

# Shareholders' Rights Directive (SRDII) Report to 31 December 2025 ClearBridge UK Equity Income Fund (SICAV)

April 2026

## 1. Introduction

As investment managers, we are stewards of our clients' capital — our clients rely on us to responsibly manage their capital to create sustainable long-term value and to minimize related risks. Environmental, social, and governance (ESG) factors are increasingly material to investment decisions and stewardship responsibilities. Engagements are an important part of long-term equity ownership and being responsible stewards of our clients' capital. We engage with our portfolio companies to maintain a dialogue on material topics and provide feedback on their strategy and performance, often requested by the senior management. This helps improve our understanding of a business and its potential for long-term success, and it leads to companies' improved performance on financial and ESG topics, which can lead to positive business outcomes and results.

We take a partnership approach toward driving improvement within corporations, focusing on the impact we can have during our conversations with CEOs, CFOs and corporate sustainability teams over long periods of time. As a firm, ClearBridge conducts over 1,000 company meetings every year, many of which are focused around ESG topics. The frequency with which we engage with a given company can vary as needed. ESG engagement generally has two overlapping objectives:

1. **Research:** Gaining a better understanding of the ESG topics at a company that could impact our investment thesis.
2. **Impact:** Encouraging specific improvements at a company that could lead to positive business outcomes and results.

Company engagements, often consisting of long-term dialogues with company management on relevant material issues, provide valuable insights into topics that frequently appear in shareholder proposals. Company engagements and proxy voting are thus linked aspects of ClearBridge's long-term approach to public equity ownership.

Proxy votes are cast by the portfolio managers of each ClearBridge strategy. In voting proxies, we are guided by ClearBridge Proxy Voting Policies and Procedures, which include proxy guidelines for ESG proposals, and by general fiduciary principles. Our goal is to act prudently and solely in the best interest of the beneficial owners of the accounts we manage. We attempt to provide for the consideration of all factors that could affect the value of the investment and will vote proxies in the manner we believe will be consistent with efforts to support shareholder value.

## 2. Portfolio Commentary

### **How the main elements of the investment strategy contribute to the medium to long-term performance?**

The ClearBridge UK Equities Team (the 'Team') expects long-term performance of its investment strategies to be driven primarily by stock selection decisions made by the portfolio managers. Stock selection is the result of an active and disciplined investment approach, based on bottom-up fundamental research and stock valuations.

The Team's bottom-up approach includes a rigorous financial analysis, as well as the consideration of ESG factors, in order to assess the attractiveness of an investment idea and analyse the risk/reward profile of a company. The Team seeks to identify financially robust companies with attractive long-term prospects, sustainable business models and sound governance structures aligned with stakeholders. Any potential exposure to sustainability and governance risks is examined as this may impact long-term performance. Actions taken by management to address those risks, if any, are also assessed. The investment approach followed by the team also involves a notable degree of engagement with company management on key topics, and the consistent exercise of proxy voting aimed at influencing and representing what the team views as being in the best long-term interest of shareholders.

The portfolio is managed in accordance with the investment objectives and policies, as detailed in the policy documentation. As an integral part of the investment process, investment goals, eligible/permissible instruments, exposure to market cap segments and cash limits, are all captured and reflected in the fund during the portfolio construction phase. Moreover, portfolio holdings and characteristics are continuously monitored by the team, as well as ClearBridge's investment risk oversight function, ensuring that all portfolio holdings and characteristics are in-line with the IMA guidelines.

### **How is the Fund managed in-line with the Prospectus?**

The investment team maintain a strong understanding of their mandates and prospectus investment guidelines. Any prescribed client or regulatory limits are monitored on an ongoing basis. Mandate compliance also forms a key part of our internal risk framework whereby we undertake periodic reviews to ensure products are run in line with objectives, risk appetite, and in accordance with the stated investment process.

#### **2.1. Commentary on Specific Fund Investments**

Our experience demonstrates that ESG integration adds value to our own investment process while helping to mitigate risk and identify new opportunities. ClearBridge remains at the forefront among asset managers in promoting and communicating the benefits of integrating ESG factors into our fundamental analysis and stock selection and assigning proprietary ESG ratings to our investments. We also seek to improve the risk and return profile with our portfolio companies through our engagements and deep expertise on ESG best practices.

ClearBridge integrates ESG factors and materiality weightings into our fundamental research process using a proprietary framework that identifies key ESG considerations for each sector and subsector we invest in.

The top five holdings in the fund on an absolute basis are as follows:

Stock name	Sector	Fund Weight %
Astrazeneca plc	Healthcare	5.3
British American Tobacco plc	Consumer Staples	4.7
Unilever PLC	Consumer Staples	4.4
Shell Plc	Energy	4.4
HSBC Holdings plc	Financials	4.3

Source: ClearBridge Investments as at 31 December 2025. Data shown for the ClearBridge UK Equity Income Fund (SICAV).

Below we summarise the key ESG risks across the top five holdings and provide further commentary from the portfolio where we feel warranted.

**AstraZeneca PLC:** AstraZeneca engages in the research, development, and manufacture of pharmaceutical products. The company has been transformed over the CEO's tenure to become a world leader across various products and therapies. Given his tenure, we have some concern over him leaving the business and whether a suitable replacement who can lead the business will be found. Social risks relate to industry-wide social risks such as pricing in the US (which accounts for c.43% of AstraZeneca's revenue) given the political debate focussed around the sector, and product safety. Environmental concerns across the sector are limited. The Group has decarbonisation targets approved by the Science Based Targets initiative, and these were reiterated in the Capital Markets Day in May 2024, increasing our confidence that these are a focus for the management team.

**British American Tobacco:** British American Tobacco is a consumer goods company providing tobacco and nicotine products to a multinational consumer base. While we recognise the consumer health risks posed by tobacco and nicotine products and the associated long-term business risks, the primary social risk of concern has historically been the potential for child labour within the tobacco leaf supply chain. We have engaged with BAT over a number of years on this issue and are pleased with the increased disclosure and transparency achieved, including improvements in reporting on child labour risks and remediation. From an environmental perspective, the disposability of New Categories Products remains an emerging area of focus. BAT's science-based targets for a 50% reduction in Scope 1, 2 and 3 CO<sub>2</sub>e emissions by 2030 versus a 2020 baseline have been approved by the Science Based Targets initiative which we deem as best practice.

**Unilever:** Unilever is a multinational consumer goods company that provides fast moving consumer goods (FMCG). Fernando Fernandez was appointed CEO in March 2025 and is focused on implementation of sustainability targets set under former CEO Hein Schumacher. The most prominent sustainability risks for Unilever relate to the environmental and social impacts of their products, business ethics and supply chain. A key focus has been increased consumer awareness of plastic pollution and demand for natural and more sustainable products. Since 2019, multiple NGOs have criticised Unilever for being one of the world's largest contributors to plastic pollution, and in January 2023 Ellen MacArthur Foundation reports that Unilever and other corporate signatories to New Plastics Global Commitment will likely fall short of some of their goals regarding plastic pollution. We engaged with Investor Relations on this matter in September 2025 where the challenges Unilever faces in delivering its plastic reduction targets were made clear. Its current targets are to reduce its virgin plastic footprint by 30% by 2026 and 40% by 2028 vs a 2019 baseline. We intend to continue our engagement and reflect progress within our proprietary ESG ratings.

**Shell:** Shell is a multinational oil and gas company which we are long term holders of. In our research, we have identified significant risks to the business related to pollution and oil production. Historically, spills related to sabotage and theft in Nigeria have been an issue for the business, and this is an area we have been engaging with management on. In January 2024, the Company announced it agreed to sell

its Nigerian onshore subsidiary, de-risking exposure to oil spills onshore and their environmental impacts, which we look positively upon. This sale completed in March 2025. An area of environmental risk common across oil and gas companies is their ability to align with a 1.5 degrees Celsius world - a pathway which is becoming increasingly unclear as carbon reduction targets were again scaled back in Shell's Energy Transition Strategy 2024. We remain cognisant of the challenges oil and gas companies face whilst recognising their important role in the energy transition and energy security.

**HSBC:** HSBC is a global banking group with a diversified geographic footprint and a strong presence in wealth, corporate and institutional banking. From a governance perspective, the Board is majority independent, diverse and experienced, and meets the UK Corporate Governance Code and FCA diversity expectations. The appointments of Georges Elhedery as Group Chief Executive in September 2024 and Pam Kaur as Group Chief Financial Officer in January 2025 have led to a strategy focused on simplifying the Group's operating structure, which we view positively as it addresses longstanding concerns around complexity and strategic execution. From an environmental perspective, HSBC's financed emissions and its withdrawal from SBTi validation remain the most material risks, despite the publication of a net zero transition plan and progress on sustainable finance commitments. Social risks are centred on employee impacts from restructuring and organisational change, which may affect culture and morale in the near term. Overall, HSBC demonstrates a reasonable level of ESG understanding and disclosure, with sustainability integrated through remuneration and financing targets, although delivery risks remain as the new management team beds in.

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### 3. Fund review of turnover and turnover costs

<b>Annual turnover %</b>	20.8	<i>Lesser of (purchases or sales)/Average fund size x 100</i>
<b>Portfolio transaction costs (GBP)</b>	28,28	<i>Total brokerage and execution charges</i>

Source: ClearBridge Investments as at 31 December 2025. ClearBridge UK Equity Income Fund (SICAV).

### 4. Proxy voting

Proxy votes are cast by the portfolio managers of each ClearBridge strategy. In voting proxies, we are guided by the ClearBridge Proxy Voting Policy and by general fiduciary principles. Our goal is to act prudently and solely in the best interest of the beneficial owners of the accounts we manage. We attempt to consider all factors that could affect the value of the investment and will vote proxies in the manner we believe will be consistent with efforts to support shareholder value.

We use an external service provider, ISS, to provide us with proxy vote information and/or a recommendation in accordance with our voting policy, but we are not required to follow any such recommendations. The use of an external service provider does not discharge our responsibility for the proxy vote, and we retain full responsibility for voting decisions.

Our Proxy Committee periodically reviews these advisors' conflict management policies and ensures their recommendations are not followed mechanically. This oversight safeguards the independence of ClearBridge's stewardship practices and ensures that third-party services support, rather than substitute, our responsibilities.

#### 4.1 Significant votes

<b>Company name</b>	Games Workshop	Cranswick	Unilever
<b>Company descriptor</b>	Consumer discretionary company	Pork and poultry producer	Global FMCG company
<b>Issue</b>	Approval of Remuneration Policy.	Approve Remuneration Committee Report.	Approve Remuneration Report.
<b>Governance, Environmental or Social</b>	Governance	Governance	Governance
<b>Objective</b>	Games Workshop proposed to make a one-off award for the CEO of 300% of base salary, which we believe should be justified by sufficient rationale. We support a remuneration policy backed by clear rationale which is not excessive in quantum, yet aligns the interests of the management team with the company's long-term strategy to ensure sustainable value creation.	ISS research raised concerns related to the CEO's 15% base salary increase, which was viewed as a material uplift following substantial enhancements to the CEO's variable pay arrangements in the prior year. ISS also noted that the increase was intended to position pay at the upper decile rather than at median or upper-quartile levels, despite acknowledging Cranswick's strong performance, long-serving executive team, and the retention rationale underpinning the proposal. We support a remuneration policy which is not excessive in quantum, yet aligns the interests of the management team with the company's long-term strategy to ensure sustainable value creation.	ISS research raised concerns related to the level of base salary awarded to Fernando Fernandez as incoming CEO, which represents only a small discount to the former CEO's base salary, and the view that the Company had not sufficiently addressed previously raised shareholder concerns regarding the CEO role's pay arrangements. We support remuneration structures that are competitive at a global level, aligned with long-term value creation, and that enable the attraction and retention of high-quality leadership during periods of strategic and operational challenge.

<p><b>Scope &amp; process (of relevant engagement)</b></p>	<p>We engaged with the Remuneration Committee in December 2024 regarding its proposed Remuneration Policy, and we were supportive of the measures being introduced. The CEO is central to the investment case and has led the Group's entry into the FTSE 100 over the past 12 months. Due to the absence of an LTIP, the CEO has been materially underpaid relative to the shareholder value created when compared with FTSE 250 CEOs and CEOs of new FTSE 100 entrants.</p> <p>A comparative analysis of UK listed companies was provided by the Remuneration Committee, reviewing CEO pay over the past 10 years among companies with strong share price appreciation and similarly sized FTSE 100 entrants. This analysis demonstrated that the CEO has been paid significantly less than peers over the period. We therefore recognise the introduction of a one-off restricted share plan as an appropriate mechanism to support CEO retention and to reward performance that has not previously been adequately recognised. We do not expect this to become a recurring award.</p>	<p>We met with the Chair on 27th January 2025 to discuss the proposed changes to the Remuneration Policy and were comfortable with the rationale provided. In the context of the Cranswick's strong performance and the experience of the senior management team, we did not consider the increased quantum to be inappropriate. Retention of the CEO is particularly important, especially given the proximity of the CFO and Chair to retirement, albeit likely still several years away. The depth and quality of the management team remain central to our investment case.</p>	<p>We performed our own analysis on the proposed changes. We considered the remuneration arrangements in the context of the incoming CEO's extensive experience and deep knowledge of the business. We did not view the revised remuneration framework as excessive when assessed against global peers and noted our historical support for Unilever's remuneration policies, reflecting the Company's need to attract and retain senior talent in a highly competitive international market and during a particularly challenging period for the business.</p>
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<b>(Voting) outcome</b>	We voted in favour of the proposal and against the ISS recommendation. 70.7% of votes cast were in support of the Remuneration Policy.	We voted in line with management and against our proxy advisor ISS' recommendation. 69.21% of votes cast were in support of the Remuneration Committee Report.	We voted in favour of the proposal and against our proxy advisor ISS' recommendation. 72.3% of votes cast were in support of the Remuneration Report.
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## 5. Conflicts of Interest

ClearBridge recognizes that conflicts of interest may occasionally arise between the firm, its clients, employees and other stakeholders. In accordance with applicable laws, regulations and internal policies, ClearBridge is committed to identifying, preventing and managing conflicts of interest proactively and fairly.

A conflict of interest is defined as a situation in which the interests of an individual or entity diverge from those of a client, ClearBridge or another party to whom a fiduciary duty is owed, potentially leading to an adverse outcome. To address such situations, ClearBridge has established compliance policies and procedures to address various conflicts of interest that may arise.

There were no conflicts of interest in relation to this fund during 2025.

## 6. Securities Lending Policy

Certain clients of ClearBridge, such as an institutional client or a mutual fund for which ClearBridge acts as a sub-adviser, may engage in securities lending with respect to the securities in their accounts. ClearBridge typically does not direct or oversee such securities lending activities. To the extent feasible and practical under the circumstances, ClearBridge will request that the client recall shares that are on loan so that such shares can be voted if ClearBridge believes that the expected benefit to the client of voting such shares outweighs the detriment to the client of recalling such shares (e.g., foregone income). The ability to timely recall shares for proxy voting purposes typically is not entirely within the control of ClearBridge and requires the cooperation of the client and its other service providers. Under certain circumstances, the recall of shares in time for such shares to be voted may not be possible due to applicable proxy voting record dates and administrative considerations.

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**It is not known whether the stocks mentioned will feature in any future portfolios managed by ClearBridge Investments. Any stock examples will represent a small part of a portfolio and are used purely to demonstrate our investment style. Holdings are subject to change.**

**The analysis of Environmental, Social and Governance (ESG) factors forms an important part of the investment process and helps inform investment decisions. The strategy/ies do not necessarily target particular sustainability outcomes.**

### **Risk warnings**

Investors should also be aware of the following risk factors which may be applicable to the strategy shown in this document.

Investing in foreign markets introduces a risk where adverse movements in currency exchange rates could result in a decrease in the value of your investment.

This strategy may hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the strategy's value than if it held a larger number of investments.

Smaller companies may be riskier and their shares may be less liquid than larger companies, meaning that their share price may be more volatile.

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