Annual Engagement Policy Implementation Statement

Basell Polyolefins UK Pension Scheme

Introduction:

This statement sets out how, and the extent to which, the Scheme's Engagement Policy in the Statement of Investment Principles ("SIP") produced by the Trustees has been followed during the year to 31 March 2026 (the "Scheme Year"). This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and subsequent amendments, and the guidance published by the Pensions Regulator.

The Trustees can confirm that all policies in the SIP on engagement in relation to the Scheme's assets have been followed during the Scheme Year.

Changes to the investment arrangements during the Scheme Year:

In September 2025, in light of funding level improvements, the Trustees discussed the opportunity to de-risk the Scheme's investment strategy by switching a proportion of the equity investments into bonds. The Trustees were supportive of the proposal in principle, subject to a review of the Scheme's investment strategy.

The Trustees formally reviewed the Scheme's investment strategy in October 2025, and agreed to the proposed strategy of increasing the allocation to the bond portfolio from 75% to 85% of total Scheme assets. In terms of the equity portfolio, the allocation was reduced from 25% to 15% of total Scheme assets. Implementation was completed in early November 2025.

The SIP was updated in November 2025 to reflect the revised investment strategy. This statement is based on the relevant versions of the SIP that were in place during the Scheme year, which were the SIP dated March 2024 and the SIP dated November 2025.

Investment Objectives of the Scheme:

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Scheme included in the SIP dated November 2025 are as follows:

- *To make sure that the Trustees can meet their obligations to the beneficiaries of the Scheme by ensuring there are always sufficient assets of the Scheme (at their realisable value) to meet 100% of benefits as they fall due for payment to members; and*
- *To pay due regard to the Company's requirements with regards to the size and incidence of contribution payments.*

The Trustees' long-term objective is to reach and maintain at least 100% funded on a solvency basis. As and when opportunities arise, the Trustees will seek to de-risk the investment strategy in order to protect the funding position whilst retaining sufficient growth assets to achieve the long-term objective.

Policy on ESG, Stewardship and Climate Change

The Trustees keep their policies under regular review with the SIP subject to review at least triennially or following any material change in investment strategy or policy. The Scheme's SIP includes the Trustees' policy on Responsible Investment and Corporate Governance, which includes Environmental, Social and Governance ("ESG") factors as well as stewardship. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. This policy was last reviewed during the Scheme Year (in November 2025).

The following work was undertaken during the year relating to the Trustees' policy on ESG factors, stewardship and climate change, and sets out how the Trustees' engagement and voting policies were followed and implemented during the year.

Engagement

The Scheme's investment performance reports were received by the Trustees on a quarterly basis during the Scheme Year and considered in more detail at the Trustees meetings on 25 September 2025 and 30 March 2026 – these included strategy ratings and ESG assessments derived by the Trustees' investment consultant. All of the pooled funds in which the Scheme invested over the Scheme Year remained highly rated during the year.

The Trustees were comfortable with the ratings applied to the funds and continue to closely monitor the strategy ratings and the extent to which ESG factors are taken into account in the investment process, as well as any significant developments at the investment manager.

The Trustees also reserve the right to challenge the investment manager directly on ESG policies and practices, if deemed appropriate. The Trustees kept L&G's capabilities under review during the year and remained comfortable that L&G remains a market leader in ESG matters and uses its scale to engage productively to change corporate behaviours and drive change, where deemed necessary.

L&G is a signatory to the UK Stewardship Code, following the submission and approval of the required reporting to the Financial Reporting Council.

The Trustee's investment consultant requested, on behalf of the Trustees, details of relevant engagement activity for the Scheme Year from L&G. L&G engaged with companies on a wide range of different issues including ESG matters such as climate change, social and financial inclusion, and board structure. L&G provided the following examples of engagement undertaken during the Scheme Year:

Environmental

Scope 2 emissions (arising from a company's purchased electricity and heat) are a major part of global emissions and important for assessing climate transition risk. The GHG (greenhouse gas) Protocol's Scope 2 guidance is being updated for the first time since 2015, which matters to investors because reliable Scope 2 data underpins the measurement of financed Scope 3 emissions and affects the reliability of climate disclosures.

L&G responded to the consultation and published a blog setting out investor considerations. L&G sees proposed hourly Scope 2 reporting as potentially helpful if it drives credible low-carbon electricity procurement and better reflects risk exposure, but notes added complexity could reduce incentives for corporate action in some markets. L&G will monitor developments and consider further engagement as guidance evolves.

Social

L&G considers human and social capital management at Starbucks financially material because weak management can disrupt operations, increase legal and regulatory exposure, and erode trust, ultimately affecting long-term value.

L&G therefore applied a vote against the most senior director it considered responsible for oversight, citing ongoing labour disputes during the director's tenure, including a $38.9m settlement for New York fair workweek violations involving 15,000 workers and over 500,000 alleged violations. L&G noted that strike action and labour-law disputes increase Starbucks' risk and can harm its reputation, potentially overshadowing improvements the company has made on wages and benefits. The vote was intended to signal that investors expect the board to take ownership of labour practices and act to prevent future violations and disputes.

Governance

L&G continued engagement on major governance reforms across markets, with a particular focus on developments in Japan and related discussions in the UK, the US, and South Korea.

In the UK, L&G prepared for the expected Q2 launch of the Modernisation of Corporate Reporting Review consultation by engaging with key investor and governance bodies (including the Investor Forum, the International Corporate Governance Network, and the UK Investor Association) on how corporate reporting is used in stewardship and what disclosures investors need as regulators shape their approach.

In the US, L&G continued dialogue on significant federal and state governance reforms that could materially alter long-standing shareholder rights, feeding input into the US Council of Institutional Investors' work on multiple governance topics.

In South Korea, following the implementation of governance reforms, L&G's approach is reflected in positive votes to embed reforms into company articles of association, alongside pre-declared voting intentions in advance of the Korean proxy season.

Voting Activity

The Scheme is invested in multi-client pooled funds therefore the Trustees do not have direct voting rights in relation to the Scheme's investments. The Trustees have delegated their voting rights to the Scheme's investment manager. Where applicable, the investment manager is expected to provide voting summary reporting on a regular basis, at least annually. The Trustees do not use the direct services of a proxy voter. The Trustees did not actively challenge L&G on its voting activity during the Scheme Year.

The Trustees had equity exposure through the following L&G funds during the relevant period;

- UK Equity Index Fund
- North American Equity Index Fund
- Europe (ex-UK) Equity Index Fund
- Japan Equity Index Fund
- Asia Pacific (ex-Japan) Developed Equity Index Fund

The table overleaf highlights key metrics as to how L&G has exercised the voting rights and/or engagement activity on behalf of the Trustees, covering the period from 1 April 2025 to 31 March 2026.

Fund	Votable meetings	Total votable proposals	No. of proposals voted on behalf of investors	Participation rate	% votes against management
UK Equity Index	744	10,081	10,081	100.0%	6.1%
North America Equity Index	586	7,610	7,604	99.9%	41.4%
Europe (ex-UK) Equity Index	490	8,783	8,783	100.0%	15.8%
Japan Equity Index	494	5,885	5,885	100.0%	7.6%
Asia Pacific (ex-Japan) Developed Equity Index	425	3,524	3,524	100.0%	18.8%

Significant votes

The Trustees deem 'most significant votes' as votes on climate change related resolutions, such as a vote requiring publication of a business strategy that is aligned with the Paris Agreement, and votes that have the potential to substantially impact financial outcomes.

The Trustees also consider the size of holding when determining the most significant votes from those that meet the above criteria, given the passive management approach of the equity funds and the considerable number of underlying companies within each fund. Based on the respective proportions of the Scheme's overall equity portfolio, the Trustees focused on the largest three holdings that met the above criteria for the North America Equity Index Fund and the largest holding for each of the other funds (based on the approximate size of the fund's holding as at the date of the relevant vote).

The Trustees will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustees did not inform L&G of what they considered to be a 'most significant vote' in advance of voting.

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;
- 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.

The Trustees have reviewed the voting information provided by L&G and view the following votes as the most significant in accordance with the Trustees' most significant votes definition.

Company / Date of vote	Why it is significant / Size of holding	Summary of Resolution / Vote cast	Rationale for voting decision	Outcome
UK Equity Index Fund (Target Allocation: 1.5%)				
Shell Plc 20/05/2025	Top Holding / Climate Change 6.0%	Request company disclose whether and how its: demand forecast for LNG; LNG production and sales targets; and new capital expenditure in natural gas assets; are consistent with climate commitments, including target to reach net zero emissions by 2025 Against*	While L&G recognises the intent behind Resolution 22, it decided to vote against it following careful consideration. This decision follows a series of constructive engagements with Shell's leadership, during which the company committed to improving disclosures on stranded asset risks and financial resilience related to its LNG operations. L&G acknowledge meaningful progress in Shell's reporting, which now provides a clearer basis for assessing climate-related risks. In light of these developments, L&G believe the resolution's key objectives are being addressed through ongoing company actions.	Failed
North America Equity Fund (Target Allocation: 7.5%)				
Microsoft Corporation 05/12/2025	Top 3 Holding / Financial Outcomes 5.9%	Elect Director Satya Nadella Against*	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.	Passed
Meta Platforms, Inc. 28/05/2025	Top 3 Holding / Financial Outcomes 2.4%	Elect Director Peggy Alford Against*	L&G voted against the resolution for a variety of reasons, including expecting a company to have at least one-third women on the board, and to elect an independent lead director where there is a combined Board Chair and CEO. A withhold vote is further warranted for Peggy Alford in her capacity as chair of the compensation, nominating, & governance committee due to consecutive years of high director pay without reasonable rationale disclosed.	Passed
Tesla, Inc. 06/11/2025	Top 3 Holding / Financial Outcomes 2.1%	Elect Director Ira Ehrenpreis Against*	L&G voted against the resolution for a variety of reasons, including concerns over director independence where the Chair of the Remuneration and Nominations/Governance Committees has served for more than 12 years, support for annual director elections through a declassified board structure, the need for regular board refreshment given average board tenure, insufficient gender diversity at both board and executive committee level, board accountability as part of L&G's escalation approach where majority-supported shareholder proposals have not been implemented, and governance concerns arising from the board's unilateral adoption of a bylaw that materially restricts shareholders' litigation rights.	Passed

Company / Date of vote	Why it is significant / Size of holding	Summary of Resolution / Vote cast	Rationale for voting decision	Outcome
Europe (ex UK) Equity Index Fund (Target Allocation: 3.0%)				
LVMH Moet Hennessy Louis Vuitton SE 17/04/2025	Top Holding / Financial Outcomes 1.7%	Re-elect Bernard Arnault as Director Against*	A vote against was applied as L&G expects the roles of Board Chair and CEO to be separate and not recombined once separated. These two roles are substantially different, and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. L&G also 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.	Passed
Asia Pacific (ex Japan) Developed Equity Index (Target Allocation: 1.5%)				
SK Hynix, Inc. 25/03/2026	Top Holding / Financial Outcomes 6.5%	Amend Articles of Incorporation (Cumulative Voting) For	A vote for is applied as L&G supports amendments that strengthen shareholder rights and participation. These reforms to the Korea Commercial Code that included mandatory cumulative voting and the introduction of hybrid shareholder meetings were introduced to strengthen shareholder participation and oversight. We will assess their effectiveness in practice rather than on a purely procedural basis.	Passed
Japan Equity Index Fund (Target Allocation: 1.5%)				
Mitsubishi UFJ Financial Group, Inc. 27/06/2025	Top Holding / Climate Change 3.2%	Amend Articles to Add Provision on Disclosure of Financial Risk Audit by Audit Committee For	A vote in favour of this proposal was applied. While L&G notes the Company's existing disclosures regarding its oversight of climate change risk management, they consider that there is room for further information on the oversight of risk controls within the Company's audit report. L&G 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.	Failed

** L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.*

In terms of next steps following the outcomes of the above votes, L&G will continue to engage with the investee companies, publicly advocate its position on the issues raised and monitor company and market-level progress.

Investment Manager Performance and Fees

The investment performance reports were received by the Trustees on a quarterly basis during the year under review and considered in more detail at the Trustees' meetings on 25 September 2025 and 30 March 2026. Over the 3-year period to 31 March 2026, the Scheme's investments returned 0.6% p.a. (net of fees).

The Trustees have reviewed the performance of both the overall investment strategy and each of the underlying funds against suitable benchmarks. The Trustees did not draw any concerns around the performance of the investment manager during the Scheme Year.

The Trustees periodically review investment manager fee levels to ensure the Scheme achieves value for money. Over the Scheme Year, there were no changes to the remuneration arrangements with L&G. The Trustees reserve the right to challenge the investment manager on its fee arrangements, should this be deemed appropriate.