BARNETT WADDINGHAM
Part of HOWDEN

Implementation Statement

Phoenix Medical Supplies Pension Scheme

Purpose of this Statement

This Implementation Statement has been approved by the Trustees of the **Phoenix Medical Supplies Pension Scheme ("the Scheme")** to set out the following information over the year to **31 March 2026:**

- How the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

Changes to the Scheme's investment strategy over the year

Over the year, the Scheme disinvested from the majority of its investments and the monies released were used to purchase a bulk annuity policy with Canada Life ("the Insurer") in January 2026. As such, the Scheme's investments as at 31 March 2026 comprised the bulk annuity policy and a small residual holding in the Legal & General ("L&G") Sterling Liquidity Fund.

Whilst the Scheme was invested in other pooled funds over the period under review, these have been excluded from this Statement based on the following rationale:

- The Scheme fully disinvested from its growth-focused assets in May 2025. Whist these are the assets for which voting and engagement practices are expected to be most relevant, they have been excluded given the limited time for which they were held during the review period.
- The Scheme fully disinvested from its credit and gilt holdings in December and January 2026. Voting and engagement practices are expected to be less relevant for these funds given the nature of the underlying assets. Therefore, in order to take a proportionate approach, these funds have been excluded as they were not held at the year-end.

Stewardship policy

The Trustees' Statement of Investment Principles ("SIP") in force at 31 March 2026 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in February 2026 and has been made available online here:

https://www.phoenixmedical.co.uk/en/phoenix-in-uk/annual-statements-policy-documents

The stewardship policy was updated over the period under review to reflect the purchase of the bulk annuity policy.

Given the Scheme's investments comprise the bulk annuity policy and a small liquidity holding, the Trustees' view is that there is limited scope for stewardship policies to have a meaningful impact in relation to the Scheme. As a result, the Trustees have resolved not to set stewardship priorities.

How voting and engagement policies have been followed over the year

The Trustees note that they have no ability to influence the voting and engagement activities undertaken on behalf of the Insurer. Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, alongside the voting policy (where applicable), is the responsibility of the Insurer.

Based on the information provided by the Scheme's investment manager, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- Outside of the bulk annuity policy, the Scheme invests entirely in pooled funds and, as such, delegates responsibility for carrying out voting and engagement activities (where applicable) to the Scheme's investment manager.
- Due to a number of controls at both the manager and counterparties, the impact of engagement on the risk and return of the L&G Sterling Liquidity Fund is limited. Given the nature of the holdings underlying this allocation, the Trustees will review and monitor the Scheme's policies on voting and engagement as deemed appropriate, considering the risks that present themselves.
- Environmental, social and governance ("ESG") factors were considered by the Trustees in their assessment of the Insurer's offering.

The Trustees are comfortable that their stewardship policies have been met over the period.

Voting and engagement

Neither the bulk annuity policy nor the allocation to the L&G Sterling Liquidity Fund have voting rights attached and there is a limited ability to engage with key stakeholders given the nature of these mandates.

Whilst engagement activities are limited for the Scheme's liquidity allocation, L&G were involved in 2,911 engagements with companies over the year to 31 March 2026. This gives the Trustees comfort that, as an institution, L&G engages with the entities in which they invest.

Illustrative engagement example

L&G | Microsoft

Microsoft is among several companies that L&G feel have outsized influence on the integration of artificial intelligence ("AI") into the economy through its software products and cloud operation. L&G believe companies like Microsoft should be transparent in their use of AI and their risk management processes. Given the scale of the company's cloud and digital operation globally, L&G feel the human rights risks in its operation and in the value chain remain high.

The objective of L&G's engagement was for Microsoft to improve its transparency, governance and risk management regarding the use of AI and human rights. L&G first engaged with Microsoft on the topic of AI governance in 2023, following the publication of their "safe AI" expectations. Among big tech companies, L&G have considered Microsoft to be a transparency leader over the past few years.

In late 2025, L&G met with the company again ahead of their Annual General Meeting ("AGM") to discuss shareholder resolutions that had been filed, in relation to AI and data governance and human rights. They wanted to understand how Microsoft is approaching these issues and what measures the company has taken to manage relevant risks.

Given the corrective actions the company has taken in response to stakeholder feedback, L&G voted against two shareholder resolutions on the topic of human rights in their 2025 AGM. However, they voted for a shareholder proposal requesting a report on AI data usage oversight, as they feel the regulatory environment is changing quickly and there are increased legal and reputational risks related to copyright infringement associated with its data sourcing practices.

L&G note Microsoft has improved its transparency on responsible AI governance and human rights over the past few years. Although L&G feel the company's disclosures on AI governance are generally better than its international peers, they believe the company could further improve its data governance disclosures, especially in relation to government requests for content removal and user data. The company has made amendments to internal risk classification process for projects, and which type of projects would require additional human rights due diligence, which L&G view positively. L&G will continue to monitor progress in AI governance and related processes.

Approved by the Trustees of the Phoenix Medical Supplies Pension Scheme

October 2026