Wellcome Trust Pension Plan – DB Assets

Engagement Policy Implementation Statement for the year ended 31 December 2025

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustee of The Wellcome Trust Pension Plan (the "Plan") has been followed during the year to 31 December 2025. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated June 2022.

The Trustee can confirm that, in its view, all policies in the SIP relating to the Plan's DB assets have been followed during the year.

Statement of Investment Principles

Investment Objectives of the Plan

The Trustee's primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustee also aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan. The Trustee also received confirmation from the Plan Actuary during the process of amending the recently updated investment strategy that its investment objectives and the resultant investment strategy would be consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

Review of the SIP

No changes were made to the SIP during 2025, which was updated in December 2024 to reflect the transition to an updated set of investment arrangements (implemented during 2025).

This updated set of investment arrangements included the introduction of a bespoke LDI portfolio and a bespoke Global Buy & Maintain Credit portfolio into the Plan's investment arrangements, to further align the Plan's assets with the Trustee's primary investment objective. There was no change in investment manager as a result of the change, with the Plan's DB assets continuing to be managed by Legal & General ("L&G").

Assessment of how the policies in the SIP have been followed during the year

It is the Trustee's view that the policies set out in the SIP were followed during the year ending 31 December 2025, as described below:

Investment Mandates		
Requirement	**Trustee Policy**	**How has the Policy been met over the year?**
Securing compliance with the legal requirements about choosing investments	As required by legislation, the Trustee consults a suitably qualified person when making investment selections by obtaining	The Trustee confirms that advice was received from its investment advisor where required.

	written advice from its Investment Consultant.	
Realisation of Investments	The Trustee's policy is to invest in pooled vehicles, which in turn invest in securities traded on recognised exchanges.	At year end, the Plan held a unit-linked policy of insurance with Legal and General Assurance (Pensions Management) Limited ("PMC"). Under this approach the underlying securities are managed by PMC and not held directly by the Plan.

Environmental, Social and Governance ("ESG")		
Requirement	**Trustee Policy**	**How has the Policy been met over the year?**
Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments	The Plan's SIP outlines the Trustee's beliefs on ESG factors (including climate change). The Trustee keeps its policies under regular review.	The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager, and to encourage the manager to exercise those rights in accordance with the SIP. The Plan invests through pooled fund arrangements and so acknowledges that the investment manager exercises those rights in accordance with their own corporate governance policies on behalf of all investors in its funds. In doing so L&G takes account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. More detail on L&G's engagement activities can be found later in this report.

Voting and Engagement Disclosures		
Requirement	**Trustee Policy**	**How has the Policy been met over the year?**
The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the	The Trustee has delegated its voting rights to its investment manager. Where applicable, the investment manager is expected to provide voting summary reporting on a regular basis, at least annually. The Trustee does not use the direct services of a proxy voter, although the investment manager may employ the services of proxy voters	During 2025, voting and engagement summary reports from the Plan's investment managers were provided to the Trustee for review to ensure that they were aligned with the Trustee's policy. The Trustee does not use the direct services of a proxy voter. The Trustee supports the aims of the UK Stewardship Code and its investment managers are

circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters).	in exercising their voting rights on behalf of the Trustee. Further details are set out in Appendix 1 of the SIP. In addition, it is the Trustee's policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.	encouraged to report their adherence to the Code. Within the DB Section, L&G has confirmed that it is a signatory of the 2020 UK Stewardship Code.

Monitoring the Investment Managers		
Requirement	**Trustee Policy**	**How has the Policy been met over the year?**
Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies.	The Trustee's DB policy is set out in Section 9 of the SIP.	The Trustee receives monitoring reports on the performance of the Plan, which presents performance information over 3 months, 1 year and 3 years on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of performance. The Trustee uses the wider relationship of the Sponsor to negotiate a competitive fee. The Trustee considers that the method of remunerating investment managers is consistent with incentivising them to make decisions governed by their respective mandates. Investment managers are remunerated as a percentage of assets managed, with no performance fees or minimum / maximum holding periods. As a result, the investment managers may be replaced without financial penalty (although transition costs may apply) should the Trustee believe this is appropriate.
Evaluation of asset managers' performance and remuneration for asset management services	The Trustee's policy is set out in Section 5.3 and 5.4 of the SIP.	The Trustee receives monitoring reports on the performance of the Plan, which presents performance information over 3 months, 1 year and 3 years on a net of fees basis. The reports show the absolute performance and performance against the manager stated benchmark, where applicable. It also provides returns of market indices so that these can also be used to help

		inform the assessment of the underlying manager's performance.
Monitoring portfolio turnover costs	The Trustee's policy is set out in Section 9.5 of the SIP.	The Trustee does not have an overall portfolio turnover target but receives MiFID II reporting from the investment manager annually, which provides this information.
The duration of the arrangements with asset managers	The Trustee is a long-term investor and does not seek to change the investment arrangements on a frequent basis. Further details of the Trustee's policy are set out in Section 4.2 of the SIP.	The Trustee is a long-term investor. However, during the Plan year, the Trustee made a change to its portfolio in the form of allocations to bespoke LDI and Corporate Bond portfolios. This was driven by strategic reasons and not investment manager performance concerns, and in particular the Trustee has not changed its investment manager.

Strategic Asset Allocation		
Requirement	**Trustee Policy**	**How has the Policy been met over the year?**
Kinds of investments to be held, the balance between different kinds of investments and expected return on investments	The Trustee's policy on the kinds of investments to be held and the balance between different kinds of investments can be found in Section 2 of the SIP.	The Trustee introduced bespoke LDI and Corporate Bond portfolios to the Plan during the year, to further align the Plan's assets with the Trustee's primary objective. In doing so, the exercise served to confirm the suitability of the balance of the assets and its appropriateness compared to the Plan's objectives and liability profile.
Risks, including the ways in which risk are to be measured and managed	The Trustee recognises a number of risks involved in the investment of the assets of the DB Section and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found in Section 8 and Annex A of the SIP.	The Trustee maintains a register of key risks, including investment risks and ESG factors, which is reviewed annually by the Trustee or more frequently if new risks are identified. The register of key risks rates the impact and likelihood of the risks and identifies mitigating factors and additional action taken.

Engagement Activity by the Plan's Investment Manager

Voting behaviour

L&G's voting decisions are made by their Investment Stewardship team and in accordance with their 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 the 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. The full voting record and L&G's voting policies can be found on L&G's website: https://vds.issgovernance.com/vds/#/MjU2NQ==/

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 they do not outsource any part of the strategic decisions. L&G's use of ISS recommendations is purely to augment their 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 L&G receive from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with L&G's position on ESG, they have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G consider are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

L&G summarises its voting record across all markets each quarter. This information is available on request.

Examples of L&G's engagement activities during the 12 months to 31 December 2025

Active ownership, which is a broader topic than voting in isolation, forms a key part of how L&G conducts responsible investing. This is reflected in the following activities conducted on behalf of the Plan.

- Company engagement
- Using voting rights globally, with one voice across all active and index funds
- Addressing systemic risks and opportunities
- Seeking to influence regulators and policymakers
- Collaborating with other investors and stakeholders

The examples below demonstrate some of the specific initiatives undertaken by L&G in this regard during the year.

Climate impact pledge

The Climate Impact Pledge ('CIP') is L&G's climate-focused engagement programme, targeting 20 'climate-critical' sectors which are responsible for the most global greenhouse gas emissions from listed companies, as well as being the most carbon intensive sectors in L&G's portfolios. Through a quantitative assessment of c.5,000 companies and direct engagement with c.100 companies, L&G aim to drive improvements in approaches to the climate transition. Companies that do not meet L&G's published minimum standards may receive a vote against the relevant director at their AGM and, for the qualitatively assessed companies, may be excluded from certain L&G funds (and potentially reinstated if they subsequently improve).

Key facts and figures from L&G's 2025 CIP engagement include:

- 245 votes against companies in the quantitative stream, a 46% improvement versus 2024
- 28 votes against companies in the qualitative stream, a 24% improvement versus 2024
- Following improvement, 1 company was reinstated in applicable funds: Cosco Shipping Holdings (which had been on the CIP divestment list since 2023)
- 15 companies remain on the CIP divestment list (for applicable funds)

Deforestation campaign

This year, L&G integrated their deforestation campaign letters into the broader outreach of their Climate Impact Pledge, to streamline the communications that companies receive from them. L&G sent 2,900 climate and deforestation letters to companies in March and April 2025. The letters were divided into three 'batches', depending on whether the focus was climate, deforestation or both. The aim of the letters was:

- To communicate L&G's campaigns and expectations
- To direct companies to their Climate Impact Pledge score website, as an assessment tool
- To call companies to action on improving areas highlighted as amber or red under L&G's Climate Impact Pledge Score (which includes indicators for both elements of their deforestation expectations)
- To communicate the potential vote implication for companies not meeting L&G's minimum expectations

Policy dialogue

UK Highlights: Deforestation

L&G are active members of the Investors Policy Dialogue on Deforestation (IPDD), an investor-led sovereign engagement initiative that aims to halt deforestation. Through their membership and participation, L&G contribute to discussions, research and engagements with governments in countries that are vulnerable to deforestation, contributing to policy dialogue. L&G's Asset Management business co-chairs a working group established by the IPDD. This group will engage on the deforestation-free commodity regulations being debated and implemented in the UK, US, Europe and latterly China.

Following the introductory IPDD letter sent to the UK Department for Energy Security and Net Zero (DESNZ) in October 2024, members of the IPDD Consumer Countries working group met with Minister for Climate, Kerry McCarthy and other DESNZ representatives in January 2025. IPDD members, including L&G, shared views on the importance of addressing deforestation, key barriers and opportunities, and how institutional investors can support government dialogues on this topic.

International highlights: Income inequality

Looking back at the 2025 AGM season in Japan, L&G can highlight a number of shifts that they believe are the result of sustained pressure from domestic and international investors, regulatory nudges, and a growing recognition among corporate leaders that good governance and addressing sustainability issues are strategic advantages. Some of L&G's key observations are as follows:

- Since 2022, L&G applied a voting policy whereby companies holding 20% or more of their net assets to cross shareholdings may face a vote against management. The number of their votes against management on this issue has steadily decreased, from 154 during Q2 2022 to 75 during Q2 2025.

- L&G's votes against directors at Japanese companies on independence grounds decreased by 35% in comparison to the 2024 AGM season, despite having strengthened their criteria with a 12-year limit expectation on tenure.

- L&G's increase in votes on diversity was driven by the ratcheting up of their expectations, which now extend to TOPIX 500 companies having at least 15% female board representation, and boards of all Japanese-listed companies having at least one female director.

- On diversity, the focus in Japan is shifting from token representation to meaningful participation – ensuring both male and female directors contribute effectively to board discussions.

Analysing the voting data over time provides L&G with an indication of broader market trends and also helps them assess whether their policies are balancing ambition with reality, and the time it takes for companies to make the improvements they seek.

As Japan's 2025 proxy season drew to a close, it became clear that the market is undergoing a quiet but meaningful transformation. Companies are increasingly unwinding cross-shareholdings, appointing more independent directors, and enhancing board diversity, supported by the FSA's Action Program for Corporate Governance Reform and the Tokyo Stock Exchange's reforms to improve corporate capital efficiency. These are not just box-ticking exercises; L&G believe they signal a deeper commitment to long-term value creation.

Company specific

Shell

A shareholder proposal (Resolution 22) was filed at the 2025 AGM requesting the company to disclose whether and how its demand forecast for liquified natural gas ('LNG'), LNG production and sales targets and new capital expenditure in natural gas assets are consistent with climate commitments, including the target to reach net zero emissions by 2025. This proposal enabled L&G to engage in a series of highly technical and detailed discussions with the company.

L&G's primary focus in their engagement has been on understanding the balance sheet risks associated with the company's growing exposure to LNG, and on ensuring the company demonstrates business resilience across multiple climate transition scenarios. After careful consideration, L&G did not support Resolution 22 as it required clear commitments that the company will enhance its reporting in line with L&G's expectations—specifically, providing detailed disclosures on stranded asset risks and financial resilience related to Shell's growing exposure to LNG. These gaps were key reasons L&G were unable to support the company's climate transition strategy at its 2024 AGM.

Significant votes for the Plan during the year

In determining significant votes, L&G takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) and the Plan's Statement of Investment Principles. 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

The Plan was invested c.11.5% in PF Section TSGW, a bespoke the global equity portfolio for the Plan (tracking the L&G ESG Ex-Tobacco Developed Markets Index) as at 31 December 2025. Significant votes for this fund during the year to 31 December 2025 have been summarised in the table below:

The Trustees deem this voting behaviour to be in line with the Plan's stewardship priorities, which include but are not limited to climate change, biodiversity, diversity and ethnicity, remuneration and governance.

Company Name	**Details of Vote**
Microsoft Corporation	**Date of vote**: 05/12/2025 **Approximate size of Fund's holding:** 0.56% **Summary of the resolution:** Resolution 1f: Elect Director Satya Nadella **How L&G voted:** Against **Rationale for voting decision:** Joint Chair/CEO: A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. **Why was the vote 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. **Outcome:** Pass
Computershare Limited	**Date of vote**: 13/11/2025

	Approximate size of Fund's holding: 0.01% **Summary of the resolution**: Resolution 2: Elect Tiffany Fuller as Director **How L&G voted:** Against **Rationale for voting decision:** Auditor independence - Accountability: L&G note concerns with the auditor's independence given their long tenure and/or excessive non-audit fees being paid. As shareholders are not afforded a separate resolution to vote on the auditor's ratification, a vote against the Audit Committee member is warranted to highlight L&G's concerns. **Why was the vote significant?** Whilst L&G views gender diversity as a financially material issue for their clients, a vote against was made as a proxy to highlight concerns in another area. **Outcome:** Pass
Palo Alto Networks Inc.	**Date of vote**: 09/12/2025 **Approximate size of Fund's holding:** 0.03% **Summary of the resolution:** Shareholder Resolution - Board structure: A vote in favour is applied as L&G supports a declassified board as directors should stand for re-election on an annual basis. **How L&G voted:** For **Rationale for voting decision:** Shareholder Resolution - Board structure: A vote in favour is applied as L&G supports a declassified board as directors should stand for re-election on an annual basis. **Why was the vote significant?** High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received. **Outcome:** Pass
Fox Corporation	**Date of vote**: 14/11/2025 **Approximate size of Fund's holding:** 0.01% **Summary of the resolution:** Resolution 1a: Elect Director Lachlan K. Murdoch **How L&G voted:** Against **Rationale for voting decision:** Joint Chair/CEO: A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. Board mandates: A vote against is applied because we 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. Shareholder rights: A vote against is applied because L&G supports the equitable structure of one-share-one-vote. We expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure. **Why was the vote 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.

	Outcome: Pass
Lam Research Corporation	**Date of vote**: 04/11/2025 **Approximate size of Fund's holding:** 0.09% **Summary of the resolution:** Resolution 6: Reduce Ownership Threshold for Shareholders to Call Special Meeting **How L&G voted:** For **Rationale for voting decision:** Shareholder Resolution - Shareholder rights: A vote in favour is applied as the current threshold necessary to call a special meeting is high and this resolution is seeking to reduce the threshold. **Why was the vote significant?** High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received. **Outcome:** Fail

How many meetings were you eligible to vote at over the year: 1,438
How many resolutions were you eligible to vote on over the year: 20,512
What % of resolutions L&G voted on where eligible: 99.90%
Of the resolutions on which L&G voted, the % voted with management was: 77.39%
Of the resolutions on which L&G voted, the % voted against management was: 22.17%
Of the resolutions on which L&G voted, the % abstained was: 0.44%