Engagement Policy Implementation Statement for the Year Ended 31 March 2026
Kingston Communications Pension Scheme ("the Scheme")

1. INTRODUCTION

The Engagement Policy Implementation Statement (known as the "Statement") presents the Trustee's assessment of its adherence to its engagement policy and policy concerning the exercise of rights (including voting rights) attaching to the Scheme's investments throughout the one-year period ending 31 March 2026 (the "Scheme Year").

The Trustee's policies are outlined in its Statement of Investment Principles (SIP). The SIP was last reviewed in June 2025. A copy of the Trustee's SIP is available at https://www.kcom.com/responsibility/corporate-governance/pension-schemes/.

This Statement has been prepared in accordance with the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019* and the guidance published by the Department for Work and Pensions.

The day-to-day management of the Scheme's assets over the Scheme Year was delegated to Cardano Risk Management Limited (the "Fiduciary Manager"). In advance of the appointment, the Trustee took steps to ensure that the management of the Scheme's assets and the Fiduciary Manager's policies were aligned with the Trustee's own policies. The Trustee continues to monitor the Fiduciary Manager, as part of their regular interactions.

During the Scheme year, the acquisition of the Fiduciary Manager by Mercer completed, on 1 January 2026. Following the integration of the Fiduciary Manager and Mercer, the Scheme's contract remains with the Fiduciary Manager (now called Mercer Risk Management Limited) ("MRML").

The Trustee monitors the voting and engagement activity of the Scheme's investment managers, and, through the Fiduciary Manager, challenge their decisions as appropriate.

The Trustee focuses its efforts on those investment managers where voting and engagement is material.

The Scheme follows a cashflow-driven investment strategy which does not include any investments that have direct or indirect voting rights attached to them

The cashflow-driven investment strategy largely invests in government and corporate bonds, and these assets do not provide investors with voting rights. This means there is no voting activity to report.

The Trustee recognises that the underlying investment managers' engagement with the underlying issuers of these bonds is important to the management of the investment strategy. The Scheme's engagement policies and activities are covered in this Statement.

The policies of those investment managers are summarised in this Statement, along with examples of the type of engagement activity which took place during the period covered by this Statement. All the investment managers use investment approaches where voting activity is less likely to be relevant or significant. That said, the Trustee is comfortable that our Fiduciary Manager has an appropriate approach to assess the stewardship and voting policies for all investment managers, and we receive a summary of the Fiduciary Manager's overall assessments of each manager once a quarter.

Section 2 of this Statement outlines the Trustee's stewardship policy and evaluates the extent to which it has been followed during the Scheme Year.

Section 3 provides examples of the type of engagement activity which took place during the period covered by this Statement. All the investment managers use investment approaches where voting activity is less likely to be relevant or significant. That said, the Trustee is comfortable that our Fiduciary Manager has an appropriate approach to asset the stewardship and voting policies for all investment managers.

Considering the analysis presented in Sections 3, the Trustee believes that its policies with regard to engagement and the exercise of rights attaching to investments have been successfully followed during the Scheme Year.

2. TRUSTEE'S STEWARDSHIP POLICY INCLUDING ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, AND CLIMATE CHANGE

Policy Summary

"Stewardship" is the responsible allocation, management and oversight of capital to create long-term value for members, which should also lead to sustainable benefits for the economy, the environment and society. In practice, stewardship is effected through exercising the right to vote on any shares which are owned by the Scheme and engaging with the management of any companies or properties where an investment has been made.

The Trustee's Stewardship policy is outlined in the Scheme's SIP. The Trustee has agreed to the following approach:

"The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attached to investments to the investment managers. The Fiduciary Manager encourages the Scheme's investment managers to discharge their responsibilities in respect of investee companies in

accordance with the Stewardship Code published by the Financial Reporting Council (and the Trustee monitors the Fiduciary Manager's activity in this regard). The Trustee prefers its investment managers, where relevant, to have an explicit strategy, outlining the circumstances in which they will engage with a company (or issuer of debt or stakeholder) on relevant matters (including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance matters) and how they will measure the effectiveness of this strategy. The Fiduciary Manager is responsible for engaging with investment managers regarding those investment managers' voting records and level of engagement with the underlying investments, where this is expected to have meaningful impact (and the Trustee monitors the Fiduciary Manager's activity in this regard)."

The Fiduciary Manager is responsible on an ongoing basis for engaging with our investment managers. For managers where it is expected to have a meaningful impact, the Fiduciary Manager monitors voting records and the level of engagement with underlying investments.

The Trustee has selected three stewardship priorities for manager engagement in order to improve alignment against our policies and beliefs as well as enhance disclosure. These priorities are linked to the UN Sustainable Development Goals with an international endeavour in mind and aim to improve sustainability within the portfolio and have a direct real-world impact to our members' current and future landscape. The Trustee's three stewardship priorities are:

- Climate Crisis (with a focus on climate change and net zero greenhouse gas emissions)
- Environmental Impact (with a focus on biodiversity, deforestation and water)
- Human Rights (with a focus on living wages gender equality and health & nutrition)

How the Policy has been implemented over the Scheme Year?

The Trustee holds investments primarily on an indirect basis through pooled funds. The reason for this approach is that:

- It provides a broader range of investment opportunities, which helps to improve the diversification of investments, and in turn helps to manage risk;
- Fixed costs are shared amongst other investors, thereby reducing the Scheme's overall costs; and
- It simplifies the implementation process as existing funds can be used with standard terms and agreements, reducing the overall governance burden both on the Trustee and the Sponsor.

Where investments are made in pooled funds the Trustee follows the voting and engagement policies of the investment managers of the pooled funds. However, the Trustee remains responsible for ensuring that the investment managers our Fiduciary Manager appoints act consistently with the Scheme's Stewardship Policy.

The Trustee assesses that the Fiduciary Manager has been aligned with its Stewardship Policy throughout the year. The Fiduciary Manager has been a signatory to the UN Principles for Responsible Investment since 2011 and they are a signatory to the UK Stewardship Code 2020.

In addition, the Fiduciary Manager is a member of a range of sustainable investment organisations, some of which are noted below.



To manage engagement efficiently, the Trustee has delegated the day-to-day implementation of its beliefs to the Fiduciary Manager, having concluded that the Fiduciary Manager's core beliefs are consistent with its own. The beliefs driving the Fiduciary Manager's approach to engagement are as follows.

Quality over quantity

- The Fiduciary Manager is interested in a few meaningful quality engagements, with strong reporting (rather than, being interested in the quantity of votes). They want managers to prioritise the highest sustainability impacts in their portfolios

Long-term

- The Fiduciary Manager encourages underlying managers to form long-term relationships with companies. Successful stewardship can take many months, maybe even years

Real world impact

- The Fiduciary Manager is interested in engagement on topics that contribute to positive real-world sustainability impact (such as, reduction in absolute carbon emissions)

Transparency

- Some engagement, perhaps even most engagement, will be unsuccessful. The Fiduciary Manager is realistic, and they prefer transparency from managers

Collaboration

- Engagement is more efficient when managers collaborate – not just for the managers, but for the companies too (who will field fewer, but higher conviction, engagements from their investors). The Fiduciary Manager encourages underlying managers to participate in collaborative initiatives, such as Climate Action 100+

Innovation

- The Fiduciary Manager welcomes innovation, for example, third-party tools to assess a company's conviction on sustainability topics

Integrated

- The Fiduciary Manager is interested in how (if at all) stewardship contributes to the investment thesis and whether managers link their stewardship to other engagement activity (for example, policy engagement)

3. TRUSTEE'S POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO SCHEME INVESTMENTS

Manager selection and monitoring

When selecting investment managers, the Fiduciary Manager scrutinises the stewardship, voting and engagement policies. Activities of investment managers are assessed before the initial investment to ensure they align with the Trustee's Stewardship Policy. The Fiduciary Manager monitors the Scheme's investment managers on an ongoing basis; ensuring their activities align with its Stewardship Policy and engaging with its investment managers to help them improve their stewardship approach. The Fiduciary Manager closely monitors investment managers who do not meet its stewardship standards and actively works with them to improve their policies, processes and reporting.

The Trustee monitors any voting and engagement activity of its investment managers and challenges their activity through the Fiduciary Manager. The Trustee categorises its managers according to how material voting and engagement is in their mandate, focusing efforts on managers where voting and engagement is material. The Trustee recognises that, for the majority of assets the Scheme owns (in particular, bonds, credit and bonds in synthetic form), voting is not possible. However, the Trustee recognises that engagement with the underlying issuers of these bonds is important for the management of the investment strategy. The Fiduciary Manager therefore categorises our managers according to how material engagement is in their mandate. The Trustee focuses its efforts on any investment managers where engagement is material.

The stewardship policies of the investment managers where their engagement activities are material to the Scheme are summarised below in the managers own words:

Manager	Stewardship policy
Mercer	Our investment philosophy emphasises the importance of strong governance and effective stewardship as we believe stewardship plays a crucial role in improving investment outcomes.

	Effective stewardship and engagement with companies, policymakers and stakeholders plays an important role in value creation through the deployment of investor rights and influence. Clear stewardship objectives, meaningful escalation mechanisms in response to unsuccessful engagements, and the feedback loop between stewardship activities and portfolio positioning (including, in some cases, exclusions) are all key to effective stewardship. Stewardship, which involves using voting rights and engaging with companies, can be enhanced through industry-based collaborative initiatives that promote the sharing of public information among investors. This sharing of information helps support each investor in making well-informed decisions.

Mercer's publicly available Sustainability Policy outlines Mercer's investment philosophy and approach to managing sustainability risks and opportunities. The Stewardship Policy provides further details on Mercer's stewardship practices

Manager Engagement Activity

Manager	Engagement theme	Engagement Activity Objective	Outcome
Mercer B&M Corporate Bonds	Living Wage	Mercer is active in several coalitions that aim to drive change on the topic of living wages, including the ShareAction Good Work Coalition, which focuses on improving labour standards in the UK retail sector. It is one characterised by large workforces and a high proportion of low-paid roles. The main objective of the engagement is to drive companies towards accreditation with the Real Living Wage Foundation, guaranteeing Real Living Wage rates to direct employees and third part contractors.[1] At the beginning of the year Mercer, as part of the Coalition, escalated its efforts by co-filing a shareholder resolution at Next calling for greater transparency around workforce pay. The filing reflected concerns that Next's base rates for both direct employees and contractors remain below the rates set by the Living Wage Foundation, while previous engagement had stalled and company responsiveness to investor outreach had been limited. The resolution requested clearer disclosure to help investors assess how Next sets pay for direct and contracted staff, how many workers may be paid below the Real Living Wage, and the potential cost of aligning pay fully with Living Wage Foundation benchmarks. This information is important for understanding the company's exposure to low-pay risks and the steps it may need to take to strengthen its labour practices. Following the filing of the resolution, Mercer and coalition members met with Next's CEO and Company Secretary. While the discussion allowed for an open exchange on labour rights and pay practices, the company did not commit to additional disclosures. As a result, the resolution proceeded to a shareholder vote.	Although the resolution did not pass, it received meaningful support from shareholders, signalling growing investor concern around low pay and strengthening the coalition's mandate for continued engagement. As the level of support exceeded 20%, in line with the UK Corporate Governance Code, the company is expected to engage with shareholders and publish an update within six months outlining how they have responded to the concerns raised.

[1]The Real Living Wage rate is independently calculated by the Living Wage Foundation based on the actual cost of living in the UK. It is higher than the legally binding National Minimum Wage and National Living Wage, which are set by the UK government.

Fund	Engagement theme	Engagement Activity Objective	Outcome
Mercer Multi-Asset Credit	Environmental	To investigate and address potential biodiversity risks associated with legacy mining and processing activities of a leading lithium-ion battery materials technology company. The focus was on understanding the progress of remediation efforts at decommissioned European mining sites, assessing the environmental and economic impacts of these activities, and engaging with management to ensure responsible ecosystem rehabilitation aligned with the company's shift toward a circular materials business model.	Management confirmed completion of remediation at a site in January 2025, detailing the treatment and rehabilitation process. Plans for decontamination at another site were confirmed to start later in 2025. MSCI downgraded the company's risk rating to Green following these remediation actions. Additionally, the company updated its biodiversity guidance policy in Q1 2025, enhancing impact assessments across its global value chains, including deforestation and ecosystem considerations, and outlining climate mitigation and adaptation efforts.