Annual Implementation Statement for Scheme Year 1 October 2024 to 30 September 2025

William Hill Pension Scheme – Defined Contribution Section

Introduction

In accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee of the William Hill Pension Scheme (the "Scheme") is required to produce an annual statement to set out:

- How, and the extent to which, in the opinion of the Trustee, the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the Scheme Year.
- Details of any review of the SIP during the Scheme Year.
- Subsequent changes made with the reasons for the change.
- The date of the last review of the SIP.

The Implementation Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy voter during that year. This is set out in the following disclosures.

This Implementation Statement covers the Scheme's defined contribution ("DC") Section. A separate statement covers the Scheme's defined benefit ("DB") Section. The statement flows directly from and should be read in conjunction with the SIP for the DC Section of the Scheme (in place at the Scheme Year end and dated June 2024) which is available here - www.williamhillpensions.co.uk/library. The table later in this Statement sets out how, and the extent to which, the policies in the DC Section of the SIP have been followed.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the investment objectives it has set. The objectives of the DC Section included in the SIP are as follows:

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The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards its duty as making available a range of investment options and default investment strategies sufficient to enable members to tailor their investment strategy to their own needs.

The Trustee also recognises that members may not feel confident to take investment decisions, as such, the Trustee makes available default investment strategies for each of the two sections – the Pension Savings Plan ("PSP") and the Employee Pension Plan ("EPP").

Review of the SIP

The SIP was updated in June 2024 to include the Trustee's policy on illiquid assets and to reflect the changes made to the investment strategy with effect 30 April 2024, namely the switching of PSP default members who remained invested in the previous Annuity Lifestyle default investment strategy to the current Drawdown Lifestyle default investment strategy.

Investment Strategy Review

The Trustee commenced its most recent investment review in September 2024 with the assistance of the Scheme's investment adviser with further discussions taking place at the 9 December 2024, 24 March 2025 and 16 June 2025 Trustee meetings. The Trustee is considering the recommendations of the investment review within the context of the default investment strategies, alternative lifestyle strategies and self-select fund range in the Scheme.

Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in this section highlights the work undertaken by the Trustee during the Scheme Year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP, relating to the Scheme as a whole and to the default investment strategies. The Trustee considers that it has adhered to all of its policies as set out in the SIP over the course of the Scheme Year.

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	Requirement	Summary of Trustee's policy / key extracts from policy	Summary description and evaluation of work undertaken during the Scheme Year
1	Securing compliance with the legal requirements about choosing investments	In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of a suitably qualified investment advisor. The advice received and the arrangements implemented are, in the Trustee's opinion consistent with the requirements of Section 36 of the Pensions act 1995 (as amended). *SIP section 2.2*	No new investments were implemented over the period covered by this statement. However, during the Scheme Year, the Trustee carried out their triennial investment strategy review and as noted under the "Investment Strategy Review" section of this statement, the Trustee is considering the recommendations of the investment review within the context of the overall strategy for the Scheme.
2	Kinds of investments to be held	The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards their duty as making available a range of investment options and lifestyle strategies sufficient to enable members to tailor their investment strategy to their own needs. The Trustee has made available a range of pooled investment funds (asset classes to include equities, bond and alternatives) and lifestyle strategies which serve to meet the	The Trustee commenced their default investment strategy review in September 2024. The investments (fund type, management style and asset allocation) used in the default investment strategy were reviewed as part of this exercise. As noted under the "Investment Strategy Review" section of this statement, the Trustee is considering the recommendations of the investment review within the context of the default investment strategies, alternative lifestyle strategies and self-select fund range in the Scheme.

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		varying investment needs and risk tolerances of Scheme members. *SIP section 2.2*	
3	The balance between different kinds of investments	In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustee aims to make available a range of options which satisfy the needs of the majority of members. Members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances. Within the default investment strategies, the strategic asset allocation is set to achieve the expected return required to meet the objectives. *SIP section 2.2*	The strategic asset allocation of the default investment strategies and the self-select fund range was reviewed during the Scheme Year. This review took into account the balance between risk and return at the various stages in the default investment strategies. As noted under the "Investment Strategy Review" section of this statement, the Trustee is considering the recommendations of the investment review within the context of the default investment strategies, alternative lifestyle strategies and self-select fund range in the Scheme. The Trustee received quarterly investment performance reports during the Scheme Year, which monitored the risk and return of the underlying components of the default investment strategies and other self-select fund range in the Scheme. As part of this, the Trustee's investment adviser, Mercer, provided manager ratings for overall funds and ESG credentials.
4	Risks, including the ways in which risks are to be measured and managed	The Trustee has considered risk from a number of perspectives in the DC section. The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on the	As part of the review described on page 2, the Trustee considered the risks members are exposed to at different stages of their working lives in the default investment strategies. The trade-off between expected risk and return was also considered.

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		member's age and when they expect to retire. *SIP section 2.3*	The Trustee provides a range of investment options which enables members to reflect the level of risk they wish to take in light of their individual circumstances. The Trustee reviewed its risk register at each quarterly meeting over the Scheme Year, which reflects the risk categories set out in the Trustee's policy. The Trustee monitored fund performance, fund ratings and investment manager updates on a quarterly basis over the Scheme Year. The Trustee remained comfortable with the funds available to members.
5	Expected return on investments	Members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances. In designing the Default Investment Strategies, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The balance between different kinds of investments is decided accordingly. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management. *SIP section 2.2*	An investment performance report was reviewed by the Trustee on a quarterly basis during the Scheme Year. This included performance figures for the components of the default investment strategies and additional self-select fund choices. The investment performance report includes how each investment manager is delivering against their specific benchmark and target. Over the year to 30 September 2025, the L&G Diversified Fund used in the default investment strategies was specifically monitored against its respective aims and objectives as well as being compared to peer group risk and return metrics. As noted above, the trade-off between expected risk and return was considered as part of the triennial investment strategy review.

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6	Realisation of investments	The Trustee's administrators will realise assets following member requests on retirement or earlier where required. The funds are pooled investment funds which are daily-dealt, with assets mainly invested in regulated markets and therefore should be realisable at short notice, based on either Trustee or member demand. *SIP section 2.2*	All funds, including those in the default investment strategies, are daily-dealt pooled investment vehicles, accessed by an insurance contract. Where pooled investment arrangements do not invest assets in regulated markets these are not expected to account for a material proportion of assets. The assets are daily-dealt and realisable at short notice, based on member and Trustee demand. There were no issues relating to the realisation of the funds arising over the Scheme Year to 30 September 2025.
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	The SIP sets out the risks the Trustee believe may be financially material to the Scheme. The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee considers to be financially material considerations in relation to the DC section. *SIP section 2.3* The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will periodically review	A quarterly investment performance report was reviewed by the Trustee on a quarterly basis during the Scheme Year. This included ratings (both general and ESG related) from the investment adviser, and how each manager is delivering against its specific mandate. All funds were rated as the investment adviser's highest rating over the Scheme Year. Over the Scheme Year, a review of the ESG research methodology was carried out. All relevant funds were considered 'ESG integrated'. The passively managed funds aim to track indices, meaning the level of ESG integration within the investment process is not determined by the manager.

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		the investment managers' policies and engagement activities (where applicable). *SIP section 7*	
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee has taken into account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process. *SIP section 7*	This policy remained unchanged over the Scheme Year and reflects current practice.
9	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 circumstances	The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate	The Trustee does not use the direct services of a proxy voter. The appointed investment managers may retain the services of a proxy voting service for the physical exercise of voting rights and for supporting voting research. The Trustee has given its appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best

	under which, the Trustee would monitor and engage with relevant persons about relevant matters)	Governance Code and UK Stewardship Code. The Trustee will periodically review the investment managers' policies and engagement activities (where applicable). The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement. Monitoring is undertaken on a regular basis and is documented at least annually. *SIP section 7*	practice, including the UK Corporate Governance Code and UK Stewardship Code. Investment managers are expected to provide voting summary reporting on a regular basis, at least annually. The reports are reviewed by the Trustee to ensure they align with the Trustee's policy. Over the last 12 months, the Trustee has not actively challenged the manager on its voting activity, as the Trustee had no concerns over L&G or Standard Life's voting activities. The Trustee has equity exposure through the following funds: • L&G – Global Equity Market Weights (30:70) – 75% GBP hedged • L&G – Overseas Equity Consensus Index • L&G – UK Equity (5% Capped) Passive • L&G – World Emerging Markets Equity Index • L&G – Diversified • Standard Life – Managed • Standard Life – With-Profits Fund • Standard Life – Millennium With-Profits Fund The Trustee has established the following stewardship priorities; **Environment**: Climate change, pollution and natural resource degradation; **Social**: Human rights, and **Governance**: Diversity, equity and inclusion (DEI). Voting activity information for the above funds, where available, is summarised in the Appendix.

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10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters)	The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement *SIP section 7*	Investment managers are expected to provide reporting on a regular basis (at least annually), including engagement reports which the Trustee reviews. As the Scheme invests solely in pooled funds, the Trustee requires their investment managers to engage with the investee companies on their behalf. Over the Scheme Year, the Trustee did not carry out any direct engagement activities with its investment managers or underlying investee companies. The Trustee has assessed engagements undertaken by the Scheme's investment managers over the year and is comfortable that the engagement activity was consistent with the Trustee's stewardship priorities.
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustees policies mentioned in sub-paragraph (b) of the legislation [2-8 of this Statement]	Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class or classes they are selected to manage. As the Scheme invests in pooled investment vehicles, the Trustee accepts that it has no direct ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy. *SIP section 8.1*	The manager arrangements were formally assessed as part of the investment strategy review conducted throughout the Scheme Year. The Trustee also monitored the arrangements on a quarterly basis. The Trustee believes passive (index-tracking) investment is an effective philosophy to implement in the DC default investment strategies as this allows the Scheme's assets to largely align with the returns available from the broad market. The Trustee believes in the history, scale and expertise of L&G and Standard Life to effectively implement the Trustee's investment strategy. The Trustee is comfortable that the contractual arrangements in place with the investment managers incentivise them as no performance fees are awarded and the investment managers are aware they can be replaced if performance is consistently below expectations.

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12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	The Trustee's focus is on long term performance but, as noted above, may review a manager's appointment if: • There are sustained periods of underperformance; • There is a change in the portfolio manager or portfolio management team; • There is a change in the underlying objectives of the investment manager; • There is a significant change to the investment consultant's rating of the manager. *SIP section 8.2*	Over the Scheme Year, the Trustee received quarterly performance information from the Scheme's investment adviser to assess whether the investments were performing in line with expectations. This included qualitative observations on the funds' performance over the short and long term in the context of market returns over the corresponding timeframes. The reports also provide returns of market indices which are used to help inform the assessment of the underlying managers' performance. Quarterly monitoring reports also include forward-looking research ratings (both general and specific ESG) from Mercer's manager research team. Additionally, the Trustee assesses the value added by each fund on an annual basis as part of the Value for Members assessment. This considers long term performances, investment manager fees and turnover costs. No changes were made to fund managers over the Scheme Year to 30 September 2025.
13	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in sub-paragraph (b) of the legislation [2-8 of this Statement]	The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis. The Scheme is invested in open-ended funds, for which there is no set duration for the manager appointments. *SIP section 8.4* The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over a variety of periods. The Trustee reviews the absolute performance, relative performance	The Trustee has considered the long-term investment performance of the investment managers on a quarterly basis over the Scheme Year, as well as their investment adviser's views of the investment managers, and are comfortable that the longer term performance and forward-looking capabilities remain suitable. The remuneration for investment managers used by the Scheme is based on assets under management; the levels of these fees has been reviewed as part of the annual Value for Members assessment in respect of the Scheme Year. Value for members was assessed as being good overall; further detail is set out in the Chair's Statement.

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		against a suitable index used as the benchmark, and/or against the managers' stated target performance (over the relevant time period). *SIP section 8.2*	Furthermore, following the previous Value for Members assessment, the Trustee negotiated a reduction in fees paid by members for the following funds. • L&G Global Equity MW (30:70) Index – 75% GBP Hedged Fund • L&G Overseas Consensus Index Fund The new fees took effect from 2 January 2026, outside the Scheme Year. The Trustee is satisfied that the investment fund managers' short-term performance seen over the year is not expected to impact long-term goals. The Trustee continues to monitor performance as part of the quarterly monitoring reports.
14	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	The Trustee does not analyse portfolio turnover costs in detail. However, in future the Trustee may ask managers to report on portfolio turnover costs. *SIP section 8.3*	Over the Scheme Year, the Trustee considered the levels of transaction costs as part of the annual Chair's Statement and Value for Members assessment. The Trustee found that the transaction costs reported were not unreasonable but noted the challenges in assessing these costs due to the lack of agreed industry-wide benchmarks. Given that the Scheme invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Scheme. However, the Trustee will engage with managers if the portfolio turnover is higher than expected as a result of the monitoring undertaken.
15	The duration of the arrangement with the asset manager	The Scheme is invested in open-ended funds, for which there is no set duration for the manager appointments.	No changes were made to the list of the Scheme's appointed asset managers during the Scheme Year to 30 September 2025.

		The Trustee will therefore retain an investment manager unless: • There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager; • The manager appointed has been reviewed and the Trustee has decided to terminate the mandate. *SIP section 8.4*	

APPENDIX

Voting Activity

Voting activity information from each of the underlying investment managers (where provided) over the prior 12 months to 30 September 2025 is summarised in the table below. Voting information for the Standard Life funds (Standard Life Managed Fund, Standard Life With-Profits Fund and Standard Life Millennium With-Profits Fund) is not included as Standard Life have not provided the required information at the time of finalising this Statement ahead of the statutory 7 months after Scheme year-end deadline.

Fund	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
L&G Global Equity Market Weight (30:70) Index – 75% GBP Hedged	72,664	99.9%	80.7%	17.7%	1.6%
L&G Overseas Equity Consensus Index	62,593	99.9%	78.6%	19.5%	1.9%
L&G UK Equity (5% Capped) Passive	9,966	100.0%	93.7%	6.3%	0.0%
L&G World Emerging Markets Equity Index	36,953	100.0%	79.9%	17.2%	2.9%
L&G Diversified	102,334	99.9%	76.3%	22.4%	1.3%

Source: L&G, Standard Life as at 30 September 2025
Voting information was requested from Standard Life but was not provided by the time of finalising this Statement ahead of the statutory 7 months after year-end deadline.

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Significant Votes

The Trustee expects that voting rights are exercised by the appointed investment managers in accordance with their own corporate governance policies and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The undertaking of engagement activities in respect of investments is also delegated to investment managers.

The Trustee agreed the below areas of focus for the Scheme. For reference, the suggestion is to give more focus to fewer topics with appropriate strength, than to too many topics, which may lead to low impact in the end. Further, all topics are closely linked to UN Sustainable Development Goals:

ESG	Priority	Description
Environment	Climate change	Low-carbon transition and physical damages resilience.
Environment	Pollution and natural resource degradation	Air, water and land (forests, soils and biodiversity).
Social	Human rights	Modern slavery, pay and safety in workforce and supply chains, and abuses in conflict zones.
Governance	Diversity, Equity and Inclusion (DEI)	Inclusive and diverse decision making.

The Scheme's investment managers have provided significant vote information across the funds previously noted as containing equities. The significant vote information included in this Statement focuses on the areas described above. As well as this, the Trustee has considered votes to be significant where the holding is larger than 1% within the funds used in the default investment strategies (where available). Where votes do not have a holding larger than 1%, we have selected the vote with the next largest holding. The final outcome column below represents the result of the resolution: Pass or Failed.

Information from Standard Life was requested but not available at the time of writing this Statement.

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L&G Global Equity Market Weight (30:70) Index – 75% GBP Hedged							
ESG Priority	**% Holding**	**Company**	**Date of vote**	**Resolution**	**How the manager voted and rationale**	**Final outcome**	**Next steps**
Climate Change	1.80	Shell Plc[1]	20/05/2025	Request company disclose whether and how its demand forecast for LNG; LNG production and sales targets; and new capital expenditure in natural gas assets; are consistent with climate commitments, including target to reach net zero emissions by 2025.	**AGAINST (in line with management recommendation):** While L&G recognises the intent behind the resolution, they have decided to vote against it following careful consideration. This decision follows a series of constructive engagements with Shell's leadership, during which the company committed to improving disclosures on stranded asset risks and financial resilience related to its LNG operations. L&G acknowledges meaningful progress in Shell's reporting, which now provides a clearer basis for assessing climate-related risks. In light of these developments, L&G believes the resolution's key objectives are being addressed through ongoing company actions.	Fail	L&G will continue to engage with the company, publicly advocate its position on this issue and monitor company and market-level progress.
DEI	1.06	Meta Platforms, Inc.[1]	28/05/2025	Elect Director Peggy Alford	**AGAINST (against management recommendation):** A vote against is applied as L&G expects a company to have at least one-third of women on the board. L&G takes a consistent stance on the structural issue of insufficient gender diversity on boards. Ultimately, it is the responsibility of the Chair, regardless of gender, to ensure that they are building a diverse and qualified board. If they are failing in that regard, then L&G believe it is reasonable that they should deny the Director L&G's vote at re-election.	Pass	L&G will continue to engage with the company, publicly advocate its position on this issue and monitor company and market-level progress.

[1] This vote also applies to the L&G Diversified Fund.

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L&G Diversified							
ESG Priority	**% Holding**	**Company**	**Date of vote**	**Resolution**	**How the manager voted and rationale**	**Final outcome**	**Next steps**
Climate Change	0.23	BHP Group Limited[1]	30/10/ 2024	Approve Climate Transition Action Plan	**FOR (in line with management recommendation):** The critical minerals that mining companies provide are essential to the energy transition. It is clear that BHP has made significant strides in carrying out its core role in the transition in a sustainable manner and has demonstrated this through the substantial alignment of its Climate Transition Action Plan (CTAP) with L&G's framework for assessing mining company transition plans. Therefore, L&G will be supporting BHPs CTAP. Going forwards, L&G will assess the disclosure of progress on BHP's plans for the development of a more targeted methane measurement, management and mitigation strategy, as well as the plans it is executing to support the decarbonisation of steelmaking. L&G will also continue to engage with BHP to ensure resilience whilst navigating the dynamic market for metallurgical coal.	Pass	L&G will continue to engage with the company, publicly advocate its position on this issue and monitor company and market-level progress.

[1]*This vote also applies to the L&G Global Equity Market Weight (30:70) Index Fund.*

Where L&G voted against management, they did not communicate their intent to the company ahead of the vote. L&G publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as L&G's engagement is not limited to shareholder meeting topics.

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Proxy Voting

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. Their 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 receives from ISS for UK companies when making specific voting decisions.

To ensure L&G's proxy provider votes in accordance with their position on ESG, L&G has 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 considers are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

L&G retains the ability in all markets to override any vote decisions, which are based on their 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 L&G to apply a qualitative overlay to their voting judgement. L&G has strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by L&G's service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform L&G of rejected votes which require further action.

Engagement

L&G has provided examples of their engagements and one example is described below.

Heidelberg Materials

Background

In September 2023, L&G saw Heidelberg as having the potential to be a sustainability leader in heavy building materials, with the most ambitious emissions intensity target in the sector, as well as a lead in implementing CCS on its cement capacity through its project in Brevik, Norway.

Recognising that reducing the cement sector's emissions plays a critical role in global decarbonisation, it has been a prominent focus for L&G's climate engagement, including within their Climate Impact Pledge. For Heidelberg specifically, L&G sees the sustainability strategy as a critical driver of value, as:

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- In Europe, the Carbon Border Adjustment Mechanism (CBAM) and phase-out of free allocations of Emission Trading Scheme (ETS) permits means cost-effective investment in decarbonisation leads to a margin advantage;
- While cement generally only represents a small share of overall construction budgets, it is a big component of embodied emissions. As such, L&G believes very low-carbon cement could fetch a price premium in the market as building users value the decarbonisation of their Scope 3 emissions;
- Sustainability improvements require capital investment, which can be inaccessible for smaller operators, hence this could facilitate industry concentration and may, in L&G's view, lead to an increase in Heidelberg's market share.

Engagement

L&G engaged with the company, on several occasions in advance of its May 2025 Capital Markets Day to encourage the leadership to improve disclosure to investors of the value framework for sustainability, to catalyse the value from its sustainability strategy as soon as possible, and to reduce calls for a re-listing or a separation of the US business.

Outcome

The Capital Markets Day met L&G's expectations. The presentations emphasised the value of the sustainability strategy. The financial presentation also gave specific numbers on the margin impact of the Brevik Carbon Capture and Storage (CCS) project, which was very helpful to enable effective modelling of value creation potential. The idea of catalysing value through a separation of the US business was also put aside thanks to a focus on the synergies between the global businesses, through sustainability but also through the application of technology and AI.

Since September 2023, Heidelberg's share price has more than doubled, and the stock has outperformed its peers by 20-30% over the period. This has coincided with a period where the company has meaningfully demonstrated its ability to deliver on one of the most ambitious emissions intensity reduction targets in the sector, while it is also about to start selling its zero-carbon cement product.

L&G believes that this clearly demonstrates environmental and shareholder positive decisions are by no means mutually exclusive and in many cases self-reinforcing.

Source: L&G Quarterly Engagement Report Q3 2025: https://am.landg.com/asset/4abc2e/globalassets/lgim/responsible-investing/q3-2025-quarterly-engagement-report.pdf/