Cadent Gas Pension Scheme

Implementation Statement – Year ending 31 March 2026

Introduction

This Implementation Statement has been prepared by Cadent Gas Pension Trustee Limited (the "Trustee") of the Cadent Gas Pension Scheme (the "Scheme") in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and regulations issued by the Department for Work and Pensions ("DWP") in 2022. This Statement sets out how the Trustee has complied with the voting and engagement policies detailed in the Scheme's Statement of Investment Principles ("SIP") over the 12 months to 31 March 2026. The Scheme did not hold any public equities over the period, and all of the investment managers confirmed that no voting was undertaken on any of the Scheme's investments.

Details of how, and the extent to which, in the opinion of the Trustee, these policies have been followed during the year are set out below.

Statement of Investment Principles and Investment Objectives

The SIP sets out the investment principles and practices the Trustee follows when governing the Scheme's investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the Scheme and the Trustee's approach to responsible investing (including climate change).

The Scheme's SIP (which can be found on the Scheme website/here) was last reviewed in November 2025. No significant changes were made to it. In the opinion of the Trustee, the SIP has been followed appropriately during the year.

The Trustee's decision about how much investment risk to take depends on the Scheme's funding level and the financial position and willingness of Cadent Gas Limited, as the principal employer (the "Company"), to support the Scheme.

The Trustee monitors the Scheme's funding position on a quarterly basis and measures progress against the Long-Term Funding Objective. Based on the results of the triennial valuation at 31 March 2025, the Trustee is comfortable that the Scheme is on track to meet its Long-Term Funding Objective.

The Trustee regularly monitors the strength of the Company's covenant and receives covenant advice from its adviser at least every six months. There has been no change to the view on the strength of the covenant over the year.

During the year, following a review of the investment strategy, including consideration of the funding progression and the long-term journey plan, the Trustee agreed to continue with its investment strategy of building its liquid credit portfolio and decumulating the illiquid assets.

Policy on Environmental, Social and Governance, Stewardship and Climate Change

During the year, the Trustee undertook a project to review its Environmental, Social and Governance ("ESG") beliefs and stewardship priorities to ensure that these remained aligned with current best practice and regulatory guidance. This workstream is due to be completed in 2026. This section describes the current position as well as aspects that the review will cover.

The Trustee believes that ESG factors are important for risk management and can be financially material. The Trustee recognises that the Scheme needs to be a long-term responsible investor to achieve sustainable returns. To support the Government's climate change ambitions, the Trustee has an aspiration to target net zero (scopes 1, 2 and 3) by 2050.

The SIP, Investment Beliefs and ESG Policy include the Trustee's policy on ESG issues, stewardship, and climate change. All three documents are reviewed annually, or sooner if there is a significant change to the investment strategy. Over the year, the Trustee believes it has complied with these policies. These documents will be reviewed as part of the 2026 workstream.

As part of its ESG Policy, the Trustee has established a governance structure setting out its process when considering ESG issues, including climate-related risks. The Trustee also has a Climate Delegation Document, which outlines the roles and responsibilities of various parties in managing climate-related risks and opportunities.

ESG integration and stewardship are delegated to the investment managers, but the Trustee is responsible for ensuring that the investment managers possess the requisite skills and resources to perform these tasks effectively and monitor the outcomes. The Scheme's investment consultant assists the Trustee in undertaking this oversight.

The Trustee ensures that ESG issues are considered as part of regular discussions at meetings, both as explicit agenda items and in consideration of the impact of ESG risks on other discussion items.

<u>Target:</u> The Scheme currently has a target to reduce carbon emissions in the liquid credit portfolios and target a reduction in carbon footprint (scopes 1 and 2) vs 2021 of 38% by 2030. The risk dashboard in the quarterly monitoring report provided by the investment managers and the investment consultant tracks the carbon intensity measure in the liquid credit portfolios. At the year-end, the Scheme had met this target. The Trustee reviews this target on an annual basis.

Whilst the Trustee will continue to monitor progress against this target, it is reviewing the target and considering additional measures so that it is more meaningful, delivers greater real-world impact and incorporates forward looking metrics as part of the 2026 ESG workstream.

<u>Task Force on Climate-related Financial Disclosures ("TCFD") report</u>: The Scheme has published its annual TCFD report, which is available on the Scheme's website/<u>here</u>.

<u>Training</u>: Over the year, the Trustee took part in a two-day ESG training course to strengthen its knowledge and improve its ability to make informed decisions on ESG matters. Following the course,

the Trustee developed an action plan to address the key issues identified and will work with its investment consultant and other advisers over the coming year and beyond to embed these considerations into its approach.

Investment consultant: The Trustee reviews its key suppliers, including its investment consultant, annually. Included in this assessment is the ESG advice provided by the consultant. The last assessment was carried out in March 2026, with the consultant's rating and feedback reflecting reference to the continued alignment with the Trustee's ESG objectives.

Implementation of Engagement and Stewardship Policy

This section outlines the extent to which the Trustee has followed its policies on engagement, covering engagement actions with its investment managers and, in turn, the engagement activities of the investment managers with the companies in which they invest.

Incumbent investment managers

The Trustee recognises that, as the Scheme is an asset owner with all its assets managed externally, positive investment outcomes are achieved through interaction with the investment managers. The investment managers provide regular reports, including details on the underlying investments' performance and their engagement with companies on matters including ESG issues. The Trustee scrutinises the extent to which the investment managers assess, monitor and reflect on ESG issues in making their investment decisions as part of their review of these reports.

Meetings with Investment Managers: The Trustee has a rolling schedule of investment manager review meetings at which the investment manager presents to the Trustee and/or the Trustee Executive Team, including how ESG, stewardship and climate change considerations are incorporated into its investment process. During the year, the Trustee met with most of the investment managers to discuss how ESG matters were integrated into their portfolios, their engagement activities and how these aligned with the Scheme's ESG beliefs and stewardship priorities. The Trustee also used these meetings to challenge the investment managers on the practicality of the current climate metrics and their link to real-world outcomes, as well as on improving data coverage, and enhancing climate resilience analysis and reporting. The insights and feedback will feed into the 2026 review.

Sustainability Integration Assessment ("SIA") Report: The investment consultant engages with the investment managers on relevant matters on the Trustee's behalf. On an annual basis, the investment consultant assesses how the investment managers incorporate ESG within their processes and how this compares against the Trustee's ESG beliefs in a SIA report. The investment managers are measured against five criteria: investment approach, risk management, stewardship, reporting and collaboration. An overall ESG score, and a separate climate score are determined based on the assessment of these factors. Any actions agreed by the Trustee to improve ESG integration are taken to the investment managers by the investment consultant.

The 2025 Report identified actions to improve transparency across the Diversified Private Credit ("DPC") and infrastructure mandates, thereby strengthening overall transparency at the Scheme level. Asset Backed Securities ("ABS") were also identified as an area of focus, reflecting both the complexity of these structures relative to typical corporate or government bonds, and the Scheme's increasing allocation to ABS.

The Trustee recognises that climate reporting for both ABS and DPC continues to present challenges, particularly in relation to data availability and transparency. It expects its investment managers to continue enhancing their ESG capabilities to drive real-world change and to actively contribute to the development of industry-wide standards for climate risk disclosures.

The 2026 Report, discussed post year-end, identified a number of actions for the ABS managers, aimed at ensuring their engagement practices and reporting continue to evolve alongside improving industry standards and market practice within the ABS universe. The report also noted that, while the DPC managers' scores lagged those of the Scheme's other investment managers, both had made progress over the year, and Isio identified specific areas for continued development. This year the report also included a nature assessment which will be used as a baseline for reviewing progress going forwards.

Going forward, the investment consultant will continue to engage with the investment managers on all of these issues on behalf of the Trustee to encourage further development of ESG capabilities and improve ESG assessment outcomes.

The Trustee also receives quarterly monitoring reports from its investment consultant, who maintains a regular dialogue with the investment managers and monitors their stewardship and engagement activities as part of their ongoing assessment. The investment consultant engages with the investment managers on matters that have impacted or may impact the investment performance of the mandate, on behalf of the Trustee.

All of the Scheme's investment managers are signatories to the UN PRI (United Nations Principles for Responsible Investment) and/or FRC's (Financial Reporting Council) Stewardship Code, which the Trustee believes is a baseline for sustainability initiatives. Some of the investment managers are also members of other industry bodies, including the Net Zero Asset Managers Initiative[1] and Climate Action 100+[2].

Stewardship priorities

The Trustee currently has four stewardship priorities. These are:

1. Climate Action
2. Affordable and Clean Energy
3. Decent Work and Economic Growth
4. Industry, Innovation and Infrastructure

The Trustee regards climate action as the most significant when assessing how far the investment managers' stewardship activities are aligned with these priorities, particularly given that it is more measurable and supported by greater data availability. With advice from its investment consultant, the Trustee performs regular reviews of the stewardship activities undertaken by the principal investment managers. The Trustee recognises that stewardship should be tailored by asset class, rather than applying a single approach across all mandates.

In 2024 and 2026, the Trustee and its investment consultant reviewed the stewardship priority of "Climate Action". In 2025, the remaining three priorities were assessed. These reviews identified that, as an asset class, DPC managers were laggards in terms of integrating ESG issues, including climate,

[1] Asset manager alliance committed to aligning the financial sector and supporting the goals of the Paris Agreement.
[2] Organisation to help ensure the world's largest greenhouse gas emitters take necessary action on climate change.

nature and social issues, into their processes. The 2026 Report, discussed after year-end, noted that stewardship and climate integration in ABS remained limited. Although most of the Scheme's investment managers were taking action to improve disclosures and standards, one investment manager was identified as behind its peers and Isio will engage with this investment manager to support further progress.

Recognising that the investment landscape has changed since the stewardship priorities were set, the Trustee will review its stewardship priorities in 2026 to ensure they remain focussed, financially material and capable of influencing real world outcomes. The Trustee recognises that the different characteristics of the asset classes in which the Scheme invests may require distinct priorities to be set for each.

Investment manager selection exercises

In appointing new investment managers, the Trustee considers the investment manager's expertise, investment track record and stated policies and frameworks on ESG-related issues, with the assistance of the investment consultant. During the year, no new investment managers were appointed.

Underlying investments

All decisions about the day-to-day management of the assets have been delegated to the investment managers through written agreements, including the day-to-day investment decision-making, climate change considerations, undertaking engagement activities with investee companies and other stewardship obligations attributed to the investments, in accordance with their corporate governance policies and best practices. The investment managers report at least annually on ESG considerations to the Trustee.

The Trustee requested details from its investment managers on how ESG factors are integrated into their investment processes and how they engage with the underlying companies. There have been no significant changes to the investment managers' policies since last year.

The investment managers provided information on their engagement policies, including how ESG factors are integrated into their policies and a summary of their engagements with underlying investee companies.

The table in Appendix A summarises comments provided by the Scheme's investment managers on their engagement activities during the period.

Voting Activity

The Trustee's policy is to delegate the exercise of rights (including voting rights) to its investment managers. Where relevant, the Trustee expects its investment managers to exercise voting rights and fulfil their stewardship obligations attached to the investments in accordance with their corporate governance policies and current best practices, including the UK Corporate Governance Code and the UK Stewardship Code.

The Scheme did not hold any public equities during the period, and all of the investment managers have confirmed that no voting was undertaken on any of the Scheme's investments (and therefore no proxy voting was undertaken).

The Implementation Statement was adopted by Cadent Gas Pension Trustee Limited as trustee of the Cadent Gas Pension Scheme with effect from:

Date: 22 September 2026

Appendix A: Summary of investment managers' engagement activities

Manager	ESG policy changes/process on engagement	Engagement activity	Examples of engagement
AXA	AXA did not make changes to its policy over the year. Following BNP Paribas' acquisition of AXA Investment Managers, there may be changes to the policy going forward, noting both firms have a strong commitment to engagement and stewardship.	Over the period, AXA undertook 60 engagements in the Buy & Maintain (B&M) portfolio. The breakdown was: Environmental: 30 Social: 9 Governance: 21	AXA has continued proactive engagement with a US-based energy manufacturing and logistics company operating across refining, chemicals and midstream activities (the transportation, storage and processing of oil and gas). During the period, AXA continued to discuss with the company its climate strategy, governance and an ongoing proxy contest (a dispute in which shareholders seek to influence or change the board by voting in alternative directors). AXA challenged the potential impact of proposed midstream separation on climate commitments, sought greater clarity on board ESG expertise, and raised concerns about remuneration and the limited use of ESG metrics in incentives. While the company's climate strategy has gaps, AXA considers the proposed changes may increase climate risk and will continue to monitor developments closely.
Barings	There has been no change to policy over the year. The stewardship process has been strengthened through the development of a dashboard to flag holdings with potentially	Over the period, across its Global Private Finance Credit platform, Barings undertook 172 engagements within the portfolio. The breakdown was: Environmental: 5 Social: 5	Barings supported a company in its buyout of a Germany-based independent wealth manager, which completed in September 2025. Sustainability considerations were embedded at the outset through the establishment of a Sustainability Linked Loan. ESG key performance indicators (KPIs) were agreed within the legal documentation, aligning with

Manager	ESG policy changes/process on engagement	Engagement activity	Examples of engagement
	elevated risk that require further attention.	Governance: 162 The increase in the number of engagements since the prior year was due to the roll-out of Barings proprietary ESG questionnaire. Within the Baring Private Loan Fund 4, there are 13 loans with climate-linked margin ratchets.	guidelines and Barings' expectations. These KPIs include the transition to clean energy across office locations and annual carbon footprint measurement, monitoring employee engagement and survey participation, delivering ethics and data training to all employees, and improving board-level cyber security oversight. A margin reduction mechanism is linked to the achievement of these KPIs, thereby incentivising the integration of sustainability across the company's operations, environmental impact and workforce practices.
BlackRock Diversified Private Credit Fund	There has been no change to policy over the year.	BlackRock does not currently provide a breakdown of engagement activities given the nature of the companies in the portfolio. However, they continue to evolve the data they collect and report on, and assess the questions included in their annual ESG Questionnaires to underlying companies. At a strategic level, as at Q1 2026, 25 investments in the Fund had ESG margin ratchets or ESG undertaking agreements in the loan agreement., representing 58% of the European portfolio. Note, ESG ratchets are only	Since BlackRock's initial investment in February 2020, engagement with the company has been ongoing and has developed over time. The loan documentation incorporates an ESG-linked margin ratchet, committing the company to reduce its emissions intensity by 5% per annum. Through continued engagement, BlackRock encouraged the company to adopt the Science Based Targets initiative (SBTi) reporting methodology in 2023, enhancing the quality, consistency and comparability of its emissions disclosures. Most recently, in April 2026, BlackRock's ESG team held a dedicated sustainability engagement meeting with the company's Chief

Manager	ESG policy changes/process on engagement	Engagement activity	Examples of engagement
		applied in the European Direct Lending allocation.	Sustainability Officer and Sustainability Director. Discussions focused on the company's evolving sustainability strategy, supply chain assurance processes and sustainable packaging initiatives. Ongoing monitoring is supported through the annual BlackRock Private Debt ESG questionnaire and regular review of the ESG-linked loan criteria. The engagement has been successful in meeting its objectives, with the company achieving annual emissions reductions well above its contractual targets, committing to reach net zero by 2050 and launching a new sustainability strategy centred on sustainable design and procurement initiative.
Insight	There has been no change to policy over the year.	Insight does not currently track ABS engagements at the portfolio level. At a strategy level, Insight engaged with 55 entities. Insight's prioritised stewardship themes this year were climate change, natural capital and labour management (human rights in the case of sovereign issuers). Insight will identify poor performers and initiate targeted engagement to encourage positive improvements across each of these themes.	Insight holds securities in an Australian financial services group, which was identified for engagement due to the absence of ESG considerations in its loan origination and limited ESG disclosures. Insight began initial engagement in 2022 and focused on raising awareness of ESG shortcomings and encouraging improved transparency to support more robust ESG analysis. Follow-up engagements in 2023 and 2024 demonstrated gradual progress although enhanced data remained limited. The Company acknowledged that ESG factors were not embedded in its underwriting or reporting frameworks but

<table>
<tr><th>Manager</th><th>ESG policy changes/process on engagement</th><th>Engagement activity</th><th>Examples of engagement</th></tr>
<tr><td></td><td></td><td></td><td>agreed to enhance disclosures and to incorporate ESG metrics into annual reporting.

Insight continued engagement in 2025 expanded to cover governance and new issuance activity, particularly in Iberia.

Overall, the engagement has delivered positive momentum on disclosure, but ongoing dialogue is required to drive improvements in loan-level transparency and embed ESG considerations more fully into lending practices.</td></tr>
<tr><td>L&G</td><td>There have been no changes to the ESG policy.

In 2025, L&G undertook a review of their global Investment Stewardship themes and consolidated their focus into the following three themes:

1. Climate & nature
2. Social resilience
3. Governance</td><td>On behalf of the Scheme, L&G engaged with issuers across all the portfolios they manage.

<table>
<tr><th></th><th>B&M[3]</th><th>ARB[4]</th><th>Total</th></tr>
<tr><td>E*</td><td>63</td><td>195</td><td>258</td></tr>
<tr><td>S**</td><td>4</td><td>16</td><td>20</td></tr>
<tr><td>G***</td><td>25</td><td>55</td><td>80</td></tr>
<tr><td>Other</td><td>19</td><td>33</td><td>52</td></tr>
</table>
*Environmental,

**Social,

*** Governance</td><td>In 2025, L&G conducted six meetings and ongoing correspondence with a large multinational mining company, engaging senior leadership. The Company was identified as strategically important due to its copper growth pipeline and strong development record, alongside concerns that its undervaluation could expose it to a takeover, potentially affecting its sustainability leadership. L&G therefore focussed on ensuring that any strategic changes would support long-term value, strong governance and continued climate progress.

Across 2024 and 2025, L&G actively engaged on strategic options, advocating for portfolio restructuring to unlock value and restore</td></tr>
</table>

[3] Buy & Maintain
[4] Absolute Return Bonds

Manager	ESG policy changes/process on engagement	Engagement activity	Examples of engagement
		Given the nature of the Opportunistic Credit mandate and the residual holdings in the Inflation-Linked Credit, L&G reported zero engagements in these portfolios. L&G supports the UN's Sustainable Development Goals (SDGs) climate objective. Through their Climate Impact Pledge (CIP), L&G encourages companies to reduce the risks associated with climate change and nature degradation, and to transition to a net-zero economy. L&G asks companies to embed these considerations into their business strategy.	market confidence. This approach aligned closely with the Company's subsequent actions, culminating in the proposed merger with Teck Resources in September 2025, which L&G supported due to its potential to create a sustainability-focused, energy-transition leader. However, L&G challenged retrospective changes to the Company's Long-Term Incentive Plan, which would have guaranteed minimum payouts. Viewing this as misaligned with remuneration principles, L&G voted against the proposal while supporting the merger. Following shareholder concerns and L&G's pre-declared vote, the remuneration resolution was withdrawn. Further, to encourage discussion on executive pay practices in the wider industry, L&G published a blog and invited feedback from other asset managers/owners. L&G continues to engage with the Company on future pay structures, decarbonisation and long-term value creation opportunities.
Octopus	OeGen (the manager of the Octopus Renewable Infrastructure Fund) formalised its engagement and stewardship approach during the year.	Octopus takes an active role in the management of investments, and stewardship and engagement activities are continuously reviewed throughout the year. The Fund's investments inherently support climate change mitigation through the development, construction	Octopus recognises the essential role of energy in achieving net zero, while acknowledging that renewable assets are still exposed to climate risks. The organisation actively assesses risks across both its operations and asset base. During the reporting period, Octopus enhanced its approach by applying a new methodology to

Manager	ESG policy changes/process on engagement	Engagement activity	Examples of engagement
		and operation of renewable energy and energy transition assets.	evaluate the long-term impact of climate change on asset performance. This analysis uses multiple climate models at an individual asset level, incorporating factors such as technology type and capacity. For wind assets, projected changes in wind speed and air density were assessed, while solar assets were analysed based on changes in solar irradiance. The results measure expected shifts in median annual energy yield over time, providing a forward-looking view of performance. The outputs are used as an additional sensitivity in investment decision-making, helping Octopus improve resilience and better account for climate-related uncertainties. Octopus has participated in a number of collaborative initiatives over the years, including being part of a working group led by the Institutional Investors Group on Climate Change, and has collaborated to improve the Physical Climate Risk Assessment Methodology (PCRAM) methodology for assessing climate resilience and risks in infrastructure assets.
ABS - pooled fund managers (Aegon,	The three managers integrate ESG considerations into their investment processes, although	ESG integration in ABS is inherently more complex and indirect due to the securitised nature of the asset class.	PGIM's engagement activity has been more market-development focussed than its peers, exploring opportunities to support sustainable securitisation structures, particularly around 'use of proceeds' bonds. Discussions have

Manager	ESG policy changes/process on engagement	Engagement activity	Examples of engagement
L&G and PGIM)	their approaches differ in emphasis. Aegon and L&G both operate SFDR Article 8[5] strategies and embed ESG analysis within credit assessment, using screening, exclusions and ongoing monitoring to identify stronger-quality investments. Aegon employs a proprietary ESG framework that assesses collateral, originators and countries, excluding weaker ESG exposures and producing carbon reporting across the portfolio. L&G combines ESG integration with exclusions and targets a minimum allocation to positively rated assets, supported by third-party ESG assessments and internal analysis. PGIM takes a broader view of sustainability opportunities within structured finance, focusing on identifying	All three managers undertake engagement as part of their process, although engagement is principally focused on improving ESG integration, disclosure, governance and market practices.	centred on encouraging financing solutions that could facilitate additional green lending, including renewable energy, battery storage, grid infrastructure and electric vehicle financing. These discussions are in progress but suggest a dedicated sustainable securitised strategy in ABS can be developed.

[5] Sustainable Finance Disclosure Regulation (SFDR) Article 8 "Light Green" Funds, are funds which promote environmental and /or social characteristics

Manager	ESG policy changes/process on engagement	Engagement activity	Examples of engagement
	transactions that can facilitate positive environmental or social outcomes while recognising current market limitations.		

Notes:
All of the examples in this section are directly linked to the Scheme's investments in each of the portfolios.

The information contained herein, and views expressed, are based solely on information provided by the investment managers.