SSE Southern Group of the ESPS – Implementation Statement

Statement of Compliance with the SSE Southern Group of the ESPS Stewardship Policy for the year ending 31 March 2026.

Introduction

The Group Trustee has prepared this Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and subsequent amending legislation, and those of the Pensions Regulator's General Code of Practice. This statement sets out how the Group Trustee has complied with the Group's Stewardship Policy (as set out in the Statement of Investment Principles) during the period from 1 April 2025 to 31 March 2026. It also describes the voting behaviour of the Group's managers, undertaken on behalf of the Group Trustee, including the most significant votes cast during that period.

Statement of Investment Principles

The Statement of Investment Principles (SIP) sets out the investment principles and practices the Group 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 investments made on behalf of the Group, as well as the Group Trustee's approach to responsible investing (including a separate Stewardship Policy, discussed in the next section).

The Group Trustee last reviewed and updated the SIP in September 2025. There were no major changes made to the SIP as part of this review, with some minor wording updates. The SIP is scheduled for its next review during the second half of 2026.

The Group Trustee has prepared this Implementation Statement based on the SIP that was in force throughout the year to end 31 March 2026. The reporting within this document is in line with the SIP applicable at the relevant time.

Stewardship Policy

The Group Trustee's Stewardship (voting and engagement) Policy sets out how the Group Trustee will behave as an active owner of the Group's assets, which includes the Group Trustee's approach to:

- The exercise of voting rights attached to assets.
- Undertaking engagement activity, including how the Group Trustee monitors and engages with its investment managers and any other stakeholders.

The Group's Stewardship Policy is reviewed regularly in line with the Group's SIP review, which was last completed in September 2025. There were no changes made to the Group's Stewardship Policy over the last year.

You can review the Group's Stewardship Policy within the Group's SIP at https://ssepensions.com/scheme-documents/.

The Group Trustee has monitored its investment managers' engagement with underlying investee companies, as well as engaging directly with the managers on the areas of their portfolios that the Group Trustee has deemed to require specific attention. Manager adherence to industry codes and initiatives has also been monitored. The Group Trustee is comfortable that the Group's stewardship policies have been followed during the period.

The Group Trustee has delegated voting and engagement activity in respect of the underlying assets to the Group's investment managers. The Group Trustee believes it is important that the investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues that affect a company's financial performance.

Investment governance

The primary objective of the Group is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Group Trustee has overall responsibility for how the Group's investments are governed and managed in accordance with the Group's Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations.

There have been two changes to the Group Trustee Board during the last year, but no change to governance processes.

The Group Trustee has delegated day-to-day investment decisions, such as which individual investments to buy and sell, to the Group's investment managers.

The Group Trustee has agreed with its investment adviser a set of objectives designed to align with the Group Trustee's objectives and investment strategy set out in the SIP. The suitability of these objectives was last reviewed in December 2025 and is scheduled for review again no later than 31 December 2028. The Group Trustee carried out an evidence-based review of the adviser's performance against these objectives in December 2025 and was satisfied that they had been achieved for the year.

The Group Trustee has undertaken training during the year to ensure that its knowledge of investment matters remains up to date. This included introductory investment training for a newly appointed Trustee, covering investment objectives, de-risking and hedging risks.

The investment risks relating to the Group, and expected return of the investment strategy, are described in the SIP.

The Group Trustee's views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what type of assets and areas of the world the Group invests in over the longer term), as well as the style of management adopted by the Group's investment managers.

The Group Trustee produces an annual report to meet the Task Force on Climate-Related Financial Disclosures (TCFD), which feeds into a wider TCFD report produced by the Electricity Pension Trustee Limited (EPTL) as Trustee of the Electricity Supply Pension Scheme (ESPS). EPTL is required to submit a TCFD report covering the ESPS in its entirety. This captures all the Groups within the ESPS and includes detail on each Group's approach to governance and risk management in relation to climate risk and opportunities.

Policy implementation

The Group Trustee's own engagement activity is focused on dialogue with its investment managers, which is undertaken in conjunction with its investment advisers. The Group Trustee meets regularly with its managers and considers the managers' exercise of stewardship both during these meetings and through reporting provided by the Group Trustee's investment adviser.

The Group Trustee also monitors its compliance with its Stewardship Policy on an annual basis and is satisfied that it has complied with the Group's Stewardship Policy over the last year.

Voting activity

The Group Trustee seeks to ensure that the Group's managers are exercising voting rights. Where appropriate, the Group Trustee monitors managers' voting patterns.

During the year ended 31 March 2026, the Group's equity assets were managed by both Legal & General Investment Management (L&G) and Storebrand. In early 2026, the Group replaced its Storebrand Global ESG Plus Equity Fund with the L&G RAFI Multi-Factor Developed Equity Index Fund, as such the reported holding to Storebrand at year end was 0%. The Group Trustee has provided details of the voting activity undertaken within the Group's equity mandates during the year, including the Storebrand mandate, as summarised in the tables overleaf.

L&G (year to 31 March 2026)

L&G Future World Global Equity Index (Pooled Fund)	
Proportion of Group's assets (as at 31 March 2026)	5.0%
No. of meetings eligible to vote at during the year	5,886
No. of resolutions eligible to vote on during the year	60,906
% of resolutions voted	100.0%
% of resolutions voted with management	79.0%
% of resolutions voted against management	20.0%
% of resolutions abstained	1.1%
% of meetings with at least one vote against management	60.6%
RAFI Multi-Factor Developed Equity Index (Pooled Fund)	
Proportion of Group's assets (as at 31 March 2026)	4.9%
No. of meetings eligible to vote at during the year	2,436
No. of resolutions eligible to vote on during the year	31,478
% of resolutions voted	99.9%
% of resolutions voted with management	76.6%
% of resolutions voted against management	22.9%
% of resolutions abstained	0.5%
% of meetings with at least one vote against management	76.7%

Storebrand (year to 31 March 2026)

Storebrand Global ESG Plus strategy (Pooled Fund)	
Proportion of Group's assets (as at 31 March 2026)	0.0%
No. of meetings eligible to vote at during the year	679
No. of resolutions eligible to vote on during the year	9,686
% of resolutions voted	83.3%
% of resolutions voted with management	92.6%
% of resolutions voted against management	6.3%
% of resolutions abstained	0.1%
% of meetings with at least one vote against management	43.9%

The Group Trustee is satisfied that a very high proportion of the eligible resolutions have been voted on behalf of the Group; close to 100% across the Group's existing equity mandates. Furthermore, the Group Trustee is encouraged by a healthy proportion of voting being carried out against company management, as this signifies manager engagement on voting matters.

Significant votes

The Group Trustee has asked its managers to report on any votes in relation to the Group's four key Stewardship themes: Climate Change, Modern Slavery, Board Composition and Biodiversity, as well as those votes the manager deemed to be significant.

Managers were asked to explain the reasons for the vote, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote.

The Group Trustee has identified the following votes as being of greatest relevance to the Group.

L&G

Date	Company	Subject	Manager's vote and rationale	Outcome
24/04/25	The Boeing Company	Modern Slavery – Civil Rights	**For** – L&G supported a shareholder proposal requesting a civil rights audit. L&G supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.	The vote did not pass – 6.5% support
12/12/25	National Australia Bank (NAB)	Biodiversity– Deforestation	**For** – L&G supported a shareholder proposal requesting Disclosure of Financed Deforestation. L&G expects companies to be taking sufficient action on the key issue of climate and nature. They believe enhanced disclosure on financed deforestation exposure would improve transparency on material environmental and credit risks given the banks meaningful exposure to agri-business lending. L&G note NABs reporting largely frames risk around illegal deforestation only and would benefit from additional disclosure.	The proposal was not put to shareholders because the related constitutional amendment required for consideration of the resolution did not pass.
24/06/25	Mastercard Incorporated	Board Composition – Racial Equity	**For** – L&G supported a shareholder proposal to oversee and report on a racial equity audit. L&G voted in favour as they support this information and risk management approach to Diversity.	The vote did not pass - 11.5% support
20/05/25	Shell PLC	Climate Change – Natural Gas	**Against** – L&G voted against the shareholder proposal requesting additional disclosure on whether (and how) Shell's LNG demand forecasts, production targets and planned capital expenditure are aligned with its climate commitments and net-zero ambitions. This decision followed a series of constructive engagements with Shell's leadership, during which the company committed to improving disclosures on stranded asset risks and the financial resilience of its LNG operations. L&G acknowledged the progress made in the company's climate-related reporting, which now provides investors with a clearer basis for assessing climate risks and transition planning. In light of these developments, L&G concluded that the key objectives of the proposal were already being addressed through ongoing company actions and enhanced disclosure.	The vote did not pass - 20.6% support

Storebrand

Date	Company	Subject	Manager's vote and rationale	Outcome
21/05/25	Amazon.com, Inc.	Climate Change – Data Centres	**For** – Storebrand supported a shareholder proposal requesting a report on the impact of Amazon's data centres on the company's climate commitments. Storebrand believed that additional assessment and disclosure would allow shareholders to better evaluate the credibility and achievability of Amazon's net-zero strategy.	The vote did not pass – 20.1% support.
07/05/25	Gilead Sciences, Inc.	Modern Slavery - Human Rights	**For** – Storebrand supported a shareholder proposal requesting the adoption of a comprehensive human rights policy and human rights due diligence process. Storebrand considered this appropriate given the company's exposure to human rights issues and the importance of access to medicines.	The vote did not pass – 39.2% support.
06/11/25	Tesla, Inc.	Board Composition - Executive Remuneration	**Against** – Storebrand voted against a management proposal to approve a new equity award for Elon Musk. While recognising the company's strong financial and operational performance, Storebrand had concerns regarding the scale and structure of the proposed award, including the potential dilution for existing shareholders and the limitations it could place on future remuneration oversight. Storebrand also considered that the proposal did not sufficiently align executive rewards with long-term shareholder interests.	The vote passed – 76.7% support

Engagement activity

While not all the Group's mandates carry voting rights, the Group Trustee takes engagement seriously, aiming to meet periodically with the Group's investment managers. If appropriate, stewardship issues are discussed in further detail and engagement is challenged as necessary.

Over the 12-month period, the Group Trustee engaged with L&G and discussed the following issues:

Date	Fund manager	Subject discussed	Outcome
11/03/26	L&G	L&G was invited to present to the Group Trustee as part of the Group Trustee's ongoing monitoring of its investment managers and review of ESG integration across the Group's mandates.	L&G provided an overview of how ESG factors are integrated across the Group's Buy & Maintain and equity mandates. The presentation covered the Group's climate-aligned Buy & Maintain mandate, including progress towards portfolio temperature alignment and carbon reduction objectives. L&G also provided an update on its Climate Impact Pledge 2025 results.

Summary of manager engagement activity

Reporting on engagement activity from L&G and Storebrand is provided at a company level and is not bespoke to the funds that the Group invests in.

- L&G carried out 2,283 engagements over the year ended 31 March 2026. Specific ESG engagements included 1,851 Environmental, 49 Social 283 Governance engagements, and 100 other engagements.
- Storebrand carried out 296 engagements over the year ended 31 March 2026. Across the ESG spectrum, these largely focused on Social (139) and Environmental (45) issues.

Use of a proxy adviser

The Group's investment managers have made use of the services of the following proxy voting advisers over the Group year to 31 March 2026:

Manager	Proxy Adviser used
L&G	All voting decisions are made in-house by L&G. L&G's use of ISS recommendations is to support the manager's own research and proprietary ESG assessment tools.
Storebrand	Storebrand uses ISS to monitor relevant company events, notify events of special interest and to vote according to the manager's instructions. Storebrand independently monitors ESG votes on high-profile companies to check votes have been approved and properly registered. While proxy adviser recommendations are usually followed, Storebrand follows its own overarching voting policy and retains the discretion to override adviser guidance when it is in the best interests of the fund.

Review of policies

It is the intention of the Group Trustee to review the managers' RI policies together with their voting practices and policies on an annual basis. This review was most recently undertaken by the Group Trustee in May 2026 with the next review is scheduled to be carried out in Q2 2027. The review considered managers' broader approach to RI, their adherence to the relevant industry codes and engagement activities over the year.

The Group Trustee and its advisers remain satisfied that the RI policies of the managers and, where appropriate, the voting and engagement policies remain suitable for the Group.

Cost transparency

As the steward of the Group's assets, the Group Trustee is also responsible for reviewing costs associated with management of the assets to ensure that these accurately reflect value added by the manager and are broadly comparable with industry standards.

The Group Trustee's approach to monitoring these costs is set out in the SIP, which states that:

- The Group Trustee periodically reviews the fees paid to its investment managers against industry standards.
- The Group Trustee will request turnover costs incurred by the asset managers over the Group reporting year.

The Group Trustee most recently reviewed the results of a cost transparency exercise in Q4 2025 for the year to 31 December 2024.