

British Board of Agrément Pension and Life Assurance Scheme

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statements of Investment Principles (SIPs) dated November 2024 and December 2025, which reflects the Scheme's investment strategy in place as at the end of the Scheme year, have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 April 2025 to 31 March 2026.

Investment objectives of the Scheme

The Trustees have considered the strength of the Principal Employer's willingness and ability to support the Scheme when setting the investment objectives and strategy.

During the year, the Trustees and Principal Employer adopted a funding and investment approach that secures the Scheme's liabilities with an insurer. This approach places very little assumed reliance on the employer covenant. The Trustees are satisfied that the Principal Employer has the resources to enable the liabilities to be fully secured in the short term, given that the Trustees have purchased a bulk annuity contract with an insurer, and the Employer has resources in place that are expected to be sufficient to meet additional expenses associated with finalising the bulk annuity purchase process and winding-up of the Scheme.

The Scheme is subject to the Statutory Funding Objective (SFO) introduced by the Pensions Act 2004, i.e., that it should have sufficient and appropriate assets to cover its Technical Provisions, as calculated in accordance with the Trustees' Statement of Funding Principles. However, given the fact that the Trustees have secured the Scheme's liabilities with an insurer, the Trustees have agreed that the funding position measured relative to the cost of the bulk annuity contract is the assessment of scheme funding that is of most importance to the Trustees and members.

As at the year end, the Trustees' investment objectives for the Scheme are therefore to invest sufficient assets in a bulk annuity contract that backs all the liabilities of the Scheme and that enables the Trustees to meet all benefits of the Scheme as they fall due prior to the Scheme being wound-up.

The Trustees will have regard to the Principal Employer's views on the potential costs and risks associated with the investment objectives set and their implementation through the practical strategy.

Review of the SIP

The SIP was last reviewed in December 2025. The Trustees updated the SIP to reflect changes in the Scheme's investment strategy that were made during the Scheme year, namely the redemption of the Scheme's pooled fund assets and the use of the proceeds to purchase a bulk annuity policy.

Prior to this, the SIP had last been updated in November 2024 to take account of previous changes made to the Scheme's investment strategy.

The Trustees have a policy on financially material considerations relating to Environmental, Social, and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustees' latest SIP.

The Trustees' policies on financially and non-financially material considerations, as well as engagement and voting rights, were updated in the revised SIP coming into force during the year. These policies were updated to reflect that following the purchase of the buy-in policy, the Scheme does not hold any assets for which the Trustees are able to affect their investment in light of ESG considerations. Instead, the Trustees rely on Aviva Life & Pensions UK Limited (Aviva, the Insurer) as the insurer of the bulk annuity policy to take financially materially considerations into account as appropriate in investing the assets that back the bulk annuity policy, alongside engaging with underlying investee companies where possible.

Investment managers and funds in use

The Trustees' investment strategy for the Scheme as at the start of the year was as shown in the below table, which is reflected in the November 2024 SIP.

Asset Class	Fund	Target Asset Allocation
Multi-asset income	L&G Retirement Income Multi-Asset Fund	10.0%
Self-sufficiency credit	L&G Self-Sufficiency Credit Funds	70.0% ± 10.0%
Liability Driven Investment (LDI) solution (including cash)	L&G Matching Core Funds	20.0% ± 10.0%
	L&G Sterling Liquidity Fund	
Total		100.0%

The Trustees revised the Scheme's investment strategy in November 2025 in preparation to enter a bulk annuity policy by redeeming the majority of the Scheme's pooled fund assets, and reinvesting these into a range of gilt, index-linked gilt, and cash funds managed by L&G. The objective of this strategy was to align the sensitivity of the Scheme's assets to changes in interest rates and inflation expectations with the Insurer's bulk annuity quotation. This aimed to minimise the volatility of the Scheme's funding position, relative to the Insurer's quotation, in the interim period between the quotation being received and the purchase of the bulk annuity policy being finalised.

Following the implementation of the interim strategy noted above, the Scheme disinvested all of its pooled fund assets to fund the purchase of a bulk annuity policy with Aviva in December 2025, following which the Scheme held no assets in pooled investment vehicles. This bulk annuity policy is expected to provide cashflows that match future benefit outgo for all Scheme liabilities (in conjunction with any other annuity policies already held by the Scheme), and therefore provides full protection against changes in the value of the underlying liabilities of the Scheme as interest rates and/or inflation expectations change, whilst also transferring longevity risk to the Insurer. This strategy is reflected in the December 2025 SIP.

Investment governance

The Trustees are responsible for making investment decisions, and seek advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment consultant.

The Trustees do not actively obtain views of the membership of the Scheme to help form their policies set out in the SIP as the Scheme is comprised of a diverse membership, which the Trustees expect to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustees in October 2025. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance, and service standards.

Monitoring of investment arrangements

In addition to any reviews of Investment Managers or approaches, and direct engagement with the Investment Manager (as detailed below), the Trustees received performance reports on a quarterly basis from L&G, together with performance reports from Broadstone on a quarterly basis to ensure the investment objectives set out in their SIP were being met, up to the point of the Scheme's pooled fund assets being disinvested during the year.

The Trustees will review on a regular basis whether the Insurer has provided payments to the Scheme to fund benefits payable, as due under the terms of the bulk annuity policy.

Trustees' policies

The table below sets out how, and the extent to which, the relevant policies in the Scheme's November 2024 SIP, in force at the start of the year, and December 2025 SIP, reflecting the Scheme's investment strategy as at the year end, as applicable, have been followed:

Requirement	Policy	Implementation of Policy
Selection of Investments	November 2024 SIP The Trustees may select investments from a wide range of asset classes from time to time, including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property, and alternative asset classes, such as hedge funds, private equity, and infrastructure. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level. The Trustees may invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments. The Trustees may hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it. The Trustees may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme. December 2025 SIP The Trustees may select investments from a wide range of asset classes from time to time. The Trustees have decided to: • Hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part, or all, of the future liabilities due from it. • Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.	No deviation from either policy whilst in force over the year to 31 March 2026.

Requirement	Policy	Implementation of Policy
Balance of Investments	November 2024 SIP The Trustees will set a Target Asset Allocation from time to time, determined with the intention of meeting their investment objectives. The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the Principal Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment. December 2025 SIP The Trustees have set a Target Asset Allocation that consists solely of insurance policies, with the intention of meeting their investment objectives.	No deviation from either policy whilst in force over the year to 31 March 2026. The Trustees' target investment strategy allocation as at the year end are reflected in the December 2025 SIP.
Delegation to Investment Manager, Insurer, and AVC Providers	November 2024 SIP The Trustees will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments. December 2025 SIP The Trustees will delegate the day-to-day management of the Scheme's assets to the Insurer and AVC providers, and will not be involved in the buying or selling of investments.	No deviation from either policy whilst in force over the year to 31 March 2026.
Maintaining the Target Asset Allocation and Target Hedging Ratios	November 2024 SIP The Trustees have responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation and Target Hedging Ratios. The Trustees will monitor the asset allocation and hedging ratios on a regular basis with the assistance of their adviser, Broadstone, and will consider switching assets between funds should the asset allocation or hedging ratios move significantly away from the Target Asset Allocation or Target Hedging Ratios.	No deviation from this policy over the Scheme year up to the point of disinvesting the Scheme's pooled fund assets in December 2025. At the year end, there are no explicit target hedging ratios against the interest rate risk and inflation risk associated with the Scheme's liabilities. However, the Aviva buy-in policy has an objective to meet all benefits of the Scheme as they fall due (except those separately insured under annuity contracts with Prudential), and therefore provides full protection against any changes in the value of the underlying liabilities as interest rates and/or inflation expectations change.

Requirement	Policy	Implementation of Policy
Realisation of Assets	November 2024 SIP The Trustees make disinvestments from the Investment Manager with the assistance of their administrators, Broadstone (formerly known as Broadstone Consultants & Actuaries Limited) and investment adviser, Broadstone, as necessary, to meet the Scheme's cashflow requirements. December 2025 SIP The assets of the Scheme are held in insurance policies with both Aviva and Prudential, which covers all benefits payable from the Scheme as they fall due.	No deviation from either policy whilst in force over the year to 31 March 2026.
Performance Benchmarks and Objectives	The multi asset-income fund used during part of the year is actively managed, and the Investment Manager had been set performance objectives to achieve returns in line with, or in excess of, a market benchmark. The self-sufficiency credit and leveraged LDI funds during part of the year had an objective to provide a prescribed level of hedging against changes in the value of liabilities for a typical defined benefit pension scheme caused by interest rate risk and inflation risk. The practical method of implementing this level of hedging was delegated to the LDI manager, with the expectation that L&G would choose the most cost-effective method. The self-sufficiency credit funds had an additional objective to generate quarterly cashflows to pay the benefits of a notional pension scheme with liabilities of a similar nature and duration to the Scheme, as they fell due. The single stock government bond funds used during part of the year each invest in a single fixed interest or index-linked gilt issued by the UK Government. The funds are expected to provide a gross of fees return in line with the total return on their respective specific underlying securities. The cash fund used during part of the year aimed to provide a cash-like return, comparable with its Sterling Overnight Index Average (SONIA) benchmark. The bulk annuity policy held at the year end has an objective to meet all (otherwise uninsured) benefits of the Scheme as they fall due.	The funds' performance benchmarks and objectives were reviewed on a quarterly basis over the year, up to the point that the pooled fund assets were disinvested to fund the purchase of the bulk annuity policy. There were no changes to the funds' performance benchmarks and objectives over the year.
Investment Management Charges	The annual investment management charges of the funds used during the Scheme year (aside from the gilt and index-linked gilt funds), prior to the disinvestment of the Scheme's pooled funds assets to fund the purchase of the bulk annuity policy, are set out in the Appendix to the November 2024 SIP and are as follows: - L&G Retirement Income Multi-Asset Fund: 0.350% - L&G Self-Sufficiency Credit Funds*: 0.180% - L&G Matching Core Funds: 0.180% - L&G Gilt and Index-Linked Gilt Funds**: 0.075% - L&G Sterling Liquidity Fund: 0.125%	There were no changes to the funds' investment management charges over the year up to the point that the Scheme's pooled fund assets were disinvested. Following the purchase of the buy-in policy, no charges are levied on the Scheme's assets, which is reflected in the December 2025 SIP.

Requirement	Policy	Implementation of Policy
	*Discounted from 0.200% per annum. **Discounted from 0.100% per annum. In addition, L&G charged a flat administration fee of £1,000 per annum. There are no explicit management charges applied within the Aviva buy-in policy.	
Financially and Non-Financially Material Considerations	The Trustees' policies on financially and non-financially material considerations is set out on page 7 of the November 2024 SIP and page 4 of the December 2025 SIP, and in full below.	No deviation from either policy whilst in force over the year to 31 March 2026 (see below).
Engagement and Voting Rights	November 2024 SIP The Trustees' voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy, and aiming to improve how companies behave in the medium and long term, is in the members' best interests. The Trustees will aim to monitor the actions taken by the Investment Manager on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the Investment Manager. The Investment Manager provides, on request, information to the Trustees on its actions in relation to engagement and use of voting rights. The Trustees are therefore aware of the policies adopted by the Investment Manager. December 2025 SIP Following the purchase of the buy-in policy, the Scheme does not directly hold any assets for which the Trustees are able to affect their investment in light of ESG considerations. The Trustees expect the Insurer to take financially material ESG factors into account, given the active management style of the Insurer's assets backing their bulk annuity policies. The Trustees also expect the Insurer to engage with investee companies, where possible.	No deviation from either policy whilst in force over the year to 31 March 2026 (see below).
Additional Voluntary Contributions ('AVCs')	The Scheme holds AVCs separately from the assets backing defined benefits via investments held with Utmost Life and Pensions Limited (Utmost) and Prudential.	No deviation from this policy over the year to 31 March 2026.

Financially and non-financially material considerations

November 2024 SIP

The Trustees recognised that ESG issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise supported the assets in which the Scheme invested. In turn, ESG issues could be expected to have a material financial impact on the returns provided by those assets. The Trustees delegated responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustees had an expectation that the Investment Manager would consider ESG issues in selecting investments, or would otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that was expected to improve the long-term return on the associated assets.

The Trustees' views on how ESG issues were taken account of in each asset class used during the Scheme year are set out below.

Asset Class	Active/Passive	Trustees' Views
Multi-asset income	Active	The Trustees expected the Investment Manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the manager to use their discretion to generate higher risk-adjusted returns. The Trustees also expected their Investment Manager to engage with the underlying investee companies, where possible, although they appreciated that fixed income assets within the portfolio did not typically attract voting rights.
Self-sufficiency credit	Active	These funds consist primarily of a mix of corporate bonds and hedging assets. With respect to the corporate bonds, the Trustees expected the Investment Manager to take financially material ESG factors into account, given the active management style of the funds and the ability of the manager to use its discretion to generate higher risk-adjusted returns. The Trustees also expected the Investment Manager to engage with investee companies, where possible, although they appreciated that fixed income assets do not typically attract voting rights. With respect to the other hedging assets, these consist of government bonds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustees believe there was less scope for the consideration of ESG issues to improve risk-adjusted returns in these asset classes because of the nature of the securities.
Government bonds	Passive	The Trustees believe there was less scope for the consideration of ESG issues to improve risk-adjusted returns in these asset classes because of the nature of the securities.
Cash	Active	
LDI funds	Active	The underlying assets of the LDI funds consist of government bond funds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustees believe there was less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

The Trustees did not impose any specific restrictions on the Investment Manager with regard to ESG issues, but reviewed this position from time to time. The Trustees received information from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustees took the view that this fell within their general approach to ESG issues. The Trustees regarded the potential impact of climate change on the Scheme's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Scheme's funding position than other risks. The Trustees monitored market developments in this area with their investment adviser.

Where ESG factors were non-financial (i.e. they did not pose a risk to the prospect of the financial success of the investment) the Trustees believed these should not have driven investment decisions. The Trustees expected the Investment Manager, when exercising discretion in investment decision-making, to consider non-financial factors only when all other financial factors had been considered and in such a circumstance the consideration of non-financial factors would not lead to a reduction in the efficiency of the investment.

December 2025 SIP

The Trustees believe that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, they must act as responsible asset owners.

The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy, either financial or non financial.

Following the purchase of the buy-in policy, the Scheme does not directly hold any assets for which the Trustees are able to affect their investment in light of ESG considerations. The Trustees expect the Insurer to take financially material ESG factors into account, given the active management style of the Insurer's assets backing their bulk annuity policies. The Trustees also expect the Insurer to engage with investee companies, where possible.

Voting rights

During part of the year, the Trustees invested in pooled investment funds with the Investment Manager, and they acknowledge that this limited their ability to directly influence the Investment Manager. In particular, all voting activities had been delegated to the Investment Manager, as the Trustees were unable to vote on the underlying holdings, given the pooled nature of the Scheme's investments.

However, the Trustees periodically met with their Investment Manager, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustees. As part of this, the Trustees sought to challenge their Investment Manager on these matters where they thought this was in the best interests of members.

Out of the funds held by the Trustees over the year, the L&G Retirement Income Multi-Asset Fund contains publicly listed equity holdings. This fund has voting rights attached to the underlying equities held within the fund, and the Trustees delegated these voting rights to the manager, where the manager set its own voting policy.

A summary of the votes made by the manager on behalf of the Trustees for the fund used by the Scheme during the year that includes voting rights is provided below at total fund level for the period 1 April 2025 to 31 March 2026.

Fund	Resolutions Voted On	Resolutions Voted:		
		For	Against	Abstained
L&G Retirement Income Multi-Asset Fund	109,938	76%	23%	1%

Regarding proxy voting, L&G do not use a proxy voting service to determine their voting policy, which is formed in-house. L&G do, however, use Institutional Shareholders' Service's (ISS's) Proxy Exchange voting platform to vote on resolutions electronically.

Significant votes

The Trustees have requested details of the significant votes made on their behalf for each fund the Scheme invested in during the year that has voting rights. In determining significant votes, the manager's Investment Stewardship team takes into account the criteria provided by Pensions UK (formerly the Pensions & Lifetime Savings Association (PLSA)). This includes but is not limited to:

- High profile votes which have such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at the manager's annual Stakeholder roundtable event, or where the manager notes a significant increase in requests from clients on a particular vote;
- Sanction votes as a result of a direct or collaborative engagement;
- Votes linked to any manager engagement campaign, for example in line with L&G Investment Stewardship's 5-year ESG priority engagement themes.

The Trustees believe the following is an example of a significant vote undertaken on their behalf over the Scheme year:

Significant Vote 1	
Investment Manager	L&G
Company	Shell plc
Date of vote	20 May 2025
Percentage of portfolio invested in Company at date of vote	L&G Retirement Income Multi-Asset Fund: 0.2%
Resolution	Request Company Disclose Whether and How Its Demand Forecast for Liquefied Natural Gas (LNG), LNG Production and Sales Targets, and New Capital Expenditure in Natural Gas Assets, are Consistent with Climate Commitments, including Target to Reach Net Zero Emissions by 2025
Why significant	L&G consider this resolution to be significant as it was raised as a shareholder resolution, and would affect the company's disclosures on matters concerning climate change.
Voting decision	Voted Against
Manager comments	<i>"While L&G recognise the intent behind [the resolution], we have decided to vote against it following careful consideration. This decision follows a series of constructive engagements with Shell's leadership, during which the company committed to improving disclosures on stranded asset risks and financial resilience related to its LNG operations.</i> <i>We acknowledge meaningful progress in Shell's reporting, which now provides a clearer basis for assessing climate-related risks. In light of these developments, we believe the resolution's key objectives are being addressed through ongoing company actions.</i>

	<i>L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."</i>
Vote outcome	Resolution Failed

Engagement activities

The Trustees have also delegated engagement activities to the Investment Manager and Insurer. A notable engagement activity of each the Investment Manager and Insurer the Scheme invested with during the year is provided below:

- **L&G** engaged with Microsoft, with the objective to improve the company's transparency, governance and risk management regarding the use of Artificial Intelligence (AI) and human rights, believing the company to have outsized influence on the integration of AI into the economy through its software products and cloud operation. L&G believe companies like Microsoft should be transparent in their use of AI and its risk management processes, and that given the scale of the company's cloud and digital operation globally, the human rights risks in its operation and value chain are high.

In late 2025, L&G met with the company ahead of their Annual General Meeting (AGM) to discuss shareholder resolutions that had been filed in relation to AI, data governance, and human rights, seeking to understand their approach to these issues and measures taken to manage relevant risks.

Following their engagement, L&G believe that Microsoft has improved its transparency on responsible AI governance and human rights over the past few years. The manager understands that although the company's disclosures on AI governance are generally better than its international peers, the company could further improve its data governance disclosures, especially in relation to government requests for content removal and user data. The company has made amendments to internal risk classification process for projects, and which type of projects would require additional human rights due diligence, which L&G view positively.

L&G will continue to monitor progress in AI governance and related processes, and intend to hold future engagements with the company and on these topics.

- **Aviva** have reported on some of their recent efforts to support climate adaptation initiatives, and mitigate the physical impacts of climate change.

Firstly, Aviva believe that advocacy is a key lever at their disposal with which they can support climate transition. For example, the Insurer notes the publication of their 'Building Future Communities' report, which highlights the urgent need for climate adaptation across the UK and aims to demonstrate how iconic landmarks and millions of homes could face increased risks from flooding, subsidence, and extreme heat by 2050. The report sets out calls for change, including scaling-up investment in natural flood management and strengthening planning rules. By raising awareness and advocating for practical solutions, Aviva believe they are helping to shape a more climate-ready UK, and encourages others to join in building resilience for the future.

Elsewhere, in 2025 Aviva became a founding member and Chair of the new FloodAction Coalition. This partnership brings together insurers, investors, landowners, and the government, aiming to accelerate nature-based flood management and unlock strategic investment zones. The coalition seeks to mobilise £1 billion by 2028, using advanced flood data to target areas most at risk. The Insurer notes the objective to help protect homes and infrastructure, where they believe that up to eight million homes in England alone are facing flood risk by 2050.

Aviva also made a £21 million donation to the Wildfowl & Wetlands Trust charity, aiming to help restore the saltmarsh habitat at Awre on the Severn Estuary. Work in 2025 focused on design, planning and ecological surveys. The Insurer aims for this project to help buffer local communities against flooding, and support research into the climate resilience benefits of saltmarsh.

The Trustees are comfortable with the approach used by the Insurer for exercising rights and conducting engagement activities.

Signed:

Date: 13/10/2026

On behalf of the Trustees of the British Board of Agrément Pension and Life Assurance Scheme