fund

The manager voted on 99.9% of resolutions of which they were eligible out of 107,354 eligible votes

The manager voted against management on 23.7% of the resolutions which they voted.

Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting Subject	How did the Investment Manager vote	Result
Consolidated Edison, Inc.	19/05/2025	0.20%	Resolution 1a: Elect Director Timothy P. Cawley	Against	Pass

Why the vote was deemed significant: L&G considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.

Where voted against the company, was this communicated: L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					
Rationale: A vote against was applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.					
Implication: L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.					
Realty Income Corporation	13/05/2025	0.20%	Resolution 1c: Elect Director Reginald H. Gilyard	Against	Pass
Why the vote was deemed significant: L&G views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.					
Where voted against the company, was this communicated: L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					
Rationale: Average board tenure: A vote against was applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Diversity: A vote against was applied as L&G expects a company to have at least one-third of women on the board. Board mandates: A vote against was applied because L&G have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.					
Implication: L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.					
Palo Alto Networks, Inc	09/12/2025	0.08%	Resolution 1a: Elect Director John M. Donovan	Against	Pass
Why the vote was deemed significant: Thematic - Board Leadership: L&G considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.					
Where voted against the company, was this communicated: L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					
Rationale: Remuneration - Accountability: A vote against is applied as part of LGIMs escalation strategy as we have had concerns with the remuneration practices for the past year. Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.					

Lead Independent Director - Accountability: A vote against is applied as LGIM expects companies to elect an independent lead director where there is a combined board Chair and CEO.					
Implication: L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.					
Alphabet Inc.	06/06/2025	0.15%	Resolution 1d: Elect Director John L. Hennessy	Against	Pass
Why the vote was deemed significant: Thematic - Diversity: L&G's Asset Management business views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.					
Where voted against the company, was this communicated: L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					
Rationale: Board balance - Independence: A vote against is applied to the (re-)election of a non-independent director due to lack of independence on the board.					
Independence: A vote against is applied as LGIM expects the Chair of the Nominations/Governance Committee to have served on the board for no more than 12 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.					
Implication: L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.					
Mitsubishi UFJ Financial Group, Inc.	27/06/2025	0.14%	Resolution 3: Amend Articles to Add Provision on Disclosure of Financial Risk Audit by Audit Committee	For	N/A
Why the vote was deemed significant: Pre-declaration: This shareholder resolution is considered significant. This closely resembles a resolution from 2024 AGM season, reflecting continued concerns over limited progress despite notable shareholder support in the previous year. We continue to believe that decarbonisation of the banking sector and its clients is essential to protecting value and promoting growth through the opportunities presented by the climate transition, aiming towards achieving the goals of the Paris Agreement.					
Where voted against the company, was this communicated: L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					
Rationale: Shareholder Resolution - Climate change: A vote in favour of this proposal is applied. While we note the Company's existing disclosures regarding its oversight of climate change risk management, we consider that there is room for further information on the oversight of risk controls within the Company's audit report. We believe that increased disclosures around the Audit Committee's assessment of the adequacy of these processes would help the Company and its board in placing the appropriate focus on such risk assessments and the related resources and expertise required.					

Implication: L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Note: L&G Dynamic Diversified Fund voting data is as at 31 March 2026.

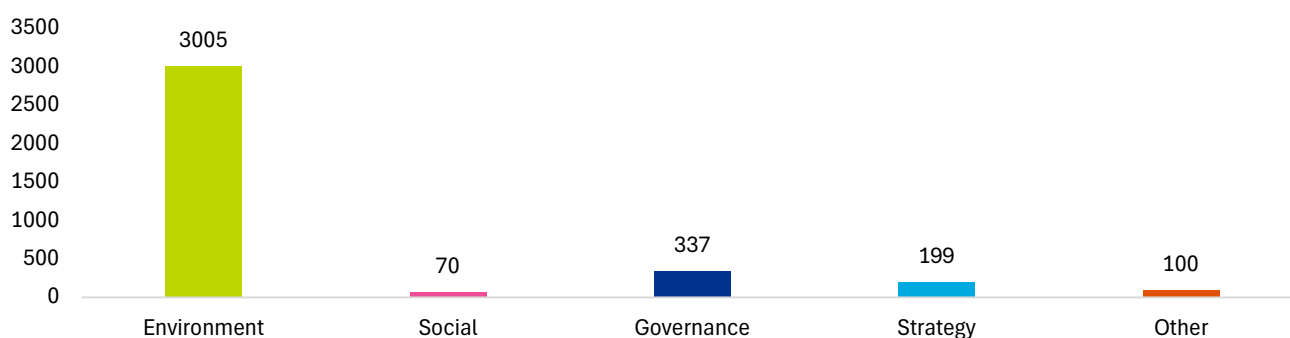
Engagement activity

To monitor engagement undertaken by the investment managers, in particular against the scheme specific stewardship priorities, the Trustee has collected the following information. The activities in those categories which align with the Trustee's engagement priorities as described on Page 2 are highlighted in bold in the tables.

Despite efforts to obtain data on engagement activity in respect of the BlackRock Strategic Alternative Income fund, BlackRock have confirmed that they do not track engagement data for the strategy. XPS will continue to work with BlackRock on this point and make data available to the Trustee as and when it is available.

Disclaimer: Neither XPS nor the Trustee have vetted this information and/or examples. These summaries have been provided by the investment manager(s) and any reference to "our", "we" etc. is from the investment manager's perspective. All L&G engagement activity data refers to the 2025 calendar year, which is the latest available at the time of issuing this report.

Number of engagements in each topic over the last 12 months to 31 December 2025



Topic	Number of engagements over the 12 months to 31 December 2025
Environment	3,005
Climate change	2,162
Natural resource use/impact (e.g. water, biodiversity)	829
Pollution, Waste	9
Antimicrobial Resistance (AMR)	5
Social	70
Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying)	7
Human and labour rights (e.g. supply chain rights, community relations)	15
Human capital management (e.g. inclusion & diversity, employee terms, safety)	28
Inequality	20
Public health	0
Governance	337
Board effectiveness - Diversity	28

Board effectiveness - Independence or Oversight	0
Board effectiveness - Other	114
Leadership - Chair/CEO	0
Remuneration	178
Shareholder rights	17
Strategy	199
Strategy, Financial and Reporting - Capital allocation	Not specified
Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)	Not specified
Strategy, Financial and Reporting - Financial performance	Not specified
Strategy, Financial and Reporting - Strategy/purpose	Not specified
Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks)	Not specified
Other	100
*Other - Capital management, methane measurement; Animal welfare; L&G Future World Protection List; L&G ESG scores; Regulations; credit ratings agencies; activism; best practice; green bonds; environmental opportunities; mergers/ acquisitions/ takeovers;	100

The section below provides examples of where the investment manager has engaged with the underlying companies, which the Fund invests in, aligning with the Trustee's specific engagement priorities as described on Page 2.

Name of entity you engaged	TotalEnergies SE
Topic of Engagement	Climate; human & social capital management - human rights
Rationale for engagement	As one of the world's largest integrated oil and gas companies, with a distinctive presence in both hydrocarbons and integrated power, L&G believe TotalEnergies has a critical role to play in the energy transition and is well-positioned to capitalize on emerging opportunities while implementing a rigorous decarbonization strategy across its global operations. In 2025, L&G's team conducted eight engagements with the company's investor relations team, addressing topics such as methane emissions management, enhanced disclosure of climate-related balance sheet risks, and the company's strategy for managing human rights risks - primarily in response to the situation in Mozambique. L&G's engagement focus has been on the following objectives: - Expansion of net carbon intensity ('NCI') targets to include emissions from the trading business in order to provide a comprehensive Scope 3 coverage. - Enhanced disclosure to demonstrate business resilience against plausible net zero scenarios - Leadership in methane disclosures and management – primarily the application of best in class identification and mitigation technologies across all operated and non-operated assets.
Engagement activity carried out	L&G's in person and virtual meetings with the company have been productive and involved in-depth discussions on governance, climate and human rights topics as set out above. In addition to a frank exchange of ideas and expectations, L&G were able to better understand Total's own position, plans and preparation, as they witness the pressure that their peers have come under in relation to conflicting views on the financial, environmental and social imperatives and impacts of the climate transition. In L&G's discussion on human rights, they received vital information about the company's ongoing communication with index and data providers, and the steps required to resolve issues that are assessed very differently among different data providers.

	In terms of written engagements, L&G responded to a detailed survey issued by the company to investors. L&G welcomed this proactive outreach, with their input expected to be shared with the board for consideration and follow-up. The engagement was led by the Investment Stewardship team, typically involving senior representatives such as the Head of Sustainability.
Outcomes and next steps	Despite a challenging environment, TotalEnergies has maintained its net-zero commitments and targets - unlike many peers who have scaled back their transition plans in recent years. L&G recognize not only the strength of its ambition but also the clear rationale behind the successful execution of its strategy to date. While L&G have not voted against the company under the Climate Impact Pledge, they were unable to support its energy transition strategy at recent shareholder meetings where this resolution was on the ballot, due to disclosure and strategy-related gaps they sought to address through frequent engagements. Regarding the specific objectives outlined above, L&G consider 'leadership in methane disclosures' to have been successfully achieved. This includes substantive progress in reporting methane emissions from non-operated assets, disclosure of capital allocated to methane management across all assets, and company-wide implementation of a credible measurement system. The remaining objectives are considered to be in progress.

Name of entity you engaged	Walmart Inc
Topic of Engagement	Human and social capital management: the living wage
Rationale for engagement	In 2023, L&G initiated a campaign on the living wage, selecting 15 of the largest food retailers round the world, with the aim of encouraging them to pay the living wage to employees in their own operations and supply chain. L&G set out that for companies within this campaign that did not make progress following engagement, L&G may consider a vote against the re-election of the Chair in their 2025 AGMs. Walmart was included within this campaign.
Engagement activity carried out	As part of L&G's 2023 Income Inequality campaign they engaged with Investor relations. Walmart has been assessed by the Platform for Living Wage Financials (PLWF) since 2021. The PLWF is an alliance of international investors representing over €7 trillion of assets under management. The coalition encourages, supports and monitors investee companies to enable living wages and living incomes in global supply chains. This is done by assessing the public disclosure of companies on their policies and practices around living wages mainly for their supply chain workers but also for their own employees. This also covers access to remedy and purchasing practices. Disclosure is scored against the PLWF methodology. In 2025, L&G engaged with Investor Relations as part of this engagement campaign.
Outcomes and next steps	Walmart Inc. did not meet L&G's minimum expectations under the 2023 Income Inequality engagement campaign and they voted against the re-election of the Chairman.

Name of entity you engaged	Wickes Group PLC
Topic of Engagement	Human and social capital management - diversity
Rationale for engagement	L&G believe a diverse mix of skills, experience and perspectives is essential for a company and its board to function and perform optimally. L&G's expectations on diversity are published in our Diversity Policy: for UK companies, they vote against the re-election of the chair of all listed companies where the underrepresented gender makes up less than 40% of the board. Ahead of the company's AGM, Wickes had been identified by L&G's data provider as falling below their expectations for gender diversity at board level.

Engagement activity carried out	L&G's engagement with Wickes Plc was written, relating to a letter from the Chairman. Engagement was led by the Investment Stewardship team. L&G received a detailed letter from the Chair of the board ahead of the company's AGM. Although the company does not meet L&G's expectations on gender diversity as set out above, the company has a small board with five non executive directors and all with a similar tenure, given its listing in 2021. The company provided an assurance that they intend to meet L&G's guidelines but it may take a bit more time. L&G therefore did not apply a vote against the re-election of the chair in their 2025 AGM.
Outcomes and next steps	L&G will continue to monitor the company's progress over time, given the specific context set out above, relating to L&G's gender diversity expectations, and to engage with them further if L&G do not see the anticipated progress.

Signed: _____

Date: _____

For and on behalf of the Trustee of the Heart of England Co-operative Society Pension Scheme