The Buccleuch Estates Limited 1974 Retirement Fund – year to 30 April 2026

Implementation Statement

Overview

The Trustee of The Buccleuch Estates Limited 1974 Retirement Fund ("the Fund") has prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Trustee has followed the policy on voting, stewardship and engagement as set out in the Fund's Statement of Investment Principles ("SIP"), dated July 2025. This statement covers the year to 30 April 2026.

The Fund's assets are held in pooled investment funds (via the Mobius Life investment platform) and the day-to-day management of these investments (including the responsibility for voting and engaging with companies) is delegated to the Fund Managers of the pooled investment funds (the "Fund Managers").

The Fund Managers of the pooled investment funds are Legal & General Investment Management ("LGIM"), M&G Investments ('M&G') and TwentyFour Asset Management ('TwentyFour').

As Trustee of the Fund's assets, we are responsible for the selection and retention of the funds. Reviewing the voting and engagement activities, which we include details on below, is an important exercise to help us ensure they remain appropriate and are consistent with the Fund Managers' stated policies in this regard. We are satisfied with the voting and engagement activities of the Fund Managers, and in particular, that the Fund Managers are using their position as stakeholder to engage constructively with investee companies. However, we will engage with them should we have any concerns about the voting and/or engagement activities carried out on our behalf. The Trustee had no cause to challenge the Fund Managers' voting and/or engagement activities during the year to 5 April 2026.

Changes to investment strategy

During the year, the Trustee implemented a new investment strategy and new SIP was signed in July 2025. The strategy changes were made following several discussions and following investment advice received from the Trustee's investment consultant. The key changes are summarised below:

- Investing a portion of the assets in a set of individual fixed interest and index-linked gilts which generate cashflow to pay benefits and stabilise the portfolio hedging.
- Investing a portion of the assets in the LGIM All Stocks Index-Linked Gilts Index Fund to complement the individual gilts to achieve suitable inflation hedging.
- Diversifying the investment portfolio by accessing corporate credit and reducing UK government exposure through investing in LGIM Maturing Buy and Maintain Credit Funds.
- Maintaining growth whilst reducing costs by replacing the Payden Absolute Return Bond Fund with the TwentyFour Absolute Return Credit Fund.

Reporting and oversight

The Trustee have regularly reviewed the performance of the funds over the year and performance information is set out elsewhere in this report. The Trustee is satisfied that the performance of the funds is consistent with their objectives. The Trustee, in conjunction with the sponsoring employer, continues to review the operational efficiency and ongoing management of the Fund, including potential alternatives to the current structure. The Trustee continues to engage with its advisors in this regard.

Voting and engagement

The Trustee's policy, as set out in the SIP, is to consider only factors that are expected to have a financial impact on the Plan's investments. Details on significant voting and engagement activities provided by the Fund Managers are set out below. In order to produce this Statement, we have asked all of the Fund Managers a series of questions on their policies and actions and to provide examples relating to their voting and engagement activities during the year and in conjunction with our advisers, have identified significant voting and engagement activities (i.e. those most relevant to the Trustee's policy). We have then reviewed and summarised their responses for the purpose of this statement.

The LGIM Maturing Buy and Maintain Credit Funds, M&G Total Return Credit Fund and TwentyFour Absolute Return Credit Fund do not hold equities and given that bonds do not confer voting rights, there was no voting carried out in relation to these funds. However, they do undertake engagement activities in respect of their bond holdings and we have included examples below.

No voting was carried out in relation to the LGIM Gilt Funds.

<u>LGIM - voting and engagement activities</u>

The following commentary is based on the information that LGIM have provided in response to our questions and illustrates how they co-ordinate their voting and engagement activities with companies.

"LGIM'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, LGIM 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.

All decisions are made by LGIM'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.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM 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.

We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account. In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA)."

LGIM Maturing Buy and Maintain Credit 2030-2034 Fund

LGIM conducted 242 engagements in respect of 136 companies over the year in relation to this fund. The majority of engagements were made regarding environmental topics.

Barclays PLC

Topic: *Climate*

Rationale*: We believe that the financial sector's lending activities, corporate facilitation, insurance and asset management activities are key to speeding up or delaying the transition to a low-carbon economy. Banks have a major role to play in the climate transition and need to shift their attention to aligning their lending portfolios to be consistent with the Paris Agreement. Barclays is a large global bank and a prominent UK high-street name; we have engaged extensively and productively with Barclays on its approach to climate risks and opportunities for many years, and Barclays has historically shown receptiveness to investor engagement.*

Our objectives in our engagement with Barclays have been focused on understanding the growth opportunities related to the climate transition related to their provision of sustainable finance and client demand, as well as the bank's client engagement on the progress on their transition plan journeys.

Remuneration has also formed a part of our discussions, and has been centred on reducing threshold vesting under the increased LTIP, to ensure a 'significant' proportion isn't paid out for threshold performance.

What: *In 2025, we met with the bank on multiple occasions (c.10 times), both face-to-face and in collaborative group calls, as well as via detailed email exchanges. Engagement was led by our climate solutions team and our Investment Stewardship team. Levels of individual typically engaged include the Chief Sustainability Officer and members of the Sustainability team, as well as the Board Chair on governance matters.*

Through our engagements, we have been able to dive into the commercial opportunities for the bank that are inherent in the climate transition, and to understand the hurdles to progress.

Regarding remuneration, we were able to support both the remuneration policy and the long-term incentive plan ('LTIP') at the Company's AGM in 2025. Our support reflects the re-focus of pay structure from fixed towards variable pay, including a commensurate reduction to salary and fixed share allowance in favour of increased bonus and LTIP opportunities.

Outcomes: *The opportunities from the climate transition will unfold over time and through our in-depth engagements, we aim both to support and challenge, to help companies set ambitious yet realisable goals, and to support long-term returns for investors.*

In terms of remuneration, we will continue to monitor performance targets used to reward outperformance and the level of stretch provided for vesting between threshold to maximum payouts, to ensure these reflect appropriate levels of pay for performance.

LGIM Maturing Buy and Maintain Credit 2035-2039 Fund

LGIM conducted 141 engagements in respect of 80 companies over the year in relation to this fund. The majority of engagements were made regarding environmental topics.

Shell PLC

Topic: *Climate*

Rationale*: As one of the world's largest oil and gas companies, Shell Plc plays a critical role in the transition to net zero. Our longstanding engagement with the company has taken place against a backdrop of evolving challenges - from shifting market dynamics and geopolitical tensions, to ongoing uncertainty about the pace and direction of the net-zero transition.*

While this case study focusses on our 2025 engagement and pinpoints specific issues around the company's 2025 AGM, we would emphasise that this follows many years of continued engagement with the Shell on strategy, corporate governance and the challenges and opportunities presented by the climate transition.

Currently, we would describe our objectives with Shell Plc as follows:

- Remuneration: transition-linked performance metrics

- Demonstrate business resilience against plausible net zero scenarios

- Demonstrate business strategy alignment with climate related objectives

- Application of responsible divestment principles in all asset sales

- Increase the board's awareness of our climate ratings and expectations under the Climate Impact Pledge

- Improved transparency on lobbying activities

What: *Our history of engagement with Shell dates back many years, reflected in the fact that they are among the companies with which we engage most frequently on an annual basis. In 2025, we recorded nine engagements with the company, led by our Investment Stewardship and our Climate Solutions team. Levels of individual engaged included the Chair, the Finance Director and the Head of Investor Relations.*

In recent years, our engagement has been extensive and focused on the company's energy transition strategy, with particular emphasis on climate-related financial risks associated with its liquefied natural gas ('LNG') operations, including in 2024/ 2025 a series of direct and constructive engagements with Shell's leadership, including the Chairman, Sir Andrew Mackenzie. Through these discussions, we received clear commitments that the company will enhance its reporting in line with L&G's expectations - specifically, providing detailed disclosures on business resilience against plausible NZ scenarios, related to Shell's growing exposure to LNG. These gaps were key reasons we were unable to support the company's climate transition strategy at its 2024 AGM. We are now seeing meaningful responsiveness to L&G's engagement priorities, particularly around the transparency and management of climate-related financial risks, and view Shell's commitment in this area as a positive step.

Outcomes: *We will continue to engage closely with Shell to ensure that the promised disclosures are delivered in a timely and meaningful manner. Should the company fall short of these expectations, we will reassess our position.*

We consider most of the objectives outlined above to be in progress and expect them to evolve over time.

M&G - engagement

The following commentary is based on the information that M&G have provided in response to our questions and illustrates how they co-ordinate their engagement activities with companies.

"Across all of our assets classes, M&G believes that ESG factors can have a material impact on long-term investment outcomes. Our goal is to achieve the best possible risk-adjusted returns for our clients, taking into account all factors that influence investment performance.

Alongside engagement with investee companies, active voting is an integral part of our investment approach. We believe exercising our vote adds value and protects the interests of our clients as shareholders. We often get asked by clients how we carry out our voting, as a number of asset managers just follow their proxy agents advice. We use the ISS voting platform to vote and we have built, with ISS, a custom voting service that reflects our public voting policy.

Given the limited upside and potential downside of fixed income investments, the focus of our ESG analysis is on understanding downside risks. Since ESG risks often develop over the longer term, and given our long-term investment approach, we believe it is essential to integrate ESG issues into our investment process. Our integrated approach to ESG is applied across all forms of fixed income including *corporate bonds, government bonds, securitised debt, real estate debt, infrastructure debt, leveraged finance, direct lending and private placements.*

Engagement with issuers is usually undertaken by our credit analyst team, with support when needed from the Corporate Finance and Stewardship team, since they have a clear and detailed understanding of the ESG issues affecting the credit quality of the issuers that they cover. Although bond holders normally have less influence than equity holders when engaging with companies, M&G considers it important to engage with fixed income issuers regarding material ESG issues in order to gain better understanding of ESG risks, and to encourage improved ESG practices.

The additional insight often gained through ESG engagement also better informs our credit views and investment decisions. We prefer to engage on ESG issues directly with an issuer's senior management, and M&G's significant scale in fixed income markets provides us with necessary access to an issuer's senior management in order to do so. In our private debt business, we are often one of the primary sources of finance for the borrower, which can give us significant access and influence to engage."

M&G Total Return Credit Fund

The fund does not hold equities and therefore does not have the same voting rights as some other funds. However, M&G's engagement activities are undertaken for all the companies that they hold and so they also engage with the companies whose bonds are held in this fund. There were 37 engagements over the year in relation to this fund, the majority of which were made regarding environmental topics, for example:

Bayer AG

Date: *Virtual Meeting* **-** *02/09/2025*

Topic: *Social – Public Health*

Rationale*: To encourage the company to improve how it makes medicines, vaccines and diagnostics accessible and affordable to low and middle income countries through maintaining or improving its score of 3.13 in the 2026 Access to Medicine Foundation benchmark.*

Outcomes and next steps: *We are engaging Bayer as part of the Access to Medicine Foundation collaborative engagement initiative (ATMI).*

Bayer confirmed that access to medicine is one of the cornerstones of its sustainability strategy and that the ATMI has supported the team in internal discussions along the value chain. The ATMI framework is also helpful in developing reporting systems to report on progress against access to medicine and social impact.

The company confirmed that the Bayer Global Health Unit (GHU) was launched in 2024 to support availability of medicines and to focus on building sustainable healthcare systems in low and middle income countries. Bayer's GHU is part of the commercial business, the main difference being that the money the GHU makes is invested back into the countries in which it operates to help build the healthcare systems.

Through the GHU, Bayer is seeking to create new commercial opportunities by working with NGOs and governments to create a markets that do not previously exist by focussing on initiatives that help build sustainable healthcare systems, such as moving the manufacture and supply of *medicines into low to middle income countries. One example is Bayer's work in Sub-Saharan Africa. In most African countries the medicines are manufactured outside of Africa, however Bayer, through its GHU, is working on a project to bring production and supply facilities on the African continent to provide the infrastructure and jobs to support a self-sufficient healthcare system.*

Reporting, in particular impact reporting, continues to be a challenge for the company. The company confirmed that establishing a framework to measuring impact remains a work in progress. It is currently looking into established models.

We will continue to monitor and review in the first quarter of 2026.

Ørsted AS

***Date**: Call - 27/02/2026*

***Topic:** Environment - Climate Change*

***Rationale:** To ensure the company remained on track in the path to its 2030 nature positive targets (including working through its framework and developing metrics), to revisit our previous request concerning the publication of overall avoided emissions, which the company had completed, and to request that this number was published annually going forward.*

Outcomes and next steps:

We met with Danish offshore wind specialist Ørsted. In terms of avoided emissions, in 2025 we requested that the company returned to reporting the overall avoided emissions of its energy generation, as it had changed its reporting to only include generation funded by green bonds. Having run through our reasoning behind this, the company agreed to take our request away, and we were pleased to see that it has now returned to reporting its overall generation, as well as a separate number for green bond funded, and agreed to publish both numbers annually going forward.

In terms of the biodiversity, Ørsted is already making clear, practical progress in implementing its biodiversity framework at a project level, despite the long timeframe between framework development and formal targets. Several European projects are trialling the first five steps of the eight-step framework to test feasibility, with a strong focus on early-stage, site-specific risk assessment and monitoring. These risk assessments are primarily desk-based, using location-specific biodiversity databases and buffer zones, and are designed to identify no-go risks early in the project lifecycle—including cases where projects have been abandoned due to the presence of endangered species. Monitoring approaches are deliberately designed to be "plug-and-play" to limit extensive fieldwork, while still allowing projects to track relevant biodiversity features using emerging technologies such as AI-based bird tracking and underwater cameras. As projects advance, Ørsted is beginning to model lifetime biodiversity impacts and consider appropriate Nature Positive Initiative (NPI) actions.*

In parallel, Ørsted is progressing more gradually on biodiversity metrics, which have not yet been standardised across all assets. The company is actively collaborating with industry partners to help shape comparable, cross-industry metrics, with an initial set expected around 2027. Progress so far has focused on pilots, including terrestrial NPI metric trials in the UK and US and early-stage *freshwater and marine pilots, which have highlighted significant data gaps—particularly for marine infrastructure where SBTN methodologies are still under development. In the interim, Ørsted is exploring whether phased or project-level metrics (such as species-specific measures, hectares restored, or biodiversity enhancement actions) could be deployed ahead of full nature-positive metrics. Again, the company aims to be ready to adopt broadly aligned nature metrics by 2027 while continuing to influence emerging frameworks through pilots and partnerships, and remains engaged in ongoing dialogue on progress.*

M&G to review new disclosures in 2026 and follow up in a year

<u>TwentyFour - engagement activities</u>

The following commentary is based on the information that TwentyFour have provided in response to our questions on voting and engagement. They are fixed income investors only and therefore do not have an opportunity to vote. The following illustrates how they co-ordinate their engagement activities with companies.

'We believe that acting collaboratively with other investors and market participants can lead to better outcomes for clients and the market in general, and as such we are very happy to do so when appropriate. We have actively worked with other managers to help improve the governance of the sectors in which we operate, which we believe is beneficial for all of our respective clients.

TwentyFour is regularly consulted as an advisor by the Bank of England, the PRA/FCA, the UK Treasury, The European Commission and the European Banking Authority, as well as a number of other EU finance ministries (BaFin, DNB, and Bank of France etc.)

As Fixed Income investors we are focused on protecting against the downside and this is where we focus our efforts when engaging. In certain instances we have engaged with management on subjects that we hope will influence management behaviour and decisions over the long term, and in some cases this may lead to improved financial outcomes – but our core focus remains on protecting against the downside.'

TwentyFour Absolute Return Credit Fund

The fund does not hold equities and given that bonds do not confer voting rights, there was no voting carried out in relation to this fund. However, they do undertake engagement activities in respect of its bond holdings.

There were 115 engagements over the year in relation to this fund.

The Trustee has reviewed TwentyFour's engagement activity and in conjunction with their adviser, Cartwright, on the Trustee's behalf, has identified the following as the most significant examples of engagement from the perspective that they potentially have the biggest financial impact on the Fund, as set out in the SIP:

1. BARCLAYS

Issue:

'We engaged with Barclays, a major financial institution and heavy bond issuer, on how its biodiversity commitments translate into day-to-day lending and underwriting decisions. Specifically, we wanted to know how biodiversity and land-use risks are considered in loan approvals, whether clients in high-impact sectors face specific improvement standards, and how Barclays engages with clients where biodiversity risks are elevated'

Response:

'Barclays provided a detailed response highlighting three core policy statements: a Forestry and Agricultural Commodities Statement addressing deforestation and land conversion risk, a Protected Areas Statement restricting financing for projects in ecologically sensitive zones, and a Climate Change Statement covering financing in critical biomes such as the Amazon and Arctic. Together these represent a meaningful policy framework, though one that is largely restriction-based rather than target-driven.

More notably, Barclays published a Nature White Paper in 2025 setting out its application of the TNFD LEAP framework to assess nature-related risks at individual operating site level, initially across its mining and European power portfolios. Barclays is extending this methodology to automotive manufacturing in 2026 and has integrated nature-related criteria into its Client Transition Framework across four sectors: power, mining, automotive and food.

In our view, Barclays is among the more advanced large banks on biodiversity, with a credible analytical framework and clear evidence of client engagement. That said, the response remains largely qualitative. As frameworks like TNFD mature and disclosure expectations rise, we would expect to see Barclays translate this strong analytical foundation into more measurable, reportable outcomes.'

Outcome:

'Overall, we view Barclays' response as satisfactory, reflecting a relatively advanced approach to managing biodiversity related risks. We will continue to monitor progress.'

2. BP

Issue:

'We attended BP's strategy update, which marks a distinct pivot from their current strategy.'

Response:

'BP announced a significant strategic shift, moving away from its previously ambitious investments in sustainable and transition-oriented energy projects to refocus on its core oil and gas business. The company announced it will reduce annual expenditures on renewable energy and low-carbon initiatives, cutting transition investments by more than $5 billion, to just $1.5-2 billion per year, while increasing oil and gas investment to around $10 billion annually. Ultimately, this pivot is driven by pressure from activist investors demanding stronger returns

and voicing their concerns over the profitability and pace of clean energy investments. CEO Murray Auchincloss has labelled this as a “fundamental reset,” pointing to the continued global need for affordable and reliable conventional energy. As a consequence, BP has abandoned earlier commitments such as targeting a 40% reduction in oil and gas output by 2030 and scaling up renewable capacity 20x.’

Outcome:

‘BP’s shift away from sustainable investments marks a clear retreat from its energy transition ambitions and has drawn criticism from environmental groups. While the move prioritises oil and gas and aims to strengthen the balance sheet, it underscores a pivot toward shareholder returns over climate goals. We’re comfortable continuing to hold BP in our non-sustainable funds; however, we have downgraded the company’s environmental score in light of this strategic shift.’