Arts Council Retirement Plan (1994)

Stewardship report for the
Plan year ending 31 March 2026

Introduction

The Trustees of the Arts Council Retirement Plan (1994) continue to embed stewardship considerations across all aspects of our decision-making. As at 31 March 2026, the Plan had assets of £266m, and our approach to stewardship is designed to be proportionate to our size, governance and investment arrangements. We are pleased to present this report, demonstrating how we have continued to apply the principles of the UK Stewardship Code and support long-term value for our members.

Our approach is underpinned by a clear *Vision for a Responsibly Invested Strategy* and a long-term investment horizon. Over the past year, we have strengthened how stewardship is integrated into our governance and investment processes, ensuring that sustainability-related risks and opportunities are consistently reflected in decision-making and oversight.

A key area of progress has been enhancing the structure and effectiveness of our stewardship approach. We have continued to embed our priority stewardship themes, providing a clear framework for engagement, and introduced a dedicated Investment Day to support more consistent and focused dialogue with our investment managers. Alongside ongoing training, this has strengthened our ability to challenge managers and oversee stewardship activity on behalf of the Plan.

We have also continued to integrate stewardship considerations into our investment strategy. Following our recent strategy review, we refined the allocation of risk within the portfolio to reflect the Plan's strong funding position, while continuing to consider long-term systemic risks such as climate change, biodiversity loss and wider geopolitical developments.

Stewardship remains central to our role as asset owners. As we invest through pooled funds, our focus is on the selection, monitoring and engagement of our investment managers. Over the past year, we have continued to develop our structured engagement framework, supported by detailed reporting and a stewardship actions log, enabling us to track progress, challenge managers effectively and maintain clear oversight of outcomes.

We have observed increasing interest from members in responsible investment and stewardship, reflected in a rise in member queries. This has highlighted the importance of strengthening our understanding of member views and ensuring these are reflected in our approach. In response, we have enhanced our communications, including the introduction of a Frequently Asked Questions document, and are exploring further ways to capture member perspectives, including the potential use of a broader member survey.

We are pleased with the progress made over the year and recognise that stewardship is an evolving and continuous process. Looking ahead, we will undertake a broader review of our responsible investment approach during 2026/27 to ensure it remains aligned with best practice, regulatory expectations and the long-term interests of our members. As part of this, we are also exploring options to further strengthen our governance arrangements, including the potential introduction of an Investment Sub-Committee to support more focused oversight of investment strategy and stewardship activities.

Mark Engelbretson

Chair of the Trustees of the Arts Council Retirement Plan (1994)

May 2026

Part 1: Policy and Context

Disclosure A

How our organisation, investment beliefs and membership inform our stewardship approach

What our organisation does

The Arts Council Retirement Plan (1994) ("the Plan") is a multi-employer defined benefit pension plan, open to accrual and new membership. The Plan has four participating sponsoring employers: Arts Council England, The Arts Council of Wales, Creative Scotland, and Tŷ Cerdd – Music Centre Wales.

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

The Plan is governed by a Trustee Board of six individuals, including two trustees nominated by members and an independent professional Chair.

The Trustees' over-riding funding principles for the Plan are to set the employer contributions at a level that is sufficient to:

- build up assets to provide for new benefits of active members as they are earned;
- recover any shortfall in assets relative to the value placed on accrued liabilities over the longer term;
- ensure that there are always sufficient assets of the Plan (at their realisable value) to meet 100% of benefits as they fall due for payment to members; and
- maintain stable employer contribution rates over the medium term.

We have translated these objectives into a suitable strategic asset allocation benchmark for the Plan, consistent with our view on the appropriate balance between seeking an enhanced long-term return on investments and accepting greater short-term volatility and risk. The strategic benchmark is reflected in the choice and mix of funds in which the Plan invests, and guided by our investment beliefs, which are reviewed on a regular basis.

About our members

The overall membership of the Plan as at 31 March 2026 is summarised in the table below.

Membership data as at 31 March 2026

Member status	Number	*Average Salaries / Pensions	Liability weighted average age
Active	883	£45.0k pa	52
Deferred	1,350	£3.7k pa	57
Pensioner	596	£7.8k pa	70
Total	**2,829**		

*Average salary as at 31 March 2026 valuation for active members, average pension as at date of leaving/valuation date for deferred/pensioner members respectively.

How we invest the Plan's assets

As the pension scheme is open to new membership, benefit payments are expected to continue to be paid long into the future. Therefore, the Plan's investment strategy has been set with reference to a long-term investment time horizon of 20+ years. As at 31 March 2026, the Plan's assets were valued at £266m and the funding level remained well ahead of target.

The asset class and geographical breakdown is summarised in the table and chart below:

Asset allocation and geographical exposure as at 31 March 2026

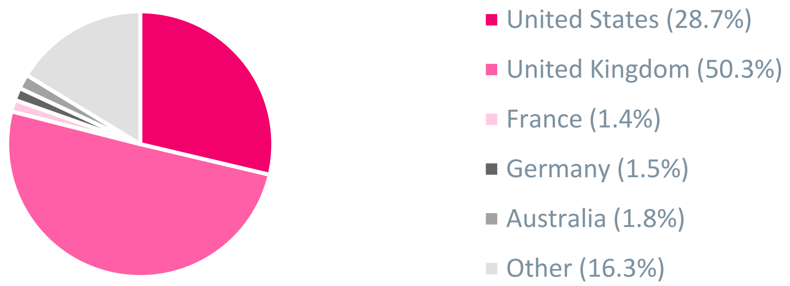
Asset class	Active / Passive	Regional exposure	Long-Term Strategic Target allocation	Actual allocation
Equity	Mixed*	Global	32.5%	31.4%
Corporate bonds	Passive	UK	10.0%	4.2%
Index-linked gilts	Passive	UK	30.0%	34.7%
Infrastructure	Active	Global	17.5%	19.4%
Property	Active	UK	10.0%	8.1%
Cash	Passive	Global	0.0%	2.2%
Total			**100.0%**	**100.0%**

*The Plan's equity exposure is implemented across three mandates with differing approaches. The L&G Future World Global Equity Index Fund provides broad market exposure with ESG tilts applied to the index. The L&G Future World Multi-Factor Fund builds on this by incorporating systematic factor-based tilts alongside ESG considerations. The Storebrand Global ESG Plus Fund aims to deliver performance in line with the global market-capitalisation index, while integrating ESG analysis into stock selection and applying exclusions and engagement to align with sustainability objectives.

The Trustees invest 100% of Plan assets in pooled investment vehicles and do not directly manage assets. As a result, stewardship activities are primarily exercised through these managers in line with their respective stewardship policies. The Trustees therefore focus on oversight of the managers' stewardship activities, and challenging instances where practices do not appear to align with policies.

As of 31 March 2026, the Plan's actual allocation differs from the long-term strategic target allocation. The Trustees reviewed the investment strategy in Q4 2025 and, reflecting the strong funding position, agreed to make changes to the allocation of risk across the strategy. Changes to the investment strategy were subsequently agreed in January 2026, including reinstating a 10% long-term allocation to corporate bonds, to be built up over time, with a temporary overweight to index-linked gilts in the interim. The Trustees are also progressing a phased increase to the property allocation back to target.

Regional breakdown of strategy as at 31 March 2026



Our investment beliefs

The Trustees have agreed a set of investment beliefs that reflect the way in which we will translate our objectives into actual investment arrangements for the Plan.

We discussed our investment beliefs in Q4 2025 and revisited this in January 2026. We remain comfortable that our current beliefs are robust and fit for purpose. However, we plan to carry out a wider review of our approach to responsible investment in 2026/27, to ensure it remains aligned with the Plan's long-term objectives, evolving best practice and the views of our stakeholders. This review will consider our investment beliefs, priority stewardship themes and wider governance framework, building on the stewardship self-assessment undertaken in 2025 and feedback from members and sponsoring employers.

Our current investment beliefs are set out in our Statement of Investment Principles and are reproduced below.

Governance

- Clear and well-defined objectives are essential to reflect the Plan's long-term strategic direction of travel and to help build a plan for achieving these objectives.
- The Plan and its liabilities are long-term in nature, and the Trustees support long-term investing as a means of enhancing returns, reducing transaction costs, encouraging improved governance and delivering stable contribution rates.
- Fees and costs matter; investment managers' fees should be transparent and reviewed regularly.

Investment strategy

- Strategic asset allocation is a key determinant of risk and return, and thus is typically more important than manager or stock selection.
- Risks should be rewarded. The Trustees believe that investing in certain asset classes offers an adequate risk premium as a reward to justify the risk and are willing to accept the greater volatility associated with such risks.
- Diversification is expected to reduce the overall volatility of investment returns, although diversification over many different managers needs to be balanced against the Trustees' governance budget.

Investment Structure

- There is generally a positive relationship between the level of investment risk taken and the rate of expected investment return. However, for certain investments, it may take a long period of time for this relationship to be established.
- Passive management has a role to play in the Plan's investment structure, most notably in more efficient equity markets.
- Active management can add value in some markets, although outperformance is not guaranteed. Where it is used, the Trustees believe active managers should not be unnecessarily constrained.
- In the light of the very long-term nature of the liabilities in an open fund, the Trustees believe that they should be able to access a premium for illiquidity.

Responsible Investment

- A responsible investment policy can be implemented using third party products or delegated to third parties; in either case policies should be regularly monitored, and implementation of the policies challenged.

It's incumbent on the Trustees to ensure that those they select to implement their strategy are closely aligned with the values and beliefs of the Trustees.

- Investment managers have the ability to positively influence corporate behaviours through engagement and the exercise of voting rights. Where change is deemed appropriate then managers should be prepared to hold companies to account and drive change. An unwillingness to act, either by the manager or by the corporate, should always be challenged.
- Environmental and societal factors are expected to create long term change which will give rise to both investment risks and opportunities for additional returns. The Trustees can have a positive environmental and/or social impact by investing with the expectation of change whilst also recognising that such change will create short term risk. Where impact is expected, efforts should be made to measure it.

Our priority stewardship themes

The Trustees have developed a set of priority stewardship themes to guide our engagement with investment managers and focus on those issues that are financially material and relevant to long-term Plan outcomes. These themes reflect our belief that environmental, social and governance factors can have a significant impact on investment risk and return. While climate change remains a key focus, we have expanded our approach to include broader social and governance considerations, providing a clearer framework for engagement and monitoring.

The themes were developed with input from our investment advisers and reflect the views of the Trustees, sponsoring employers and members. They are aligned, where appropriate, with recognised frameworks such as the UN Sustainable Development Goals. The Trustees' priority stewardship themes are set out in our Statement of Investment Principles and are reproduced below.

Environmental theme

Achieving net zero: we will aim to monitor whether our managers and the companies within their portfolios are focused on ensuring companies are on a trajectory to decarbonise their activity. Within this, we will specifically focus on:

- Climate change: Decarbonisation of industry, looking to ensure that those companies with high emissions are taking strategic actions to make changes in line with the goal of reaching zero carbon emissions (SDGs 12 & 13).
- Biodiversity: Addressing deforestation, looking to ensure that those companies affected are taking steps to pursue actions that will reduce deforestation (SDGs 14 & 15).

Social theme

Good employment practices: we will aim to ensure that our managers and the companies within their portfolios are focused on promoting good employment practices. Within this, we will specifically focus on:

- Decent work & employment practices: looking to ensure that those companies involved in manufacturing are protecting labour rights and promoting safe and secure working environments (SDG 8).
- Diversity & Inclusion: ensuring companies are providing equal opportunities and are actively reducing inequalities, promoting inclusion irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status, particularly in the context of emerging markets. Where there are cultural barriers that impact companies in emerging markets, understanding what steps are being taken to achieve fair representation (SDGs 5 & 10).

Governance theme

Good quality disclosures: we will aim to ensure that our managers and the companies within their portfolios provide timely, accurate disclosures, in particular with respect to the provision of financially material ESG data. Where data may be challenging or uneconomic to collect, e.g. private markets, understanding what actions are being taken to ensure ESG risks are being properly managed.

We note that these themes are not exhaustive, and the Trustees may also engage with managers on additional topics as appropriate. The themes are expected to be in place for a period of several years given their enduring nature and will be periodically tested by the Trustees.

Our *Vision*

In January 2025 we framed our *Vision: Road to 2030*, agreeing the key areas of focus and actions that the Trustees can take over the coming years to ensure we are effective in our stewardship (discussed in further detail in Principle 1). Our *Vision,* reflects the actions of the Plan's participating employers and our understanding of beneficiaries' expectations for the Plan's assets:

- The participating employers have a 10-year corporate strategy for 2020–2030 that incorporates investment principles on environmental responsibility.
- Pensioner members currently in receipt of benefits who have a shorter time horizon for promoting stewardship practices are perceived to expect their benefits to be protected against shorter-term risks that could be mitigated by a more responsibly invested strategy and heightened stewardship practices.

Our role in the investment value chain

The Plan is an 'asset owner', meaning its assets are invested on behalf of members to deliver the Plan's long-term objectives. The Trustees are responsible for setting the overall investment strategy and ensuring it is implemented in line with these objectives.

Day-to-day investment decisions, including security selection, voting and engagement, are delegated to externally appointed investment managers. This reflects the Trustees' position in the investment value chain and enables access to specialist expertise and stewardship capabilities at scale, while retaining overall accountability for investment outcomes.

Our approach to stewardship is deliberately proportionate, reflecting the size of the Plan, our governance budget and our use of pooled vehicles. We focus on manager selection, monitoring and engagement, rather than direct company interaction, as the most effective way to influence outcomes on behalf of members. We are supported by our investment advisers and responsible investment specialists, who provide insight on evolving best practice and support the development and delivery of our stewardship framework (as set out in Disclosure B). This ensures our approach remains robust while appropriate for our resources.

Stewardship is embedded within Trustee decision-making, with key issues discussed and agreed collectively by the Trustee Board, ensuring alignment with the Plan's objectives and long-term delivery for beneficiaries.

Disclosure B

How our governance and resources enable effective stewardship

Our governance structure

The Trustees are responsible for the governance and management of the Plan. Our investment governance arrangements are proportionate to the current size of the Plan's assets; we currently operate as one committee and meet at least four times a year, supplemented by additional pre-meetings and dedicated manager engagement sessions.

We have enhanced our governance approach in 2026 through the introduction of a dedicated, in-person Investment Day (to be held in September 2026). This will provide a structured forum for us to meet with each investment manager in turn, ensuring a more consistent and focused approach to our engagement. It will also enable us to receive targeted training on effective stewardship and asset class best practice, strengthening our ability to challenge managers and oversee the implementation of the strategy.

The Trustee Board comprises six members; three appointed by the employers, two members of the Plan (one active member, one pensioner member), and one who is an independent professional trustee (Chair). This mix of Trustees ensures that there is sufficient representation of stakeholders, including the Plan's members and the multi-employer sponsor. There is also diversity of gender mix and age among the Trustees. An independent Chair balances these stakeholder representatives and brings a level of experience to the Trustees that is valuable in ensuring decisions and processes are performed in members' best interests.

The appointment of member-nominated Trustees (MNT) is driven by the members of the Plan, who select individuals they consider best able to represent their interests. In practice, this means members are likely to take into account factors such as seniority, experience and diversity when making their selection. Elections for the two member-nominated Trustee (MNT) roles were held during the 2024/25 year, with Mumtaz Ali re-elected as active MNT and Francis Runacres appointed as pensioner MNT in May 2025 following Mark Harrison's decision not to stand for re-election.

The three Trustees nominated by the employers represent the three largest participating employers, supporting geographic diversity and reflecting the breadth of the Plan's membership. While the Trustees expect broader diversity considerations to be taken into account in nominations, they do not have a direct role in this process.

Mark Engelbretson of Ross Trustees Limited was appointed as the independent Chair of the Plan in January 2025. In this role, he provides objective oversight and challenge, facilitating robust decision-making, and ensuring that governance processes operate in a structured and proportionate manner. His experience in pension scheme governance and responsible investment supports the Trustees in maintaining a clear focus on long-term outcomes and effective stewardship.

Stewardship resourcing

Stewardship responsibilities are overseen by the Trustee Board, supported by external advisers and investment managers. Given the size and governance budget of the Plan, this model allows the Trustees to access specialist expertise while maintaining effective oversight through structured engagement and monitoring.

The Trustees are supported by professional advisers, including:

- **Investment advisers** – who provide advice on investment strategy, manager selection and ongoing monitoring, including stewardship and responsible investment practices. They also support the development of stewardship beliefs, provide training, and assist in reviewing manager engagement and voting activity. They ensure that sustainability-related risks and opportunities are embedded into all investment decisions in line with the Statement of Investment Principles and *Vision for a Responsibly Invested Strategy*.
- **Actuarial advisers** – who support funding strategy and incorporate climate-related considerations into actuarial assumptions where relevant.
- **Legal advisers** – who provide advice on regulatory developments, fiduciary duties and governance requirements.

This simplified governance structure is appropriate and cost-effective given the size of the Plan's assets and enables us to have oversight of stewardship activities. Despite the simplified process, Trustees' individual performance in the role is assessed annually by the Chair, with oversight from the sponsoring employers. The assessment considers our actions on behalf of the beneficiaries, which includes our stewardship of the Plan's assets on their behalf. Therefore, we are collectively responsible for the stewardship of the Plan's assets, despite its day-to-day implementation being delegated to the investment managers. Stewardship practices are summarised to members at least on an annual basis via the member newsletter and Implementation Statement, and we engage directly with members on all topics, including stewardship and wider responsible investment.

Our advisers help us set a triennial business plan to ensure we can meet all our shorter- and longer-term responsibilities to beneficiaries, including the exercise of stewardship. Budgets are agreed annually to reflect the delivery of services appropriate to meet our objectives and thus ensure that we are provided with sufficient resource.

The investment advisory team directly supporting the Trustees comprises a partner, a senior investment consultant, an associate investment consultant and two investment analysts, as well as a responsible investment specialist who supports the Trustees in achieving their objectives, thus providing a range of seniority and experience. Our investment advisers can draw on the support and input of a dedicated Responsible Investment team, which includes nine subject matter experts, plus an additional ten members with broader research responsibilities.

While our advisers' incentive structures are not explicitly linked to stewardship, we believe that the governance structures surrounding the relationship clearly set the expectation of the support they provide in delivering our stewardship goals. We monitor the performance of our advisers annually. Our overall assessment of service delivery considers performance against objectives that include explicit reference to how they incorporate our responsible investment beliefs into their advice and reporting, and their contribution to improving our knowledge and understanding of responsible investment. Further details of this are set out in Principle 6.

The Trustees ensure they maintain appropriate skills and knowledge through ongoing training provided by their advisers and investment managers. Over the past year, this has included training on investment risk, ESG and climate metrics, and stewardship reporting, supporting the Trustees' ability to effectively oversee and challenge their managers.

External service providers

The Trustees rely on external service providers to support the implementation of stewardship activities. Investment managers are responsible for exercising voting rights and engaging with investee companies or assets on a day-to-day basis.

The Trustees monitor these activities through regular reporting and engagement meetings, supported by their investment advisers, who provide independent assessment of managers' stewardship practices. This model enables the Trustees to maintain oversight while leveraging the scale and expertise of managers.

Systems, reporting and monitoring

The Trustees' stewardship activities are supported by reporting and data tools provided by our investment advisers. This includes portfolio-level ESG metrics, stewardship reporting and dashboards used to monitor manager activity, identify trends and support engagement discussions. Materials from engagement meetings, including written responses to Trustee questions, are stored on a central portal, providing a clear audit trail of manager interactions. This enables the Trustees to track progress over time and draw on historic discussions to inform future engagement and areas of challenge.

We also produce an annual Implementation Statement, which reviews how our stewardship and responsible investment policies have been implemented over the year, including analysis of managers' voting, engagement and alignment with our investment beliefs and stewardship priorities. It forms a key part of our monitoring framework, supporting assessment of managers' effectiveness, identifying areas of misalignment, and informing our ongoing engagement and challenge. Insights from this review feed into future monitoring and engagement priorities.

Together, this framework enables the Trustees to assess how effectively managers are implementing the Plan's investment beliefs and stewardship priorities, and to identify areas for further challenge or engagement.

Continuous Improvement

The Trustees continually seek to enhance their governance and stewardship practices. Over the past year, this has included carrying out a stewardship self-assessment, planning a dedicated Investment Day for September 2026 to support more structured engagement with investment managers, and developing a Frequently Asked Questions document in response to increased member queries on stewardship topics. The Trustees have also continued to develop the stewardship reporting they receive from their advisers to better support oversight and engagement discussions.

To support continuous improvement, the Trustees maintain a stewardship action log, which is reviewed regularly to track progress against agreed objectives and ensure continued focus on improving stewardship effectiveness.

The Trustees also stay abreast of stewardship developments and evolving best practice through insights and publications from our investment advisers and their responsible investment specialists. This supports our ongoing training and informs our approach.

The Trustees are exploring the potential merits of establishing an Investment Sub-Committee to support more focused oversight of investment strategy and stewardship activities.

Disclosure C

Our stewardship policies and processes

Our policies and processes

The Trustees maintain a range of policies and supporting processes that underpin their approach to stewardship, covering policy setting, implementation, monitoring and continuous improvement. These are reviewed on a regular basis to ensure they remain aligned with the Trustees' investment beliefs, regulatory expectations and evolving best practice, and are supported by input from professional advisers. The key policies and processes are summarised below.

Policy / document	Stewardship function	Review frequency	Responsible owner	External assurance
Statement of Investment Principles (SIP)	Sets out investment beliefs, responsible investment approach and stewardship principles, including expectations for voting and engagement	Annually (and following any material change to the investment strategy)	Trustees	Reviewed internally with input from investment advisers

Conflicts of Interest Policy	Ensures appropriate management of conflicts in decision-making	Triennial	Trustees	Reviewed internally with advice from legal and investment advisers
Vision for a Responsibly Invested Strategy	Strategic framework guiding stewardship priorities, engagement approach and long-term responsible investment objectives	Periodically (and alongside any material change to the investment strategy)	Trustees	Reviewed internally with input from investment advisers
Stewardship Actions Log	Operational tool used to monitor progress against objectives and support accountability and continuous improvement	Quarterly	Trustees	Maintained internally with input from investment advisers
Implementation Statement	Reviews implementation of our stewardship and responsible investment policies, including analysis of managers' voting, engagement and alignment with our expectations	Annually	Trustees	Prepared by investment advisers; no formal external assurance
RI monitoring report	Monitoring process assessing managers' ESG integration, including tracking how portfolio-level climate and ESG metrics evolve over time, informing engagement and challenge	Annually (and alongside manager engagement meetings)	Hymans (preparation) / Trustees (oversight and challenge)	Prepared by investment advisers; no formal external assurance
Trustee Training Log	Governance process supporting stewardship by ensuring Trustees maintain appropriate knowledge, skills and understanding of stewardship, ESG and investment issues	Quarterly	Trustees	Maintained internally with input from investment advisers

Together, these policies and processes form an integrated stewardship framework, with outputs from monitoring and reporting used to inform manager engagement and ongoing refinement of the Trustees' approach.

Assurance and oversight

Responsibility for the review and approval of stewardship-related policies and processes rests with the Trustees. Our stewardship processes and policies are developed and reviewed with input from our investment advisers and their responsible investment specialists, ensuring alignment with regulatory expectations and evolving best practice. We also maintain our knowledge of industry developments through ongoing Trustee training and updates from our adviser.

This approach suits our composition as Trustees of a pension plan with multiple stakeholders and responsibilities, and limited direct expertise in stewardship standards and practices. It ensures we pay due regard to stewardship with the support of our stakeholders, without neglecting our fiduciary responsibilities as Trustees. However, we are continuously exploring ways to improve our stewardship practices, within the confines of our limited resources. Following our original submission to the UK Stewardship Code in 2023, we developed a stewardship actions log, which we use to track agreed actions related to stewardship, monitor progress and incorporate feedback received from the FRC and other stakeholders. The log is reviewed at each Trustee meeting, supporting ongoing oversight and continuous improvement of our stewardship practices.

In 2025, we carried out a stewardship self-assessment to collate our views on the robustness of the Plan's stewardship arrangements, including governance structures and the effectiveness of the policies and processes set out above. The output from this exercise will inform the wider review of the Trustees' approach to responsible investment, which will be undertaken during 2026/27.

Disclosure D

Managing conflicts of interest

Our conflicts policy

We recognise that, in performing our duties on behalf of beneficiaries, conflicts of interest may arise, including those linked to stewardship activities such as voting, engagement, and the use of external managers. A conflicts of interest policy is maintained and reviewed triennially (most recently in April 2026).

Key aspects of the Trustees' conflicts of interest policy are:

- Defining the potential conflicts that may arise in the execution of the Trustees' responsibilities.
- Setting out the duty of the Trustees to identify such conflicts.
- Process for evaluating and managing conflicts as they arise.
- Ongoing monitoring of conflicts.

We also have in place a conflicts management plan with our actuarial advisers which covers the provision of advice to both the Trustees and the sponsoring employers of the Plan. This plan is reviewed annually.

The Trustees maintain a conflicts log, which is reviewed and updated as necessary at each meeting. The log records each Trustee's roles in relation to the Plan and the participating employers that may lead to potential conflicts in running the Plan in a Trustee capacity. This includes the Trustees' interests, if any, in the managers that the Plan invests in. The diverse representation that comprises the membership of the Trustees, and the professional administrative support from our advisers, also helps identify any conflicts. No material conflicts were raised during the 12 months to 31 March 2026, other than regular conflicts such as membership of the plan or responsibilities within the sponsoring employers.

Conflicts arising from advisers and external managers

Our investment advisers also have a conflicts policy. We note that they advise investment managers, some of whom may be parties in their recommendations to us such as manager selection exercises, moving money to or from a manager or supporting retention of or disinvestment from a manager. We are comfortable that there is no conflict that would influence their advice, by virtue of their having a research team that advises on shortlisting fund managers in manager selection exercises and forming views on managers, which is separate from their client and other relationships with investment managers. This is confirmed annually for our records.

Our advisers' assessment of the Plan's managers also incorporates a review of the managers' own conflicts policies. We consider any conflicts of interest arising in the management of the Plan and its investments and have ensured that each manager has an appropriate conflicts of interest policy in place. Managers are required to disclose to us any potential or actual conflict of interest, although we have not been formally notified of any conflict that affected our investments during the year.

Given that stewardship activity is delegated to investment managers, conflicts may arise where managers' voting decisions or engagement approaches are not aligned with the Trustees' expectations. The Trustees review voting and engagement activity as part of their monitoring and, where appropriate, engage with managers to better understand their decisions and set expectations for future behaviour.

An example of how we have strengthened our approach to managing stewardship-related conflicts over the year is set out below:

Conflicts of Interest Policy: April 2026 review

In April 2026 we carried out our triennial review of the Conflicts of Interest Policy, and agreed the following addition to explicitly reflect the conflicts that may arise from the use of external asset managers:

"The Trustees appoint external asset managers to manage day-to-day responsibilities relating to the majority of the Plan's assets, agreed via investment management agreements. This includes stewardship activity (engagement, voting, etc) on behalf of the Plan. The Trustees recognise, however, that managers represent the views and expectations of other investors, potentially creating conflicts in how interests are represented by asset managers.

Additionally, some managers are themselves listed companies for which votes may be cast on the Plan's behalf. The Trustees therefore expect asset managers to publish and maintain a conflicts of interest policy. The Trustees also consider each manager's stewardship approach as part of due diligence prior to appointment and through ongoing monitoring thereafter. The Trustees expect asset managers, and their representatives who attend Trustee meetings, to declare conflicts as necessary."

This update ensures that stewardship-related conflicts are explicitly captured within the Trustees' governance framework and supports ongoing oversight and challenge of managers.

Disclosure E

Dialogue with our members

Methods to communicate with our members

The Trustees' primary communication channel with members is via an annual newsletter, summarising the latest funding information and providing an update on ESG and stewardship activities. The Trustees also maintain a Plan website that provides members with:

- The Statement of Investment Principles, summarising the Plan's investment beliefs, including responsible investment beliefs and engagement principles.
- The Implementation Statement, which addresses how we've complied with the Plan's Stewardship Policy during the previous Plan year. This incorporates details of the stewardship activity undertaken by and on behalf of the Trustees.

- Frequently Asked Questions document, which provides the Plan's members with details of the Trustees' practices relating to Responsible Investment.
- Historic Trustee Reports.
- The Member Guide, which contains contact details to allow members to ask us questions and give us their feedback.
- A copy of our latest successful UK Stewardship Code submission.

We encourage beneficiaries to engage with us throughout the year and the annual newsletter invites their feedback. In the May 2026 newsletter, we communicated our successful UK Stewardship Code submission in 2025, a reminder of the Trustees' priority stewardship themes, and an overview of the principles that underpin our *Vision for a Responsibly Invested Strategy*. We also highlighted our plan to review our approach to responsible investment in 2026/27.

In addition to formal communications, we have engaged directly with members through a series of sessions delivered in collaboration with our investment advisers. These sessions provided an opportunity for members to learn about the role of the Trustees, how the Plan's assets are invested, and to ask questions on topics including responsible investment and stewardship. Follow-up queries from these sessions have covered areas such as investment decision-making, responsible investment practices and how often the Plan's investments change.

Using feedback to inform our approach

Over the past year, we have observed an increase in member queries relating to responsible investment, driven in part by broader geopolitical developments. This highlighted the need to enhance transparency and improve member understanding of how responsible investment and stewardship considerations are reflected in our investment decisions and manager activities. In response, we introduced a Frequently Asked Questions (FAQ) document, designed to respond directly to common member query themes and provide clearer, more accessible information to members. The FAQ was made available to members in March 2026 and will be reviewed annually, or in response to any major geopolitical developments as required, to ensure it remains relevant and responsive to member feedback.

More broadly, the increase in member engagement has reinforced the importance of ensuring our stewardship approach reflects the views of the wider membership. We have therefore considered feedback gathered through engagement with members and sponsoring employers, including a survey undertaken across participating employers, to build our understanding of member priorities.

We expect this feedback to play a key role in shaping our planned 2026/27 review of our responsible investment approach and priority stewardship themes. As part of this review, we are also considering further engagement with members, including the potential use of a broader survey of all members (including pensioner members), focused on responsible investment and stewardship, to ensure our stewardship priorities remain aligned with beneficiary expectations.

Overall, stakeholder feedback has directly informed how we communicate and develop our stewardship approach, and will continue to be used to refine our priorities and ensure they reflect the interests of our members.

Part 2: Activities and Outcomes

Principle 1

Integrating stewardship and investment to deliver long-term sustainable value for our members.

Our stewardship priorities

Responsible investment is a central practice of ours, and we embed stewardship across our investment arrangements to support long-term outcomes for our members. This is achieved through manager selection, ongoing monitoring, structured engagement and the use of ESG and climate metrics to inform our decision-making and challenge of managers.

Our approach to stewardship is guided by our investment beliefs and our *Vision for a Responsibly Invested Strategy*. We dedicate time at each Trustee meeting to monitoring and engaging with our investment managers on their stewardship practices, supported by regular review of portfolio-level ESG and climate data. This enables us to assess how our managers are carrying out stewardship on our behalf and the extent to which their activity aligns with our expectations over time, helping to identify areas for further engagement and challenge.

Our key stewardship priorities are framed through our priority stewardship themes (set out in Disclosure A), which focus on financially material environmental, social and governance issues. These themes provide a clear framework for prioritising stewardship activity and are consistently referenced in our engagement with managers and in our monitoring of investment outcomes.

Our approach varies across asset classes, reflecting differences in ownership structure, levels of control and our ability to influence outcomes. In all cases, stewardship is delegated to our investment managers, who act on our behalf:

- In **public markets**, our managers deliver stewardship through engagement with companies and the exercise of voting rights. Our role is to monitor this activity closely and provide challenge where it does not align with our expectations, with particular emphasis on our priority stewardship themes. We also scrutinise managers' approaches to voting and engagement as part of our manager selection process, recognising these as key levers for delivering stewardship outcomes.
- In **private markets**, where managers often have greater control or direct influence over assets, it is particularly important that stewardship is embedded within investment decision-making and asset management processes. We therefore focus our engagement on understanding how this is implemented in practice, including through discussion of case study examples with managers during engagement meetings.

Our approach is underpinned by our *Vision for a Responsibly Invested Strategy*, framed in 2020, which sets out how we seek to integrate stewardship into our investment arrangements:

Vision for a Responsibly Invested Strategy

To invest in a manner where sustainability issues are not just considered as part of what managers do, but so that the invested assets contribute positively to a more sustainable future.

1. To embed sustainability in the appointment and ongoing scrutiny of the investment managers, embedding the opportunities that sustainability issues bring, not just the risks.

2. To think about how the assets are invested and the nature of the mandates employed. The energy transition and the accompanying need for a social transition will inevitably bring opportunity through time and, as an open pension scheme, the Trustees can seek to be positioned on the right side of these opportunities.

3. To measure the contribution of the Plan's investments towards more sustainable outcomes. Their ambition does not commit the Trustees to only invest in things that contribute positively to a sustainable future. Instead, on a net basis, the contribution must be positive.

This *Vision* provides a consistent framework for our stewardship activities and is reflected in our investment strategy, manager selection and ongoing monitoring.

Embedding stewardship within our investment process

Over time, we have developed a more structured and integrated stewardship framework, ensuring that stewardship considerations are embedded throughout our investment arrangements.

We embed stewardship within our investment process in the following ways:

- **Integration into investment strategy** – we consider stewardship as part of the ongoing development of our investment strategy, consistently referencing our investment beliefs and *Vision for a Responsibly Invested Strategy* when making strategy decisions (see Disclosure A and Principle 1).

- **Structured manager engagement framework** – we engage with our investment managers through dedicated engagement sessions, supported by detailed briefing materials from our advisers. These include stewardship reporting, ESG and climate metrics, and suggested questions aligned with our priority stewardship themes (see Principle 3). Where appropriate, follow-up actions are agreed and tracked to ensure continuity of dialogue.

- **Use of ESG and climate metrics** – we receive portfolio-level ESG and climate reporting from our advisers, allowing us to monitor how these metrics evolve over time and assess the extent to which managers are aligning with our ambitions. These insights are used to inform engagement discussions, identify areas for challenge and support our decision-making (see Principle 5).

- **Stewardship actions log** – a key element of our approach is the stewardship actions log, which is reviewed at each Trustee meeting. The log tracks engagement activity, monitors progress against agreed objectives and ensures that actions are followed up. This provides a clear link between engagement discussions and outcomes, supporting accountability and continuous improvement (see Disclosure C).

- **Integration into governance and decision-making** – we have embedded stewardship within our governance framework, including through dedicated time at Trustee meetings to review stewardship activity and engagement outcomes. This supports effective oversight and ensures that stewardship considerations are reflected in our investment discussions and decisions (see Disclosure B).

- **Trustee training and development** – we ensure that Trustees maintain appropriate knowledge and understanding of stewardship through regular training provided by our advisers and investment managers. This supports our ability to interpret reporting, engage effectively with managers and challenge them on stewardship matters.

- **Enhanced engagement and oversight through Investment Day** – we are introducing a dedicated Investment Day in 2026, providing a structured forum to engage with our investment managers and receive targeted training on stewardship and asset class best practice. This supports more consistent and focused oversight of stewardship activity.

- **Continuous improvement of our approach** – we continually refine our approach, including enhancing our engagement framework, improving the reporting we receive and strengthening how we assess outcomes (see Disclosure C and Principle 5).

Looking ahead, we are exploring the potential establishment of an Investment Sub-Committee (ISC) to support more focused oversight of investment strategy and stewardship activity. This would provide additional capacity for detailed scrutiny of managers and further strengthen our governance framework.

Developing our approach

Over the past year, we have continued to develop our approach, moving towards a more structured and integrated stewardship framework. This reflects our size, governance budget and position as an asset owner investing through external managers. Building on our existing approach, we have continued to strengthen how we engage with managers, increased our focus on outcomes and further embedded stewardship within our governance processes.

In January 2025 we reviewed our progress in relation to achieving our *Vision for a Responsibly Invested Strategy* and, recognising that many initial actions had been implemented, developed our *Vision: Road to 2030* to guide the next phase of our approach.

Vision: Road to 2030

1. Ambitious, thoughtful & action-based stewardship: stewardship and engagement resource is limited, therefore engagement should be clearly structured and defined so that it can be as effective as possible and result in real world change.

Actions:

- Develop a robust engagement framework, which considers effective stewardship before, during and after engagement meetings with managers.
- Set metrics and targets for engagement based on the Plan's priority stewardship themes; environmental (net zero and biodiversity); social (decent work and employment practices and diversity and inclusion); and governance. (Before engagement)
- Consider what is possible within each asset class and define best practice, selecting themes that are most practical per asset class. (Before engagement)
- Conduct confident, focused manager engagement sessions that consider whether managers are aligned with best practice, and challenge managers where this is not the case. (During engagement)
- Post-meetings, formalise an engagement log to track progress and assign outcomes of engagement, to ensure engagement has consequences. (After engagement)

2. Creating positive impact through investment: Assets are invested to generate economic return, but many assets also directly and indirectly affect society and the environment. Being clear on the desired outcomes is essential to creating impact.

Actions:

- Consider what the world may look like in ten years' time and evaluate investments that could take advantage of future developments, such as transitioning assets. Leveraging existing relationships may introduce opportunities to both have positive impact as well as future-proofing the investment strategy.

- Define desired outcomes.

3. Measurement: The Trustees have now developed comprehensive assessment metrics – linking these to tangible actions would allow the Plan to have a stronger impact.

Actions:

- Assess which themes are most transformative; measure what matters and what will be acted upon.

This *Vision* guides our engagement with managers and supports the continued development of our stewardship practices. We will continue to refine our approach to ensure that stewardship remains embedded within our investment process and aligned with our long-term objectives.

Principle 2

How we identify and respond to market-wide and systemic risks to promote well-functioning financial markets

Key market-wide and systemic risks and opportunities

The Trustees recognise that a range of market-wide and systemic factors can have a significant impact on long-term investment outcomes. As long-term investors, we consider such factors in the development and implementation of our investment arrangements.

Over the course of the year, we have identified the following key market-wide and systemic risks as being most relevant to the Plan:

- Climate change and the transition to a low-carbon economy;
- Biodiversity and nature-related risks;
- Social risks, including employment practices and human capital management;
- Equity concentration risk; and
- Geopolitical and policy-related developments, including changes in trade policy and government approaches to the energy transition.

These risks are particularly relevant given our long-term investment horizon and our exposure to global equity and real assets, where such risks may affect both valuations and long-term return expectations.

We incorporate consideration of these risks within our investment approach through the design of mandates, the selection of investment managers and ongoing monitoring and engagement. Our equity mandates, for example, all make reference to ESG and climate factors in their strategy designs, allowing them to incorporate and respond to evolving systemic risks.

Integrating systemic risks into our investment approach

We rely on input from our investment managers and advisers to identify and assess systemic risks, and we incorporate these into our investment decision-making through strategy reviews, manager selection and ongoing engagement. Over the past year we have taken the following actions in response to systemic risks:

- **Funding-led equity reduction** – following the 2025 triennial valuation and strategy review, and reflecting the Plan's strengthened funding position, we decided to review the allocation of risk across the investment strategy. This reduced surplus volatility and short-term deficit risk without materially compromising long-term return potential, and was implemented through a reduction in equity exposure and an increase in credit exposure.

- **Climate scenario analysis** - as part of the 2025 strategy review, we undertook climate scenario analysis to assess the resilience of the investment strategy to a climate-related shock (global food crisis). While this analysis indicated a reduction in the Plan's probability of success in the short term, the strategy demonstrated longer-term resilience and recovery, highlighting the importance of ongoing risk assessment and adaptation.
- **Strengthening diversification within our equity portfolio** – equity market concentration remains a key systemic risk for long-term investors, particularly in passive strategies. In April 2026, we reviewed the composition of our equity portfolio and agreed to replace the existing multi-factor mandate with a fundamentally weighted approach, with the aim of improving diversification and complementing the Plan's market-cap exposure.
- **Geopolitical and policy-related developments** – we have used our engagement framework to understand the implications of geopolitical and policy developments for the portfolio, including US trade policy and changes in support for renewable energy. Through these discussions, we have challenged managers on how such risks are being monitored and managed within their portfolios and investment processes.
- **Climate and sustainability integration in the credit allocation** – we continued to explore replacing part of our corporate bond allocation with a sustainably integrated alternative. While the in-principle allocation to sustainable private credit was ultimately removed as part of the aforementioned strategy review, this work enhanced our understanding of the market and will help inform our broader approach to incorporating sustainability risks within credit investments in the future.
- **Property fund merger** – we assessed the proposed merger of the Federated Hermes Property Unit Trust with the L&G Managed Property Fund in the context of wider property market conditions. In doing so, we evaluated both financial and sustainability considerations, including stewardship practices within the new structure, and concluded that the transition represented a positive outcome for the Plan.
- **Key risk review** – In June 2025, we undertook a review of key investment risks. Alongside equity concentration, we considered liquidity and currency risks. While these are not systemic in nature, the review enhanced our understanding of the portfolio's resilience under different market conditions and informed subsequent actions, including improving liquidity through the use of daily-dealt share classes and formalising our approach to currency hedging in the Statement of Investment Principles.

Where appropriate, we escalate our response to systemic risks through engagement with managers and by adjusting our investment strategy or allocations. The actions above demonstrate how identified risks have informed both engagement and investment decision-making.

Contribution to system-wide initiatives

As an asset owner investing through external managers, we do not typically engage directly in policy or standard-setting initiatives. Instead, we monitor our managers' participation in such initiatives and consider this as part of our assessment of their stewardship approach.

Across our managers, we have observed participation in a range of relevant initiatives, including:

- The Taskforce on Nature-related Financial Disclosures (TNFD);
- The Net Zero Asset Managers initiative;
- Climate Action 100+; and
- Other industry collaborations aimed at advancing sustainable investment practices.

We expect our managers to contribute to the development of industry standards and best practice, particularly in relation to climate and broader sustainability issues, which align with our priority stewardship themes.

Our Chair has attended industry events to highlight the steps that the Trustees have taken, including the PLSA Annual Investment Conference, and various investment conferences and webinars organised by other organisations.

Engagement and escalation through our managers

Given our position in the investment chain, engagement with issuers on systemic risks is primarily carried out by our investment managers on our behalf. Our role is to oversee this activity through monitoring, engagement and challenge. During the year, our engagement with managers has included:

- Discussions with L&G on climate-related risks and the transition to a net zero economy;
- Engagement with Quinbrook on the impact of policy and regulatory changes on renewable energy investment, particularly in relation to US assets; and
- Discussions with IFM on emissions-reduction strategies and the management of physical and transition risks.
- Engagement with Storebrand on Sustainability with information on their Voting, Engagements and Case Studies (with a focus on Human Rights, climate and weapons.

These discussions have helped us to better understand how systemic risks are being managed within the portfolio and have informed our ongoing oversight and challenge of managers.

Where we identify areas of concern, we escalate these through our engagement with managers and, where appropriate, through investment decisions. This includes challenging managers where their approach does not align with our expectations, and considering changes to mandates or portfolio structure where appropriate.

Principle 3

Engaging with investee companies to maintain or enhance the value of assets

Our approach to engagement

As detailed in Disclosure B, the Plan is an asset owner and invests exclusively through pooled investment vehicles. As a result, engagement with investee companies is undertaken by our investment managers on our behalf, rather than directly by the Trustees.

This approach reflects our position in the investment chain. By investing through external managers, we access specialist expertise and engage at scale, while retaining oversight through structured monitoring and engagement. Our role is therefore to ensure that our managers' engagement is effective, aligned with our expectations and contributes to long-term Plan outcomes.

The Trustees' direct engagement activity is focused on ongoing dialogue with our investment managers, undertaken in conjunction with our investment advisers.

Selection and prioritisation of engagement issues

Our engagement priorities are guided by our priority stewardship themes (set out in Disclosure A), which focus on financially material environmental, social and governance issues. These themes provide a clear framework for identifying and prioritising engagement activity and are embedded within our monitoring and engagement approach, including shaping meeting agendas, materials, and the questions we pose to managers.

Purpose of our engagement

The purpose of our engagement is to:

- assess the extent to which managers are exercising stewardship in line with our investment beliefs and expectations;
- understand how managers are identifying and addressing financially material ESG risks and opportunities within their portfolios;
- challenge managers where their approach or level of ambition does not align with our expectations; and
- encourage improvements in managers' stewardship practices over time, including better disclosure and alignment with our expectations.

This ensures that our engagement contributes to maintaining or enhancing the long-term value of the Plan's assets.

Methods of engagement

Our engagement is primarily undertaken bilaterally with our investment managers through structured engagement meetings, supported by our investment advisers. These meetings are informed by detailed briefing materials, including progress updates on outstanding stewardship actions, ESG and climate metrics, and suggested questions aligned with our priority stewardship themes. Managers are asked to respond during meetings and, where necessary, provide written follow-up responses, which are then used to inform and shape the focus of future engagement discussions.

Where relevant, we also consider the extent to which our managers undertake engagement collaboratively with other investors or stakeholders. This is assessed as part of our broader evaluation of their stewardship approach. This indirect model is appropriate given our use of pooled investment vehicles, allowing us to influence engagement outcomes while leveraging the scale and capabilities of our managers.

Examples of engagement and outcomes

During the year, we held engagement meetings with three of the Plan's investment managers. The key areas of focus and resulting actions are summarised below:

Manager/Asset	Engagement topics	Action / Outcome
L&G (Equities, Corporate Bonds & Property)	• Evolution of ESG and factor methodology, including incorporation of deforestation • Exposure to regions / sectors affected by geopolitical risk (in particular, the Middle East) • Potential impact of the Federated Hermes merger on L&G Managed Property Fund sustainability ratings	• Requested further information on how exposure to controversial weapons is identified and monitored, to support ongoing oversight of portfolio risks and stewardship alignment
IFM (Infrastructure)	• Development of IFM's 'Decarbonisation planning toolkit' to assist companies with climate transition planning and quantifying their scope 3 emissions	• Requested follow up on outstanding questions

Manager/Asset	Engagement topics	Action / Outcome
	• Pipeline for the Core Energy Transition Fund and discussion around how health and safety is considered	
Quinbrook (Infrastructure)	• Sustainability characteristics of underlying investments • Approach to sustainability following team changes • Discussion on how key assets (such as Rowan, a major data centre investment) could be compared with peers from a sustainability perspective	• Requested additional analysis to assess relative sustainability positioning of key assets to support ongoing monitoring and challenge of investment manager approach
Storebrand (Equities)	• Application of exclusions and impact on portfolio construction and performance • Approach to managing conflict-related risks within portfolios	• Received additional publication on how the manager addresses conflict risk • Identified examples to incorporate into the member FAQ document to help explain how managers approach responsible investment

Across these engagements, outcomes have primarily taken the form of:

- improved understanding of manager approaches and portfolio exposures;
- enhanced transparency through additional information and analysis; and
- identification of areas for further challenge and ongoing monitoring.

The following case study provides an example of how our engagement approach has been applied in practice and how we assess alignment with our stewardship expectations.

Case Study: Quinbrook – Rowan data centre platform

We met with Quinbrook on 2 September 2025 as part of our ongoing manager engagement programme. During the meeting, Quinbrook provided an update on Rowan, its US data centre platform, including how sustainability is embedded within the development approach through measures such as lifecycle carbon assessments, energy efficiency modelling and consideration of biodiversity at site level.

The Trustees challenged how Rowan's sustainability credentials compare relative to other large data centre developers, given its scale and increasing importance within the portfolio. Quinbrook noted that comparable data across peers is limited but highlighted that few developers integrate sustainability as explicitly within their strategy.

Following the meeting, Quinbrook provided additional analysis to support their response. While this did not include a direct peer ranking, the analysis demonstrated that Rowan performs favourably against industry-standard benchmarks, including reduced lifecycle emissions, improved energy efficiency relative to standard designs, and alignment with recognised external frameworks such as Sustainalytics. Quinbrook also outlined its collaboration with GRESB to support the development of a sector-specific benchmark for data centres. This response was reviewed by our investment advisers, who provided additional interpretation and context, helping to assess the extent to which the outcomes were meaningful relative to industry norms. Our adviser's summary and supporting materials were made available to the Trustees via the central portal, ensuring a clear record of the engagement and outcomes.

This follow-up enhanced transparency and allowed the Trustees to assess Rowan's sustainability performance in a consistent and comparable way. As a result, we were satisfied that Rowan's approach delivers outcomes that are stronger than industry standards and appropriately balanced against commercial considerations. This provided assurance that Quinbrook's approach to sustainability is aligned with our stewardship expectations and informed our ongoing monitoring and engagement priorities for the mandate.

Escalation and ongoing oversight

Given that engagement with investee companies is delegated to investment managers, escalation of underlying stewardship activity (for example through voting or divestment) is also undertaken by managers. The Trustees oversee this activity through regular monitoring and direct engagement with managers. Where we identify areas of concern, we escalate by:

- requesting further information or clarification;
- challenging the adequacy of their approach; and
- setting expectations for future engagement and reporting.

We also review escalation actions undertaken by managers to assess whether these are appropriate and aligned with our expectations. This ensures that managers remain accountable for delivering effective stewardship on our behalf. No escalation with our investment managers was required during the year, reflecting that stewardship practices remained broadly aligned with our expectations.

Principle 4

Actively exercising rights and responsibilities

Our role as an investor and our stewardship approach

While voting is delegated, the Trustees retain responsibility for overseeing how these rights are exercised. We believe it is important that our investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues that affect long-term value.

Our role is therefore to monitor and assess our managers' voting activity, and to engage with them where this does not align with our expectations.

Our approach to monitoring voting activity

Investment managers report voting activity to us on a periodic basis. We review this activity and consider whether it is consistent with our investment beliefs and priority stewardship themes. This monitoring is formalised through the annual Implementation Statement, which includes a detailed review of managers' voting activity. Full voting records are available through our managers' disclosures and are reviewed as part of this process.

Voting activity over the year

The Trustees have obtained details of votes cast within the pooled funds in which the Plan invests for the 2025/26 Plan year. These are summarised below:

	Fund 1	Fund 2	Fund 3
Proportion of Plan assets as at 31 March 2026	15.9%	7.6%	7.9%
No. of meetings eligible to vote at during year	1,665	5,886	679
No. of resolutions eligible to vote on during year	21,023	60,906	9,686
% of resolutions voted	100.0%	100.0%	83.0%
% of resolutions voted with management	80.0%	79.0%	91.9%
% of resolutions voted against management	19.6%	20.0%	8.0%
% of resolutions abstained	0.4%	1.0%	0.1%
% of meetings with at least one vote against management	67.4%	60.6%	33.0%

Funds 1 and 2 are managed by L&G and Fund 3 is managed by Storebrand. Figures may not sum due to rounding.

The above data shows that voting coverage is high across the Plan's listed equity exposure, with the majority of resolutions voted and a meaningful proportion of votes cast against management, reflecting active stewardship by managers.

Managers' voting approaches

The Plan's investment managers vote according to their in-house policies, as detailed below:

- Storebrand's votes are cast in accordance with their sustainable investments policy, which includes guidelines on value creation, governance, and climate-related issues. Votes against management were typically cast on proposals relating to climate, human rights, and governance concerns.
- L&G applies a custom voting policy designed to uphold minimum global standards of best practice. This is supplemented by thematic policies and may incorporate qualitative judgement where engagement provides additional insight.

We assess whether voting policies align with our stewardship priorities and expectations and challenge deviations where relevant.

Use of voting as an escalation tool

We recognise that voting is an important mechanism through which managers can escalate stewardship concerns where engagement has not led to sufficient progress. Examples of escalation during the year include:

- **L&G –** under its deforestation policy, L&G identified companies failing to meet expectations and signalled potential escalation through voting against management and, in some cases, divestment.

- **Storebrand** – escalated engagement with Nippon Steel by supporting shareholder resolutions calling for improved climate targets and disclosure.

We review these escalation activities as part of our assessment of managers' stewardship effectiveness and consider whether they are consistent with our expectations.

Oversight and challenge of voting behaviour

Where we identify areas where voting activity does not align with our expectations, we engage directly with managers to understand the rationale for specific voting decisions and set expectations for future voting behaviour. We also compare voting patterns across managers, particularly in relation to our priority stewardship themes, to identify areas for further challenge or discussion. This ongoing oversight supports our broader assessment of managers' stewardship approach and informs our engagement with them.

Conflicts of interest related to voting

As voting is delegated to investment managers, conflicts of interest may arise where managers represent the interests of multiple investors or have other competing incentives when exercising voting rights. We monitor this through our review of voting activity and engagement with managers. Where appropriate, we seek to understand how managers have identified and managed any conflicts in their voting processes. Further detail on the Trustees' approach to managing conflicts of interest is set out in Disclosure D.

Exercising rights in other asset classes

For asset classes where voting rights are not applicable, such as infrastructure and property, stewardship is primarily exercised by managers through direct ownership, governance rights, and engagement at the asset level. The Trustees do not exercise these rights directly but assess how managers discharge these responsibilities as part of our monitoring and engagement. For example:

- Infrastructure managers (IFM and Quinbrook) typically have board representation or significant influence over underlying assets. This enables them to embed ESG considerations within asset-level governance, including oversight of decarbonisation plans, operational performance and health and safety practices.

- Property managers (L&G) engage directly with occupiers and asset managers to improve sustainability outcomes, for example through initiatives focused on energy efficiency, decarbonisation and broader ESG risk management at the asset level.

We assess these activities through manager reporting and engagement discussions to ensure they align with our expectations, as illustrated in the Quinbrook case study (detailed in Principle 3), where we engaged with the manager on how sustainability considerations are embedded within the development of underlying assets and how this compares to industry peers.

Principle 5

Integrating stewardship considerations into our selection and oversight of external managers

Incorporating stewardship in design and award of mandates

Our investment beliefs and *Vision for a Responsibly Invested Strategy* set out our priorities for assessing investments and managers. We seek to embed stewardship considerations in both the appointment of, and ongoing scrutiny of, investment managers, and may choose not to invest where a strategy does not align with our responsible investment beliefs and priorities.

In practice, stewardship considerations have been incorporated into mandate design and manager selection. When shortlisting managers and providing recommendations, our investment advisers explicitly assess managers' ESG integration and stewardship practices, and managers are expected to demonstrate their approach in these areas as part of tendering exercises. This ensures alignment with our priority stewardship themes is considered alongside traditional investment criteria.

Stewardship considerations have also informed specific manager appointment during the year. For example, in July 2025, our investment advisers provided suitability advice on the L&G Managed Property Fund ahead of the proposed merger with Federated Hermes. This explicitly considered responsible investment factors, concluding that L&G integrates climate risk and broader ESG considerations into its investment process, helping to future-proof the portfolio against regulatory and political developments. Through this process we were satisfied that L&G met our expectations from a stewardship perspective.

Engagement with external managers and setting expectations

As we delegate day-to-day fund management and stewardship activity to our investment managers, the oversight of these activities are a key responsibility and part of our fiduciary duty. We engage regularly with our investment managers through a structured engagement framework, as outlined in Principle 3. This includes dedicated meetings supported by detailed briefing materials prepared with our investment advisers, incorporating ESG and climate metrics and questions aligned with our priority stewardship themes.

We also engage with managers as part of the selection process, setting expectations on stewardship from the outset. For example, in May 2025, when considering a potential allocation to a sustainable private credit fund, we met with the manager, challenged their commitment to stewardship in light of recent press coverage, and clearly set out our expectations as a potential investor. While we ultimately chose not to invest for unrelated reasons, this engagement formed part of our assessment of the manager's overall approach.

Through this process, we set clear expectations for managers to demonstrate how stewardship is embedded within their investment processes. Where appropriate, we request follow-up responses to ensure areas of focus are addressed, supporting informed dialogue and enabling ongoing challenge.

Monitoring managers' stewardship activities

Stewardship considerations are embedded within our ongoing monitoring framework, which combines both quantitative reporting and qualitative engagement. This includes:

- **Manager ratings:** Our investment adviser provides biannual assessments of managers, including dedicated responsible investment ratings that consider firm culture, policies, use of ESG data and stewardship activity. As at 31 March 2026, two of our managers were rated 'Good' (the second highest rating, indicating they surpass acceptable standards for responsible investment) and two were rated 'Strong' (the highest rating, demonstrating clear alignment with best practice), with those rated 'Strong' accounting for c.70% of the Plan's assets. Given that only c.7% of managers assessed by our advisers are rated 'Strong', this represents a high level of exposure to leading practices.
- **Stewardship/ESG reporting:** We receive annual ESG and climate metrics at both portfolio and mandate level, including carbon emissions, ESG scores and exposure to climate solutions. The reporting supports our ongoing monitoring of our managers' stewardship activity, is used to inform engagement discussions, and enables us to assess whether portfolios remain aligned with the stewardship expectations set at appointment.

- **Structured engagement meetings:** As outlined in Principle 3, we meet regularly with managers to discuss stewardship activity. These meetings are supported by pre-circulated questions and follow-up actions, allowing us to track progress over time and hold managers accountable for outcomes.

This framework enables us to assess how stewardship is implemented in practice and provides a clear basis for ongoing engagement and challenge. Insights from monitoring feed directly into our engagement with managers and help shape future investment decisions.

Escalation and ongoing challenge

Where we identify concerns through monitoring or engagement, we challenge managers directly to understand their approach and set expectations for improvement. This may include requesting additional information, enhanced disclosure or clearer articulation of how ESG risks are managed.

As outlined in Principle 3, escalation to underlying assets is undertaken by managers on our behalf, and we review these escalation actions as part of our monitoring. Examples include voting against management or pursuing enhanced engagement where companies do not meet expectations. We assess whether these actions are appropriate and aligned with our stewardship priorities.

No formal escalation to replace a manager was undertaken during the year. However, the Trustees remain willing to take action where stewardship practices are not aligned with expectations, recognising this as an important part of effective oversight.

Principle 6

Monitoring and creating accountability for service providers

Our approach to service providers

The Trustees rely on external service providers to support the delivery of stewardship; primarily investment advisers and investment managers. Oversight of these providers is an important part of our governance framework and supports effective implementation of our investment beliefs and stewardship priorities.

Investment advisers

Our investment advisers play a key role in supporting our stewardship activities. This includes advising on investment strategy, supporting manager selection and monitoring, providing stewardship and ESG-related reporting and training, and supporting the development of our stewardship policies and frameworks. We regularly engage in two-way discussions with our advisers on these topics, helping to shape and evolve our approach.

We have agreed formal objectives with our investment adviser, Hymans Robertson, which relate directly to our own long-term goals. These objectives cover:

- The design of an appropriate investment strategy to meet the liabilities.
- Cost-effective implementation of the strategy in accordance with the Trustees' beliefs and principles.
- Ongoing support in the governance of the investment arrangements.
- Ensuring that regulatory requirements are met.

A key underlying objective for our adviser is to: "Embed the consideration of responsible investment principles into their investment advice and reporting".

In 2025, we further strengthened these objectives by introducing an explicit stewardship objective, requiring our adviser to support effective stewardship of the Plan's investments and ensure that the Trustees are well-equipped to engage with and challenge managers on stewardship matters.

We monitor the quality of our advisers through an annual review, assessing performance against the agreed objectives. The outcomes of this review are shared with the adviser, and any areas for improvement are discussed and followed up as appropriate. Our independent Chair also has oversight of the services provided by advisers on other schemes he supports, which helps the Trustees benchmark the quality of advice received against broader market practice.