Implementation Statement, covering 1 January 2025 to 31 December 2025

The Trustee of The Pearson Pension Plan (the "Plan") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the year, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information on the last review of the SIP is provided in Section 1. Information on the implementation of the SIP is provided in Sections 2 to 11.

The Statement is also required to include a description of the voting behaviour during the Plan year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 12 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the SIP and the Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on and uses the same headings as the Plan's SIP dated September 2025 (the latest version at the time of writing), and the previous SIP dated December 2024. This Statement should be read in conjunction with the latest SIP and Investment Policy Implementation Document ("IPID") which can be found here and here.

1. Introduction

The SIP was reviewed and updated during the Plan year in September 2025 to reflect the following:

- the closure of the Blended global equity fund and transfer of member assets to the Bespoke global equity fund;
- the allocation to the Bespoke global equity fund within the lifecycles, replacing the Blended global equity fund;
- updated values for the Plan's Insurance Portfolio and Main Portfolio.

As part of the SIP updates, the employer was consulted and confirmed it was comfortable with the changes.

No changes were made to the voting and engagement policies in the SIP during the Plan year.

The Trustee has, in its opinion, followed all the policies in the Plan's SIP during the year.

2. Investment objectives

2.1. Defined Benefit ("Final Pay") Sections

Progress against the long-term funding target was reviewed as part of the quarterly monitoring reports. The Trustee is also able to view the progress on an ongoing basis using an online tool provided by the Plan Actuary, which shows key metrics and information on the Plan.

2.2. Money Purchase and Auto Enrolment Sections (Defined Contribution ("DC") Sections)

As stated in the SIP, the Trustee has an objective to provide an appropriate range of investment options, reflecting the membership profile of the DC sections and the variety of ways that members can draw their benefits in retirement. The Trustee remains satisfied that the range of investment options provided to members is appropriate, having carried out a detailed strategic review of the range in 2023, and from monitoring the performance of the range via quarterly reports provided by its investment advisers. There were changes made to the investments in 2025, as detailed in section 3.2.

The Trustee is required to designate a default arrangement into which members who are automatically enrolled are invested and has an objective that this should be reasonable for those members that do not wish to make their own investment decisions. The Drawdown Lifecycle is the main default arrangement. This is also the default for Additional Voluntary Contribution ("AVC") assets for new and existing members that have assets invested in the Money Purchase and Auto Enrolment sections. This does not apply, however, to AVC benefits where the member has no assets already invested in the Drawdown Lifecycle through the Money Purchase or Auto Enrolment sections, or is a DB member with AVC benefits but no assets in these aforementioned DC sections.

The Trustee has made available two additional lifecycles: the cash lifecycle and the annuity lifecycle (which targets annuity purchase at retirement). The cash lifecycle is the default arrangement for members who make AVCs and do not have assets invested in the drawdown lifecycle through the DC Sections, and for DB members who make AVCs, but have no benefits in the DC Sections. Some of the funds have become deemed default arrangements due to the non-consent transfer of member assets into them and this is explained in the SIP.

The Trustee generally reviews the default arrangements on a triennial basis. The default was not reviewed during the period covered by this Statement. Post year end (in March 2026), a review of the default arrangements took place (the self-select fund range was not covered in this review). The Trustee reviewed the membership demographics and were satisfied that the default arrangements remained appropriate and reasonable for those members that do not wish to make their own investment decisions.

The Trustee also has an objective to provide clear information on the investment options and their characteristics that will allow members to make an informed choice. The Trustee carries out an annual value for members review and part of this is to consider member communications. The Trustee's investment adviser's value for members report of 2 June 2025 rated the communications as very good.

3. Investment strategy

3.1. Final Pay Sections

The Trustee has not made any changes to DB investment strategy over the Plan year. The Trustee monitors the asset allocation as part of the quarterly monitoring reports, and it is understood that the allocation to each asset class will vary, due to market movements. The Trustee makes sure the Plan's assets are adequately and appropriately diversified between different asset classes.

3.2. Defined Contribution Sections

Arising from discussions when the previous triennial DC investment strategy review took place in 2023, changes to the equity fund and the multi-asset fund used in the lifecycle investment strategies were agreed by the Trustee and were implemented in September 2025:

- A new fund called the Bespoke global equity fund was created. The previous main equity fund used in the lifecycle strategies, the Blended global equity fund, was restructured to disinvest one of its underlying funds. The Blended global equity fund was then incorporated into the Bespoke global equity fund and given a 66% target allocation within it. The other 34% was allocated to a new fund, the L&G low carbon transition global equity index fund, to better incorporate consideration of climate risk into the investment strategy.
- The Baillie Gifford multi-asset fund was removed from the Blended multi-asset fund (33% of its assets). It was replaced with an equal target allocation to the Bespoke global equity fund and the BlackRock sterling short duration credit fund.

The investment strategy of the DC arrangements was not reviewed during the period covered by this statement. Post year end, the Trustee, with the help of its advisers, reviewed the investment strategy of the default arrangements in March 2026. This review included membership demographics analysis. The performance and strategy of the default arrangements were also reviewed to check whether investment returns (after deduction of charges and costs) have been consistent with the aims and objectives as stated in the SIP, and to check that they continue to be appropriate given the Plan's risk profiles and membership. Based on the membership analysis and advice provided by its investment advisers, the Trustee concluded that the drawdown lifecycle remained the most appropriate default for members in the DC Sections and members with both DC and DB AVC assets. The cash lifecycle remains appropriate for DB AVC members.

4. Considerations in setting the investment arrangements

The Trustee last formally reviewed its investment beliefs in the Final Pay Section in May 2022, when the Trustee made the allocation to trade finance. At the time, it had considered the investment risks set out in Part 2 of the IPID. It also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

When the Trustee undertook a performance and strategy review of the DC default arrangements in 2023 and 2026, it considered the key investment beliefs as set out in the SIP and investment risks set out in Part 2 of the IPID. The Trustee previously considered the extent to which Environmental, Social and Governance ("ESG") climate factors are incorporated in the funds currently available in the DC Section of the Plan, and where enhancements can be made. The Trustee also conducted climate scenario analysis during the previous Plan year to understand the key climate-related risks and opportunities faced by the Plan and how these can be managed in the investment strategy. Following this, the Trustee agreed to add an allocation to low-carbon equities to the lifecycles via the Bespoke global equity fund, and this was implemented in September 2025.

4.1. Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register and this is discussed annually. The Trustee's policy on risks is set out further in Section 10.

The Plan's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. Over the Plan year, the Plan's hedging levels were broadly in line with the target levels.

With regard to collateral adequacy risk, the Trustee holds investments in the Legal and General Investment Management Sterling Liquidity Fund alongside the Liability Driven Investments ("LDI") portfolio, to be used should the LDI manager require cash to be posted for a deleverage event. The Trustee aims to hold sufficient value to cover the deleverage event of the LDI portfolio in these liquid assets. As at the Plan year end, the Plan held more than enough liquid assets to meet the next capital call on the LDI funds. Note the LDI portfolio utilises minimal / no leverage.

Together, the investment and non-investment risks give rise generally to funding risk. The Trustee also informally monitors the funding position more regularly, on a quarterly basis at Trustee meetings, and the Trustee has the ability to monitor this daily on LCP Visualise.

The Trustee also considers financially material risks, including environmental, social and governance (ESG) factors and climate-related risks, as part of its overall risk management framework. These risks may impact the Plan's investments over the short, medium and long term.

In respect of the DC Sections, the Trustee monitors risk via the quarterly reports provided by its investment adviser. These reports show the risk (volatility of returns) of key asset classes over the year and the risk levels of each part of the lifecycle strategies over one and three years. The Trustee is comfortable that the lifecycle risk levels are reasonable given the market environment over 2025, and that the lifecycles have reduced risk as intended for members closer to retirement (risk levels increased for members close to retirement in the Annuity lifecycle, but this reflects the volatile bond markets, and hence volatile annuity prices over the year).

5. Implementation of the investment arrangements

In 2025 the Trustee implemented allocations to the L&G low carbon transition global equity index fund and the BlackRock sterling short duration credit fund, within the Bespoke global equity and Blended multi-asset funds respectively. Before making changes, the Trustee received information and formal written advice from its investment adviser. The Trustee relies on its investment adviser's research to understand managers' investment approaches and ensures they are consistent with the Trustee's policies prior to any new appointment.

The Trustee invests for the long term, to provide the pension benefits for the Plan's members and dependents. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship[1] activities are aligned to the creation of long-term value and the management of long-run systemic risks, including ESG and climate-related risks.

The Plan's investment advisers monitor all the investment managers on an ongoing basis, through regular research meetings. The investment advisers monitor any developments at the managers and inform the Trustee promptly about any significant updates or events they become aware of that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the funds. No significant concerns have been raised in relation to the majority of the Plan's current investment managers over the year other than those funds noted below.

The Trustee monitors the performance of the Plan's investment managers on a quarterly basis, using the quarterly monitoring reports. Both the Final Pay report and the DC Section report showed the performance of each manager over the 1 year, 3 and 5 years. Performance is considered in the context of the manager's benchmark and objectives. The Trustee also monitors its managers' responsible investment capabilities using scores provided by its investment adviser, on a quarterly basis as part of the standard monitoring reports as well as a more detailed annual review of each manager's ESG and stewardship practices.

[1] The responsible allocation, management, and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices, and considers alternative arrangements where managers are not meeting performance objectives. The Trustee remained comfortable with the majority of its investment manager arrangements over the year.

The Trustee also previously reviewed investment options that incorporate ESG and/or climate-related matters, to determine if they would be suitable for inclusion in the DC Sections of the Plan. As previously mentioned, the Trustee agreed to incorporate a low carbon equity allocation as part of the transition from the Blended global equity fund to the Pearson Bespoke global equity fund during 2025.

The Trustee’s advisers carried out a value for members assessment in May 2026 for the Plan year to 31 December 2025. This considered a range of factors, including the fees payable to managers in respect of the DC Section, which were found to be reasonable when compared against schemes with similar sized mandates.

During the year, the Trustee also carried out an annual assessment of the Final Pay investment managers' fees. Overall, the Trustee believes the investment managers provide reasonable value for money, and the Trustee continues to work with its investment adviser to achieve competitive fees for its investment mandates.

6. Realisation of investments

6.1. Final Pay Sections

The Trustee reviews the Plan’s net current and future cashflow requirements on a regular basis. The Trustee's policy is to have access to sufficient liquid assets to meet any outflows while maintaining a portfolio which is appropriately diversified across a range of factors, including a suitable balance between both liquid and illiquid assets.

The Trustee receives income from the Plan’s illiquid property, infrastructure investments and buy-in providers, which is retained in the Trustee bank account and used towards paying benefit payments. The Trustee also receives income from the bonds held in the short duration credit portfolio. This is retained as cash within the portfolio, so that it can be used to help meet benefit payments, if required, or reinvested back into the portfolio, if not.

6.2. Defined Contribution Sections

It is the Trustee's policy to invest in funds that offer daily dealing, to enable members to readily realise and change their investments. All of the DC Section funds which the Trustee offered during the Plan year are daily priced. The lifecycles did not include any allocation to illiquid assets as at the end of the Plan year.

7. Financially material considerations and non-financial matters

During the Plan year, the Investment Committee received training on climate scenarios and how these are expected to impact the Plan’s assets and liabilities.

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to financially material considerations (including climate change and other ESG considerations), voting, and engagement.

In March 2026, the Trustee reviewed LCP’s assessment of the Plan’s investment managers’ Responsible Investment (“RI”) practices based on LCP’s 2025 RI Survey. The survey assessed the Plan’s asset managers across five key areas relating to RI: ESG foundations, climate, engagement, systemic stewardship, and voting.

For the DC Sections, the Columbia Threadneedle responsible global equity fund is available for members who wish for investments that take account of ESG considerations more explicitly. In September 2025, the Trustee implemented the Bespoke global equity fund in place of the Blended global equity fund within the lifecycles and the self-select range, which as previously explained incorporates an allocation to a low carbon equity fund.

In general, the Trustee does not consider non-financial matters (i.e. matters relating to the ethical or other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments. However, in some cases, it may be appropriate to consider non-financial matters (e.g. making a Shariah-compliant equity index fund available to DC members), but these do not override financial considerations.

8. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Plan's stewardship by monitoring and engaging with managers as detailed further below.

The investment managers' stewardship policies are:

- BlackRock: Investment Stewardship | BlackRock
- Baillie Gifford: Principles Guidelines Stewardship
- Schroders: How we vote at Schroders| Schroders global
- Newton: Sustainable & Responsible Investing | Newton (newtonim.com)
- MFS: Responsible Investing Policy Statement (mfs.com)
- Columbia Threadneedle: Responsible Investment - Engagement policy and approach.pdf (columbiathreadneedle.com)
- HSBC: Stewardship Policy
- Jupiter: Jupiter Responsible Investment Policy

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. The Trustee's stewardship priorities for the Plan are Climate Change and Corporate Transparency. These priorities were selected because managers have well-developed climate change policies and data on corporate transparency, allowing the Trustee to better assess managers' practices and ensure they are aligned with the Trustee's expectations.

The Trustee communicated these priorities to its managers in January 2023, and these did not change throughout the Plan year. The Plan's managers acknowledged the Trustee's priorities and its expectations of the managers and shared relevant information on their approaches to stewardship. As a result, the Trustee has now looked to understand and report on voting decisions made by managers which align with the Trustee's stewardship priorities.

The Trustee evaluated its investment managers' commitment to corporate transparency and climate change by reviewing voting behaviour with a particular focus on the most significant votes. This process has enabled the Trustee to consider the extent to which investment managers' actions are aligned with the Trustee's stewardship priorities.

The Trustee regularly invites the Plan's investment managers to present at Trustee meetings, where the Trustee and its consultants seek to engage and challenge the managers where appropriate. For example, in March 2025, the Investment Committee met with Columbia Threadneedle to discuss the DC Sections' responsible global equity fund, including its responsible investment restrictions, engagement approach and performance.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. As such, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

9. Investment governance, responsibilities, decision-making and fees (Part 1 of the IPID)

The Trustee has set out in Part 1 of the IPID the division of responsibilities and decision-making in connection with the Plan's investments. The Trustee remains ultimately responsible for the Plan's investments, but it has delegated oversight of the Plan's investment to the Investment Committee.

As mentioned in Section 5 of this Statement, the Trustee assessed the performance of the Plan's investments on an ongoing basis as part of the quarterly monitoring reports it receives.

The performance of the professional advisers is considered on an ongoing basis by the Trustee.

The Trustee has put in place formal objectives for its investment adviser and reviews the adviser's performance against these objectives on an annual basis.

The Trustee carries out an annual evaluation of how its board and committees are run. In 2025, the survey was carried out successfully, and the Trustee believes it is well placed to fulfil its role as Trustee to the Plan.

10. Policy towards risk (Part 2 of the IPID)

Risks are monitored on an ongoing basis with the help of the investment adviser.

The Trustee maintains a risk register, and this is reviewed annually by the Audit and Risk Committee and approved by the Trustee.

The Trustee's policy for some risks, given their nature, is to understand them and to address them should it become necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustee by the Plan's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

The Plan has buy-ins with two providers, which are collateralised in order to provide extra security. The Trustee has reviewed the collateral adequacy of its buy-in providers on a quarterly basis over the year and was satisfied that there were no issues over the year.

With regard to the risk of having insufficient assets in the Final Pay Sections to cover liabilities, the required return for the Plan to meet expected benefit payments on the Long-Term Funding Target basis was monitored as part of the quarterly monitoring reports, along with the best estimate expected return of the Plan's current investment strategy.

With regard to mismatching risk, the Plan's interest and inflation hedging levels were monitored on an ongoing basis in the quarterly monitoring report and periodically rebalanced.

With regard to the risk of not meeting members' reasonable expectations in terms of pension proceeds on retirement for the DC Sections, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default option and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

Together, the investment and non-investment risks set out in Part 2 of the IPID give rise generally to funding risk. The Trustee formally reviewed the Plan's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis, the Trustee reviews the funding position allowing for membership and other experience. The Trustee reviewed this as part of the last triennial valuation at the 1 January 2024 Valuation. The Trustee also informally monitors the funding position more regularly, on a quarterly basis at Trustee meetings, and the Trustee Directors also have the ability to monitor this daily.

The following risks are covered earlier in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

11. Investment manager arrangements (Part 3 of the IPID)

There are no specific policies in this section of the Plan's IPID, which sets out details of the Plan's investment managers and their investment guidelines.

12. Description of voting behaviour during the year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised, and the Trustee itself has not used proxy voting services over the year. However, the Trustee monitors managers' voting and engagement behaviour on a regular basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data on the Plan's funds, in line with the Pensions UK (previously the Pensions and Lifetime Savings Association "Pensions UK") guidance, Pensions UK Vote Reporting template and DWP's guidance. In order to take a pragmatic approach, we have only included funds that hold a significant proportion of their assets in equities and that represent a significant proportion of the overall DC assets. Therefore, we have only included funds used in the DC default strategy given the high proportion of DC assets invested in these funds:

- BlackRock World Equity Index Fund*;

- BlackRock Fundamental Equity Index Fund;
- BlackRock Minimum Volatility Index Fund;
- L&G Low Carbon Transition Global Equity Index Fund;
- BlackRock World Emerging Markets Equity Index Fund;
- Baillie Gifford Defensive Growth Fund* (the Baillie Gifford Multi Asset Growth Fund merged into this fund in June 2025);
- Schroders Sustainable Future Multi-Asset Fund; and
- Newton Real Return Fund.

*These funds were removed from the default strategy during the Plan year; we have included voting data for the funds for prudence.

If Plan members require any further information on voting behaviour for a fund not set out in the Implementation Statement, they can send a message via the 'Contact Us' page of the Plan website (https://www.pearson-pensions.com/contact-us/) and the pensions team will supply any further information, to the extent available.

In addition to the above, the Trustee contacted the Plan's Final Pay Section investment managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the period. The Trustee also contacted the Plan's buy-in providers, to ask if any of the assets held to back members' insured liabilities had any voting rights over the period. These managers and annuity providers all confirmed that none of the assets in question had material voting opportunities over the period that were not simply votes on fund terms.

12.1. Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviewed these policies, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's views.

BlackRock

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. There are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws. BlackRock Investment Stewardship exercises voting rights on behalf of clients in a manner intended to support their long-term financial interests.

The voting and engagement work continuously evolves in response to changing governance-related developments and expectations. Voting guidelines are market-specific to ensure that a company's unique circumstances are taken into account by market, where relevant. Vote decisions are informed by analysis of company disclosures, third-party research, comparisons against industry peers, and engagement with boards and management teams, as necessary. Engagement priorities are global in nature and are informed by BlackRock's observations of governance-related and market developments, as well as through dialogue with multiple stakeholders, including clients. Regional engagement priorities may also be updated based on issues that could impact the long-term sustainable financial performance of companies in those markets. Discussions with clients on engagement and voting topics and priorities are welcomed to gain perspective and better understand which issues are important to them. As outlined in the Global Principles, BlackRock determines which companies to engage directly based on an assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of engagement being productive.

The vast majority of voting decisions are straightforward applications of BlackRock Investment Stewardship's benchmark policies and are determined by the relevant voting analyst, with consultation with other team members or the regional head as necessary. Whilst BlackRock does subscribe to research from proxy advisory firms, including Institutional Shareholder Services ("ISS") and Glass Lewis, BlackRock Investment Stewardship does not follow their voting recommendations, and this research is only one of a number of inputs into its voting decision process. Other sources of information BlackRock uses include company reporting, engagement with boards and management, public information, third-party research, peer comparisons and ESG research. BlackRock Investment Stewardship analysts may, in the exercise of their professional judgement, conclude that the benchmark policies do not cover the specific matter on which a proxy vote is required or that an exception to the guidelines would be in the long-term financial interests of clients.

BlackRock Investment Stewardship generally supports the recommendations of boards and management but may vote against management proposals or board directors where it considers it in clients' long-term financial interests to signal concern. BlackRock Investment Stewardship does not act collectively with other shareholders or organisations in voting shares and does not disclose its voting intentions in advance of shareholder meetings. In certain markets, voting may be undertaken on a best-efforts basis and BlackRock Investment Stewardship may determine that it is in clients' long-term financial interests not to vote, or not to vote the full allocation, where the costs of voting are expected to outweigh the benefits.

BlackRock Investment Stewardship prioritises its work around themes that encourage sound governance practices and deliver sustainable long-term financial performance. Year-round engagement with clients to understand their priorities and expectations, as well as active participation in market-wide policy debates, help inform these themes. The identified themes shape Global Principles, market-specific Voting Guidelines, and Engagement Priorities, which form the benchmark against which the sustainable long-term financial performance of investee companies is assessed.

Baillie Gifford

Thoughtful voting of Baillie Gifford's clients' holdings is an integral part of its commitment to stewardship. Baillie Gifford believes that voting should be investment led, because how it votes is an important part of the long-term investment process, which is why its strong preference is to be given this responsibility by its clients. The ability to vote clients' shares also strengthens Baillie Gifford's position when engaging with investee companies. Baillie Gifford's ESG team oversees its voting analysis and execution in conjunction with investment managers. Unlike many of its peers, Baillie Gifford does not outsource any part of the responsibility for voting to third-party suppliers. It utilises research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with its ESG Principles and Guidelines and endeavours to vote every one of its clients' holdings in all markets.

Schroders

As active owners, Schroders recognises its responsibility to make considered use of voting rights. The firm therefore votes on all resolutions at all AGMs and EGMs globally unless restricted from doing so, for example, due to share blocking.

Schroders aims to maintain a consistent global approach to voting, subject to regulatory constraints, in alignment with its Proxy Voting Policy.

The overarching principle guiding Schroders' voting activity is to act in the best interests of its clients. Where proposals are inconsistent with the interests of shareholders and clients, the firm will vote against the resolutions. Abstentions may occur in cases where mitigating circumstances apply—such as when a company has taken steps to address shareholder concerns.

Voting resolutions at investee companies are evaluated by Schroders, and, where the firm has authority, it votes in accordance with its fiduciary responsibilities and in what it deems to be its clients' best interests. Corporate Governance specialists assess each proposal, taking into account a range of factors, including company-specific circumstances, long-term performance, governance practices, strategic direction, and adherence to the local corporate governance code. These specialists utilise external research from providers such as Glass Lewis, the Investment Association's Institutional Voting Information Services, and public reports. Proprietary research, conducted by both financial and Sustainable Investment analysts, is also integral to the evaluation process. For contentious issues, Corporate Governance specialists consult with relevant analysts and portfolio managers to gain further insight and understand the broader corporate context.

Schroders also engages with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls, and discussions with company advisors and stakeholders.

Glass Lewis (GL) serves as Schroders' sole service provider for the processing of all proxy votes across all markets. GL delivers vote processing through its internet-based platform, Viewpoint. Schroders receives GL's voting recommendations in accordance with its bespoke guidelines and also accesses GL's standard research. These insights are further supplemented by analysis from Schroders' in-house ESG specialists and, where relevant, financial analysts and portfolio managers.

To ensure consistency and a formalised voting process, GL automatically votes on all holdings where Schroders owns less than 0.5% of voting rights, excluding merger, acquisition, and shareholder resolutions.

Newton

As an active manager, Newton Investment Management Group (Newton) is committed to ensuring that decisions relating to the exercise of ownership rights are aligned with its investment thesis and its clients' expectations. Newton has established overarching stewardship principles to guide its voting decisions, drawing on internationally recognised governance principles and relevant local governance codes.

The firm believes that the value of its clients' portfolios can be enhanced through strong stewardship, achieved via meaningful engagement with investee companies and the thoughtful exercise of voting rights. These activities are considered an integral and important part of Newton's investment process. For this reason, Newton prefers to retain discretion over the exercise of clients' voting rights and has established comprehensive policies and procedures to guide the global exercise of these rights. Its approach is investment-led and designed to align with the firm's broader investment activities. Newton's long-term investment perspective supports its stewardship goals by seeking to understand and influence the sustainability of individual investments, the broader investment landscape, and, ultimately, the long-term investment objectives of its clients. All voting decisions are taken on a case-by-case basis, reflecting Newton's investment rationale, engagement activity and the company's approach to relevant codes, market practices and regulations, taking into account the company's specific circumstances and any explanations provided by the company. Newton seeks to make proxy voting decisions that are in the best long-term financial interests of its clients and intends to exercise voting rights in all circumstances where it retains voting authority.

Newton identifies clients' requirements and expectations at the outset of each relationship through initial discussions and formal provisions within investment management agreements. Ongoing dialogue—including regular meetings and responses to ad-hoc client requests—provides further insight. Additionally, Newton frequently delivers presentations and training on various aspects of stewardship. These initiatives support clients in articulating and evolving their own stewardship expectations and help ensure that their investment managers are meeting them.

In practice, Newton's understanding of its clients' stewardship priorities enables the firm to communicate these effectively in engagement meetings with companies, clearly articulating the significance of specific issues to ultimate beneficiaries. All voting opportunities are communicated to Newton via an electronic voting platform. Newton's Responsible Investment team reviews all resolutions for matters of concern, and any contentious issues may be referred to the relevant global fundamental equity analyst or portfolio manager for comment. Where an issue remains contentious, Newton may also confer or engage with the company or other relevant stakeholders. An electronic voting service is used to submit voting decisions, with each voting decision submitted by a member of the Responsible Investment team and approved within the system by an alternate member of the team before execution. Newton employs an independent voting service provider to manage upcoming meetings, instruct voting decisions through an electronic platform, and provide voting research. However, the provider's recommendations are not automatically followed. They are only applied where Newton identifies a material conflict of interest.

Newton's external voting provider is subject to oversight by the firm's Vendor Management Oversight Group. As part of this oversight, regular due diligence meetings are conducted and documented, including reviews of the provider's operational performance, service quality, research robustness, and internal controls—particularly those related to managing potential conflicts of interest. Newton also participates in industry consultations, contributing feedback on proxy voting matters to ensure alignment between its expectations and the voting guidance issued by the provider. Where Newton plans to vote against management on an issue, it may seek to engage with the company on a best-efforts basis, depending on the significance of its holding, to share its concerns and allow the company an opportunity to respond. In such cases, Newton communicates its voting intentions ahead of the meeting only to the company and not to third parties. Newton has procedures in place to identify and mitigate potential material conflicts of interest and, where such a conflict is recognised, the voting recommendations of an independent third-party proxy voting service provider will be applied.

L&G

All decisions are made by L&G's Investment Stewardship team and in accordance with its relevant Corporate Governance, Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant companies. This ensures that L&G's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

12.2. Summary of voting behaviour over the year

A summary of voting behaviour over the period is provided in the table below.

	Fund 1[5]	Fund 2	Fund 3	Fund 4

Manager name	BlackRock	BlackRock	BlackRock	BlackRock
Fund name	World Equity Index Fund	Fundamental Equity Index Fund	Minimum Volatility Index Fund	Emerging Markets Equity Index Fund
Total size of fund at end of reporting period, £m	4,315	863	364	8,324
Value of Plan assets at end of reporting period[1], £m	0	176	176	23
Number of equity holdings at end of reporting period	1,298	3,045	342	1,140
Number of meetings eligible to vote	1,385	3,810	368	2,530
Number of resolutions eligible to vote	20,201	44,656	5,409	22,542
% of resolutions voted	91	94	97	99
Of the resolutions on which voted, % voted with management[2]	96	95	97	85
Of the resolutions on which voted, % voted against management[2]	3	4	2	14
Of the resolutions on which voted, % abstained from voting[2]	0	1	0	3
Of the meetings in which the manager voted, % with at least one vote against management	20	24	17	42
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	0[3]	0[3]	0[3]	0[3]

	Fund 5[5]	Fund 6	Fund 7	Fund 8
Manager name	Baillie Gifford	Schroder Life	Newton	L&G
Fund name	Defensive Growth Fund	Sustainable Future Multi-Asset Fund	Real Return Fund	Low Carbon Transition Global Equity Index Fund
Total size of fund at end of reporting period, £m	272	943	1,966	7,532
Value of Plan assets at end of reporting period[1], £m	0	40	40	193
Number of equity holdings at end of reporting period	131	820	65	2772
Number of meetings eligible to vote	66	910	67	4,827
Number of resolutions eligible to vote	847	11,518	994	49,232
% of resolutions voted	98	97	99	100

Of the resolutions on which voted, % voted with management[2]	96	89	92	78
Of the resolutions on which voted, % voted against management[2]	3	11	8	21
Of the resolutions on which voted, % abstained from voting[2]	1	0	0	1
Of the meetings in which the manager voted, % with at least one vote against management	20	58	42	63
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	N/A[4]	9	7	10

[1] Asset values include the Plan's DC and AVC assets.

[2] Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

[3] BlackRock does not follow any single proxy research firm's voting recommendations, though it subscribes to two research firms. BlackRock's voting and engagement analysis is determined by several key inputs including a company's own disclosures, and BlackRock's record of past engagements.

[4] Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon their recommendations when deciding how to vote on Baillie Gifford's clients' shares. All client voting decisions are made in-house. Baillie Gifford votes in line with its in-house policy and not with the proxy voting providers' policies.

[5]All assets have been disinvested from these funds by year-end following the strategy changes.

12.3. Most significant votes over the year

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has, with support from its advisers, retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PENSIONS UK's criteria for creating this shortlist. The Trustee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

Commentary on the most significant votes over the period, from the Plan's asset managers who hold listed equities, is set out below. We have interpreted "most significant votes" to mean those that:

- align with the Trustee's stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- are shareholder resolutions which received material support; or
- the Plan or the sponsoring company has a particular interest in.

The Trustee has reported on one of these significant votes per fund only as the most significant votes. If members wish to obtain more information on significant votes, this is available upon request.

BlackRock World Equity Index Fund

- **Company and date of resolution: Shell Plc, May 2025**
- **Size of mandate's holding**: BlackRock did not provide this at the time of issue.
- **Summary of resolution**: Request that the company disclose whether, and how, its liquefied natural gas demand forecasts, production and sales targets, and planned capital expenditure in natural gas assets are aligned with its climate commitments, including its target to reach net zero emissions by 2050.
- **Management recommendation**: Against. **Fund manager vote:** Against. **Vote outcome**: Fail.
- **The reason the Trustee considers this vote to be most significant:** The vote relates to one of the Trustee's stewardship priorities
- **Relevant stewardship priority:** Climate change
- **Rationale for the voting decision:** Shell already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosure. There is no demonstrable economic benefit to shareholders.
- **Next steps**: BlackRock may follow up through engagement where it has voted to signal concerns and where companies seek further clarification after the meeting.

BlackRock Minimum Volatility Index Fund

- **Company and date of resolution: Amazon.com, Inc. May 2025**
- **Size of mandate's holding:** BlackRock did not provide this at the time of issue.
- **Summary of resolution**: Report on impact of data centres on climate commitments.
- **Management recommendation**: Against. **Fund manager vote**: Against. **Vote outcome**: Fail.
- **The reason the Trustee considers this vote to be most significant:** The vote relates to one of the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Climate change
- **Rationale for the voting decision:** The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.
- **Next steps**: Where BlackRock votes to signal concerns, it may engage with the company after the meeting to clarify its views and better understand the company's practices and priorities.

BlackRock Fundamental Equity Index Fund

- **Company and date of resolution: Alphabet Inc., June 2025**
- **Size of mandate's holding**: BlackRock did not provide this at the time of issue.
- **Summary of resolution**: Publish a human rights impact assessment of AI driven targeted advertising.
  Management recommendation: Against. **Fund manager vote**: Against. **Vote outcome**: Fail.
- **The reason the Trustee considers this vote to be most significant:** The vote relates to one of the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Corporate transparency
- **Rationale for the voting decision:** The company already provides sufficient disclosure and/or reporting regarding this issue or is already enhancing its relevant disclosures.
- **Next steps**: Where BlackRock votes to signal concerns, it may engage with the company after the meeting to provide clarity and inform its understanding of the company's practices and priorities.

L&G Low Carbon Transition Global Equity Index Fund

- **Company and date of resolution: Broadcom Inc., April 2025**
- **Size of mandate's holding**: 1.1%
- **Summary of resolution**: Elect Director Henry Samueli.
  Management recommendation: For. **Fund manager vote**: Against. **Vote outcome**: Pass.
- **The reason the Trustee considers this vote to be most significant:** The vote relates to one of the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Climate change
- **Was vote decision communicated ahead of vote:** L&G's Asset Management business publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.

- **Rationale for the voting decision:** Climate Impact Pledge: A vote against is applied as the company is deemed not to have made sufficient progress against its climate expectations and red lines, as set out in its sector guides through L&G's dial-mover engagement programme.
- **Next steps**: L&G will continue to engage with the company, advocate its position publicly and monitor progress at both company and market level.

BlackRock World Emerging Markets Equity Index Fund

- **Company and date of resolution: Shaanxi Coal Industry Co., Ltd., March 2025**
- **Size of mandate's holding:** BlackRock did not provide this at the time of issue.
- **Summary of resolution**: Elect Dan Yong as Director.
  Management recommendation: For. **Fund manager vote**: Against. **Vote outcome**: Pass.
- **The reason the Trustee considers this vote to be most significant:** The vote relates to the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Corporate transparency and climate change
- **Was vote decision communicated ahead of vote:** BlackRock endeavours to communicate to companies when it intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
- **Rationale for the voting decision:** The Company does not meet BlackRock's aspirations of having adequate climate risk disclosures against all 4 pillars of TCFD.
- **Next steps**: Where BlackRock votes to signal concerns, it may engage with the company after the meeting to provide clarity and support its understanding of the company's practices and priorities.

Baillie Gifford Defensive Growth Fund

- **Company and date of resolution: Equinix, INC. May 2025**
- **Size of mandate's holding:** 0.6%
- **Summary of resolution**: Shareholder resolution – governance.
- **Management recommendation**: Against. **Fund manager vote**: Against. **Vote outcome**: Fail.
- **The reason the Trustee considers this vote to be most significant:** The vote relates to one of the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Corporate transparency
- **Rationale for the voting decision:** Baillie Gifford opposed the shareholder resolution requesting a reduction in the ownership threshold for shareholders to request action by written consent, as it is comfortable with the current governance provisions at the company.
- **Next steps**: Baillie Gifford will continue to monitor governance arrangements at the company and will evaluate the merit of future shareholder proposals on a case-by-case basis.

Schroder Life Sustainable Future Multi-Asset Fund

- **Company and date of resolution: Visa Inc, January 2025**
- **Size of mandate's holding:** 0.2%
- **Summary of resolution**: Advisory Vote on Executive Compensation.
  Management recommendation: For. **Fund manager vote:** Against. **Vote outcome**: Pass.
- **The reason the Trustee considers this vote to be most significant:** This vote relates to one of the Trustee's stewardship priorities.
- **Relevant stewardship priority:** Corporate transparency.
- **Was vote decision communicated ahead of vote:** Schroders may tell the company of its intention to vote against the recommendations of the board before voting, in particular if they are large shareholders or if Schroders has an active engagement on the issue.
- **Rationale for the voting decision:** The threshold target of the relative total shareholder return metric is set below median performance. Additionally, Schroders expects far more disclosure around the bonus scorecard which appears to allow for a significant element of committee discretion.
- **Next steps:** Schroders will continue to monitor Visa's remuneration disclosures, particularly around the bonus scorecard and the use of committee discretion, and may use future voting and engagement to encourage improved transparency.

Newton Real Return Fund

- **Company and date of resolution: The Goldman Sachs Group, Inc., April 2025**
- **Size of mandate's holding:** 1.0%
- **Summary of resolution**: Report on Clean Energy Supply Financing Ratio.
- **Management recommendation**: Against. **Fund manager vote:** For. **Vote outcome**: Fail.
- **The reason the Trustee considers this vote to be most significant:** This vote relates to one of the Trustee's stewardship priorities.
- **Relevant Stewardship Priority:** Corporate transparency
- **Was vote decision communicated ahead of vote:** No
- **Rationale for the voting decision:** Newton supported the shareholder proposal requesting the company to report on clean energy supply financing ratio as in Newton's view, the ask is aligned to the sustainable financing activities of the company and should provide shareholders increased transparency in assessing the company's progress on the company's management of climate risks and opportunities.
- **Next steps:** Newton will continue to support improved disclosure on clean energy financing and portfolio decarbonisation to help investors assess the bank's progress against its sustainable finance targets.