

Scottish Enterprise Pension And Life Assurance Scheme

Annual Report and Financial Statements for Year Ended
31 March 2025

Pension Scheme Registration: 10267679

Contents

	Page
Section 1 – Trustees and their Advisers	1
Section 2 – Trustees' Report	3
Management of the Scheme	3
Scheme Membership	8
Investment Report	9
Statement of Trustees' Responsibilities	19
Further Information	20
Section 3 – Independent Auditor's Report	22
Section 4 – Financial Statements	27
Section 5 – Notes to the Financial Statements	29
Section 6 – Independent Auditor's Statement about Contributions	46
Section 7 – Summary of Contributions	47
Section 8 – Actuarial Certificate	48
Section 9 – Schedule of Contributions	49
Section 10 – Implementation Statement	52

Section 1 – Trustees and their Advisers

The Trustees

The Trustees of the Scottish Enterprise Pension And Life Assurance Scheme (“the Scheme”) are set out below:

Name	Title	Date appointed or reappointed	Date resigned (if applicable)
Alistair Gray	Independent Trustee Chair of Trustees	13/09/2018	12/09/2024
Julia Miller	Independent Trustee Chair of Trustees	11/09/2024	-
Derek Ballantyne**	Senior Property Manager Scottish Enterprise	27/05/2011	-
Linda Ellison*	Pensioner	09/12/2020	12/09/2024
Clair Alexander**	Head of Financial Accounting Scottish Enterprise	09/09/2020	-
Laura Birch**	Commercial Team Leader Scottish Enterprise	27/06/2024	-
Derek Shaw**	Director, Scaling Innovation Scottish Enterprise	09/09/2020	28/06/2024
Catherine Mary Corr*	Principal Solicitor Scottish Enterprise	09/12/2020	-
Ross McKie*	Deferred member	09/12/2020	-
Leah Pape**	Head of High Growth Services Scottish Enterprise	25/03/2021	-
Anne Featherstone-Smith*	Investment Specialist Scottish Enterprise	10/06/2021	12/09/2024
Aileen Hotchkiss**	Head of Business Support Partnership Scottish Enterprise	09/12/2021	-
Brenda Margaret Rankin*	Deferred Member	11/09/2024	-
David Walton*	Pensioner	11/09/2024	-

* Member Nominated Trustees

**Company Appointed Trustees

Section 1 - Trustees and their Advisers (continued)

Advisers

The advisers to the Trustees are set out below:

Scheme Actuary	Calum Cooper, F.F.A. (to 7 May 2024) Kerry McClymont F.F.A. (from 7 May 2024) Hymans Robertson LLP
Scheme Administrator	Hymans Robertson LLP 20 Waterloo Street Glasgow G2 6DB Email: SCENAdmin@hymans.co.uk
Independent Auditor	Johnston Carmichael LLP
Banker	Bank of Scotland plc
Investment Adviser	Isio Group Limited
Insurer (for Group Life Assurance)	MetLife
Investment Managers	Aegon Asset Management (from May 2024) Apollo Capital Management L.P. Baillie Gifford & Co BlackRock Investment Management (UK) Limited CQS (UK) LLP IFM Investors M&G Luxembourg S.A. (from June 2025) Pantheon Ventures Limited Partners Group (Luxembourg) S.A. Patrizia Infrastructure Ltd
Legal Adviser	Burness Paull LLP
Pensions Consultants	Hymans Robertson LLP
Pension Scheme Registration	10267679
Pension Scheme Tax Reference	00329720RY

Section 2 – Trustees' Report

The Trustees of the Scottish Enterprise Pension And Life Assurance Scheme are pleased to present their report together with the financial and actuarial statements of the Scheme for the year ended 31 March 2025. The purpose of the report is to describe how the Scheme and its investments have been managed during the year.

Management of the Scheme

Legal Status

The Scheme is governed by a revised Definitive Trust Deed and Rules, dated 21 April 2022, as amended from time to time.

The Scheme is a final salary pension scheme whereby benefits are payable to members in accordance with the Scheme Rules based on length of service and their salary prior to retirement.

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004. All members of the Scheme were formerly contracted-out of The State Second Pension ("S2P"), with the Scheme formerly being contracted-out on a salary-related basis before the abolition of contracting-out which took effect on 6 April 2016.

The Scheme is a defined benefit scheme and administration queries can be sent to the Scheme Administrator at the address on page 2.

Trustees

Trustees are appointed and removed by Scottish Enterprise in accordance with Sections 241-243 of the Pensions Act 2004. The Pensions Act 2004 requires that at least one-third of the Trustees should be nominated by the members of the Scheme. The Scheme continues to meet this requirement.

Schedule of Contributions

Following the actuarial valuation on 31 March 2023, a Schedule of Contributions was agreed and certified by the Scheme Actuary on 28 March 2024.

Members' contributions including additional voluntary contributions ("AVCs") must be paid to the Scheme within 19 days of the end of the month in which they were deducted from pay.

Going Concern

The Trustees monitor the Scheme's assets and funding level regularly and will continue to do so with input from their professional advisers. The Trustees have confirmed with the Scheme Administrator that they have a business continuity plan that is tested at regular intervals and updated periodically. The Trustees continue to monitor the operational impact of developments and have no significant concerns regarding the Scheme's ongoing ability to fulfil their operational, cashflow or benefit payment requirements.

Having given due consideration to the above and having discussed this with the Employer, the Trustees consider that the Scheme remains a going concern for the next twelve months starting from the date which this set of Trustees' Report and Accounts have been signed.

Section 2 – Trustees' Report (continued)

Change of Actuary

During the year, C Cooper F.F.A. resigned as the Scheme Actuary on 7 May 2024 and K McClymont F.F.A. was formally appointed by the Trustees as his replacement. During his resignation, C Cooper confirmed that he was not aware of any circumstances connected with his resignation which, in his opinion, affected the interest of members, prospective members or beneficiaries. Hymans Robertson LLP continued to provide Actuarial services during this process.

Pension Increases

As outlined in the Scheme Rules, increases to pensions in payment and preserved pensions have been made in accordance with the Pensions (Increase) Act 1971 and Orders made under the Social Security Pensions Act 1975. On 1 April 2024; no increases were applied to Pre 88 Guaranteed Minimum Pension ("GMP")*, Post 88 GMP and all excess benefits were increased by 6.7%.

*Members with State Pension Age ("SPA") beyond 6 April 2016 received a 6.7% increase on Pre 88 GMP.

There were no discretionary increases to pensions in payment or to preserved pensions during the year (2024: none).

Transfer Values

All transfer values paid, and benefits secured by transfer values received during the year were calculated and verified as required under Section 97 of the Pension Schemes Act 1993. Transfer values paid represented the full value of members' Scheme benefits. There were no transfers paid at less than the cash equivalent. No allowance is made for any discretionary benefits when assessing transfer values.

For the year ended 31 March 2025, the Scheme received no individual transfers in from other pensions schemes (2024: nil) however, the Scheme received a bulk transfer from the Civil Service Pension Arrangement and further detail is provided in Note 5.

Financial Development of the Scheme

The financial statements have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

The fund account shows that the net assets of the Scheme decreased from £562,648,713 at 31 March 2024 to £527,579,437 at 31 March 2025. The decrease in net assets is accounted for by:

	2025 £	2024 £
Contributions and other income	18,391,063	14,720,101
Benefits and other payments	(30,321,740)	(26,450,099)
Net withdrawals from dealings with members	(11,930,677)	(11,729,998)
Net returns on investments	(23,138,599)	3,497,731
Net decrease in Scheme during the year	(35,069,276)	(8,232,267)
Net assets at start of year	562,648,713	570,880,980
Net assets at end of year	527,579,437	562,648,713

Section 2 – Trustees' Report (continued)

Guaranteed Minimum Pension

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue affects the Scheme.

Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

For the actuarial valuation as at 31 March 2023, the Trustees have included a 1% loading to the Scheme's technical provisions to account for GMP equalisation and this is considered immaterial.

In November 2020 a further High Court judgment was made in respect of GMP equalisation and historic transfer values. The judge ruled that historic transfer values would fall under the scope of GMP equalisation and that trustees of pensions schemes remain liable to members where transfer value payments reflected unequalised GMP benefits. The Trustees of the Scheme are aware of the issue and will consider this as part of the wider GMP equalisation project. The impact is expected to be immaterial so no allowance is included.

Section 2 – Trustees' Report (continued)

Actuarial Position

The latest actuarial valuation of the Scheme was carried out at 31 March 2023, under the Scheme Specific Funding Regime. The latest certificate from the Scheme Actuary is shown on page 48 of this report. The Scheme Actuary certified, on 28 March 2024, that the calculation of the Scheme's technical provisions as at 31 March 2023 were made in accordance with regulations under section 222 of the Pensions Act 2004. The table below provides a summary of the actuarial position since this valuation.

	31 March 2023	31 March 2024	31 March 2025
	£ million	£ million	£ million
The Statutory Funding Objective (SFO) in relation to the liabilities:	570.8	573.9	533.1
Actuarial valuation of the assets:	570.9	562.6	527.6
Surplus/(deficit) relative to the SFO:	0.1	(11.3)	(5.5)
Funding level:	100%	98%	99%

The actuarial valuation as at 31 March 2023 showed the Scheme to have a small surplus. As part of the valuation, the Company and the Trustees agreed a contribution rate of 26% of monthly pensionable salary roll from 1 April 2024 until 31 March 2026. It was agreed that contributions from 1 April 2026 would be determined and based on an annual test carried out in advance of the 1 April application date.

Scottish Enterprise pay a 6% contribution directly to the Scheme on the behalf of the members through pension salary exchange. This is included in the employer contribution rate aforementioned.

The Trustees receive regular updates on the funding position from the Scheme Actuary. These funding updates are approximate in nature; however, they give a good indication of the progression of the Scheme's funding position. These updates indicate that the funding has fluctuated since the valuation date and as at 31 March 2025, the Scheme Actuary estimated the funding position of the Scheme to be around 99%.

Over the year, the assets of the Scheme have decreased as a result of benefits paid out of the Scheme, coupled with lower than expected returns on the Scheme's assets. Furthermore, a rise in gilt yields, as well as benefit payments out of the Scheme, has led to a decrease in the Scheme's liabilities. Together, this has led to the deficit relative to the Statutory Funding Objective being halved an improvement in the funding position from last year.

In accordance with the Pensions Act 2004, monitoring of the funding position will be carried out on a regular basis with an actuarial report being produced at least annually for the Trustees. Additionally, members will be provided with an annual Summary Funding Statement which highlights the funding position of the Scheme at the last formal valuation date and the estimated position at the date of the Trustees' annual monitoring report. The latest version of these statements were uploaded to the Scheme website in November 2024 and posted to the Scheme members later that month.

Members may request a copy of the valuation report from the Scheme Administrator (contact details are provided on page 2).

Section 2 – Trustees' Report (continued)

Actuarial Assumptions

Retail Price Index ("RPI") increases	Market implied RPI curve
Consumer Price Index ("CPI") increases	RPI less 1.0% p.a. pre 2030 and RPI less 0% p.a. post 2030
Pension increases	Limited Price Index ("LPI") Pension Increases curves derived from RPI, adjusted for the impact of the cap and floor
Salary increases	CPI curve less 4.0% p.a. for the first year and then plus 1.0% p.a. thereafter, plus promotional scale
Pre-retirement discount rate	Prudent discount rate set to equal 60% chance of success (this is a stochastic asset led discount rate that translates to gilts + 1.85% p.a. as at 31 March 2023), adjusted to allow for known asset returns between 31 March 2023 and 31 May 2023. This is recalibrated on a quarterly basis to allow for the prevailing asset and contribution strategy.
Post retirement discount rate	Prudent discount rate set to equal 60% chance of success (this is a stochastic asset led discount rate that translates to gilts + 1.85% p.a. as at 31 March 2023), adjusted to allow for known asset returns between 31 March 2023 and 31 May 2023. This is recalibrated on a quarterly basis to allow for the prevailing asset and contribution strategy.
Longevity base tables	2022 VITA tables
Longevity future improvements	Continuous Mortality Investigation ("CMI") 2022 model calibrated to Club VITA experience with an adjustment to initial rates of improvement to reflect recent experience relative to the demographics of the Scheme (i.e. using the "A" parameter 0.5% for males and 0.25% for females). Long term rate of improvement of 1.5% p.a., a 0% weighting to 2020 and 2021 data and a 25% weighting to 2022 data (the "W" parameter).
Pre-retirement mortality	120% of the PNXA00 standard tables
GMP equalisation	1% loading added to liabilities

Section 2 – Trustees' Report (continued)

Scheme Membership

The reconciliation of the Scheme membership during the year ended 31 March 2025 is shown below:

Pensioner Members (including Spouses and Dependants)	
As at 1 April 2024	1,675
Plus: Retirements – from active	42
Retirements – from preserved	63
New spouses and dependants	22
Less: Deaths	(47)
Full commutation of benefits	(1)
Pensioner Members as at 31 March 2025	1,754

Members With Preserved Benefits	
As at 1 April 2024	976
Plus: Employees leaving with deferred pensions	13
Less: Retirements	(63)
Transfers out	(3)
Deaths	(2)
Continuous service granted	(1)
Members with Preserved Benefits as at 31 March 2025	920

Active Members	
As at 1 April 2024	1,039
Plus: New joiners	54
Less: Retirements	(42)
Leavers with deferred pension entitlements	(13)
Leaver options	(2)
Transfers out	(4)
Death	(1)
Leaver – option expired	(1)
Active Members as at 31 March 2025	1,030

Section 2 – Trustees' Report (continued)

Investment Report

Investment Managers

The assets of the Scheme are held in trust by the Trustees for the benefit of members and the responsibility for investment of the Scheme's assets is vested in the Trustees.

The primary objective of the Scheme 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 Trustees' policy is to delegate day to day management of the assets to the Scheme's investment managers appointed by the Trustees for this purpose. The Trustees have appointed Aegon Asset Management (from May 2024) ("Aegon"), Apollo Capital Management L.P. ("Apollo"), Baillie Gifford & Co ("Baillie Gifford"), BlackRock Investment Management (UK) Limited ("BlackRock"), CQS (UK) LLP ("CQS"), IFM Investors ("IFM"), M&G Luxembourg S.A. (from June 2025) ("M&G"), Pantheon Ventures Limited ("Pantheon"), Partners Group (Luxembourg) S.A. ("Partners Group") and Patrizia Infrastructure Ltd ("Patrizia") to manage the Scheme's assets.

Investment Strategy and Review

The Trustees take a holistic approach to considering and managing risks when formulating the Scheme's investment strategy.

The Scheme's investment strategy was derived following careful consideration of various factors. The considerations include the nature and duration of the Scheme's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Scheme, and also the strength of the sponsoring employer's covenant. The Trustees considered the merits of a range of asset classes.

The Trustees recognise that the investment strategy is subject to risks, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities at least annually. This risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities.

The assets of the Scheme consist of investments which are traded on regulated markets.

Investment Target

The Trustees have set performance objectives for each of their investment managers. In aggregate, the performance objectives take account of the liability profile of the Scheme and the level of risk that the Trustees believe is appropriate.

Section 2 – Trustees' Report (continued)

Investment Report (continued)

Investment Allocation

	Pooled Investment Vehicles (£)	%
Return Seeking Assets:	268,533,419	52.6
Equities (UK, overseas and emerging markets)	45,477,058	8.9
Asset Backed Securities	28,273,221	5.5
Multi-Asset Credit	49,572,453	9.7
Long Lease Property	30,359,319	5.9
Private Equity	4,261,758	0.8
Semi-Liquid Credit	42,898,324	8.4
Direct Lending	15,176,014	3.1
Junior Infrastructure Debt	37,755,039	7.4
Infrastructure Equity	14,760,233	2.9
Matching Assets:	242,152,415	47.4
Liability Driven Investment ("LDI") and Short Duration Credit	171,192,270	33.5
Index-Linked Gilts	34,182,570	6.7
Liquidity	36,777,575	7.2
Total	510,685,834	100.0

Source: Investment Managers. Figures may not sum due to rounding.

All of the investments noted above relate to pooled investment vehicles. The Trustees regard all the investments as readily marketable other than the private equity, direct lending, semi-liquid credit and infrastructure funds.

Investment Policy and Management

With the 2023 Actuarial Valuation finalised in early 2024, the Trustees discussed potential evolution of the investment strategy over second half of 2024. It was agreed to proceed with a more risk focussed approach, which better manages funding risk through a more capital efficient LDI approach, builds out liquid credit assets to support the collateral framework and increases the allocation to infrastructure equity.

The revised investment strategy was subsequently agreed at the September Trustee Board. As at 31 March 2025, the implementation of the strategy was still in progress, and the agreed strategy is expected to be implemented over the remainder of 2025 and early 2026.

The Scheme's investments are managed in accordance with the Occupational Pension Schemes (Investment) Regulations 1998 and may be realised quickly enough to meet the cashflow needs of the Scheme.

Section 2 – Trustees' Report (continued)

Investment Report (continued)

Investment Policy and Management (continued)

The responsibility for investment of Scheme assets is vested in the Trustees who, in turn, delegate responsibility for day to day decisions to professional investment managers. Each of the Scheme's principal managers operates in accordance with guidelines and restrictions set out in an investment management agreement and with instructions given by the Trustees from time to time.

The proportions of the Scheme's investments managed by each of the managers at 31 March 2025 are as follows:

Manager	Mandate	Actual (%)	Benchmark (%)	Variance (%)
Baillie Gifford	Global Active Environmental, Social and Governance ("ESG") Equities	2.9	2.5	0.4
BlackRock	Global Passive ESG Equities	4.8	5.0	(0.2)
BlackRock	Emerging Market ("EM") Equities	1.2	1.0	0.2
BlackRock	Long Lease Property	5.9	5.0	0.9
BlackRock	Short Duration Credit ("SDC")	5.8	7.5	(1.7)
BlackRock	Index-Linked Gilts ("ILG")	6.7	0.0	6.7
BlackRock	Liability Driven Investment ("LDI")	27.6	34.0	(6.4)
CQS	Multi-Asset Credit ("MAC")	9.7	7.5	2.2
Pantheon	Private Equity	1.0	0.0	1.0
Aegon	European Asset Backed Securities ("ABS")	5.5	7.5	(2.0)
Apollo	Semi-Liquid Credit	8.4	7.5	0.9
Partners Group	Direct Lending	3.0	7.5	(4.5)
Patrizia	Junior Infrastructure Debt	7.4	5.0	2.4
BlackRock	Infrastructure Equity	1.4	2.5	(1.1)
IFM	Infrastructure Equity	1.5	2.5	(1.0)
M&G1	Liquid Multi-Asset Credit	-	5.0	(5.0)
BlackRock	Liquidity Fund	7.2	-	7.2

Source: Investment Managers. Totals may not sum due to rounding.

As at 31 March 2025, the proportion of Scheme assets invested in Equity (global active ESG, global passive ESG, and emerging markets), Private Equity, Multi-Asset Credit, Long Lease Property, Semi-liquid Credit, Index-Linked Gilts, Liquidity and Junior Infrastructure Debt were higher than the Trustees' existing benchmark and are noted above.

Correspondingly, the allocations to Liquid Multi-Asset Credit, European Asset Backed Securities, Direct Lending, Short Duration Credit, Liability Driven Investment, and Infrastructure Equity were underweight to the Trustees' existing benchmark and are noted above.

Section 2 – Trustees' Report (continued)

Investment Report (continued)

Investment Performance

Isio has been appointed by the Trustees to monitor the performance of the Scheme and the managers, and to provide regular reports to the Trustees. The Scheme (excluding the private market holdings) posted a return of (4.4%) net of fees during the twelve-month period to 31 March 2025, against the benchmark return of (3.2%). Negative absolute performance was driven by the Scheme's BlackRock LDI and index-linked gilt portfolio as it was negatively impacted by higher gilt yields reflecting persistence in global inflationary pressures and the prospect of increased UK government borrowing. The Scheme's growth assets performed strongly over the 12-month reporting period despite ongoing market volatility. Global equities' positive performance was driven by robust earnings growth and AI advancements; however, this momentum was tempered in Q1 2025 by trade policy concerns, geopolitical tensions, and regional fiscal pressures. Credit spreads continued to narrow towards historical lows as higher yields strengthened demand, leading to strong positive returns from the Scheme's fixed income investments.

The key contributors to the Scheme's relative underperformance over the year were the Baillie Gifford Global Alpha Paris Aligned and Positive Change Funds, the latter of which was disinvested in Q1 2025. The Baillie Gifford Global Alpha Paris Aligned underperformed mainly due to stock selection within the healthcare sector, and relatively lower exposure to US growth stocks versus benchmark. The BlackRock infrastructure equity fund suffered declines due to significant write-downs following an in-depth portfolio review.

Over the three-year period to 31 March 2025, the Scheme (excluding private equity) returned (15.6%) p.a., against a benchmark of (10.7%) p.a.. Relative performance over this time period was heavily influenced by the inflationary and rising interest rate environment.

	12 months ending 31 March 2025 (%)	3 years ending 31 March 2025 (%p.a.)
Scheme	(4.4)	(15.6)
Benchmark	(3.2)	(10.7)

Source: Total Scheme figures are estimated by Isio based on underlying data from the investment managers. All returns are shown net of fees. Due to availability of data, Patrizia Infrastructure Debt and BlackRock GRP III are lagged to 31 December 2024 and total Scheme performance does not include Q1 2025 returns for these mandates.

Section 2 – Trustees' Report (continued)

Investment Report (continued)

Performance over the last year (%)

The performance of the managers and of Scheme assets in aggregate are analysed relative to appropriate index measures. Over the year to 31 March 2025, the investment rates of return of the major managers and the combined Scheme were as follows:

Manager	Benchmark	Scheme Return (%)	Benchmark Return (%)
BlackRock (EM Equity)	MSCI Emerging Markets Index	5.9	5.8
BlackRock (ESG Equity)	MSCI World ESG Focus Low Carbon Screened Index	3.3	3.6
Baillie Gifford Global Alpha Paris Aligned ("GAPA")	MSCI ACWI Index + 2% p.a. (net)	(1.8)	7.5
BlackRock (SDC)	3 Month SONIA + 1.5 p.a. (net)	5.5	6.6
BlackRock (ILG)	FTSE Actuaries UK Index-Linked Gilts over 5 Years Index	(10.4)	(10.4)
BlackRock (LDI)	Liability Cashflow	(21.2)	(21.2)
CQS	SONIA + 4% p.a. (net)	9.0	9.2
BlackRock (Long Lease Property)	UK Long Income Open-Ended Property Fund Index	8.9	4.4
Apollo	SONIA + 3.5% p.a. (net)	6.8	8.6
Partners Group	SONIA + 4% p.a. (net)	9.3	9.2
Patrizia	SONIA + 4% p.a. (net)	8.6	9.2
IFM Global Infrastructure Fund	Net IRR of 10% p.a.	8.6	10.0
BlackRock Liquidity Fund ¹	SONIA Overnight	-	-
BlackRock Global Renewable Power Fund III ²	9 – 10% net IRR	(34.3)	9.0
Total (ex Private Equity)	Composite	(4.4)	(3.2)

Source: One year performance figures are estimated by Isio based on underlying data from the investment managers. Returns are shown net of fees. LDI Funds are shown to have no out or under performance given they are benchmarked against the Scheme's liabilities.

Note: Mandates disinvested over the 12-month period are excluded from the table.

¹12-month performance is unavailable as mandate was inception after 31 March 2024.

² The performance estimate for BlackRock Global Renewable Power Fund III (infrastructure equity) has been calculated by Isio based on valuation and cashflow information shared by BlackRock over the period.

Section 2 – Trustees' Report (continued)

Investment Report (continued)

Statement of Investment Principles ("SIP")

The Trustees have produced a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995. This Statement sets out the Trustees' policies on the choice of investments which are used to provide the benefits payable to Scheme members. The Trustees also produce an Investment Implementation Policy Document ("IIPD") which outlines the detailed day to day implementation of the investment policy of the Scheme.

The document provides details of the mandates of the Scheme's investment managers, their policies for managing assets and the risk guidelines and performance benchmarks set for each of the managers. A separate Statement of Compliance with the Investment Governance Group ("IGG") Principles provides further information on the Trustees' governance of the Scheme's assets, including details of the Scheme's service providers and the services which they provide.

The Statement of Investment Principles and the IIPD are revised regularly to reflect any changes in the Scheme's investment arrangements. The Statement of Investment Principles is available to view at the following address: [pension-and-life-assurance-scheme-statement-of-investment-principles-sip-august-2023-pdf-346kb.pdf](https://www.scottish-enterprise.com/pension-and-life-assurance-scheme-statement-of-investment-principles-sip-august-2023-pdf-346kb.pdf) ([scottish-enterprise.com](https://www.scottish-enterprise.com)) The Statement of Compliance with the IGG Principles is also revised regularly. Copies of both documents are available to members on request from the Administration Team as noted on page 2.

Investment Activity

In Q4 2022, BlackRock communicated to investors that they would be deferring redemptions of units from the Balanced Property Fund due to the significant volume of requests made by clients. Over the 12-month reporting period, the Scheme received c.£9.4m. The final redemption was paid in Q1 2025, and the Scheme is now fully disinvested from the Fund.

In March 2024, the Trustees agreed to implement the Aegon European ABS Fund, and the investment (£28m) was completed in May 2024, funded by a full disinvestment from the Baillie Gifford DGF and excess cash in the main Scheme bank account.

In Q2 2024, following the departure of the lead Portfolio Manager for the BlackRock Long Lease Property Fund, the Trustee Board and Sponsor agreed to reduce the strategic allocation to the Fund from 7.5% to 5% of Scheme assets. Instructions were submitted to redeem £17m from the Fund in June 2024. Given the Fund's dealing terms, the proceeds settled in early January 2025.

At the September Trustee Board, the Trustees agreed to proceed with a more risk focussed investment approach. The implementation process is currently underway and is due to complete over 2025/ early 2026, and consists of the following key changes:

- Switching from the Baillie Gifford Positive Change Fund to the BlackRock ESG passive equity fund. This was completed in January 2025.
- A new allocation to Liquid Multi-Asset Credit (5%) mandate with M&G, which was completed in June 2025.
- An increased allocation to Direct Lending / private debt (7.5%). A formal selection process is due to place in Q3 2025.
- An increased allocation to Infrastructure Equity (5%). At the March 2025 Trustee Board, a top-up to the existing mandate held with IFM was approved, and a £10m top-up was instructed in May 2025.

Section 2 – Trustees' Report (continued)

Investment Report (continued)

Investment Activity (continued)

- Removal of the Index-Linked Gilts allocation, investing the proceeds in an increased LDI allocation (34%). It was agreed to complete the switch in two phases. The initial phase took place following a rise in gilt yields in early November 2024, with £40m being switched from ILGs to LDI, extending the liability hedge from c60% to c65% (on a Technical Provisions basis). The second phase is due to be completed over June/July 2025 and will involve rebalancing the hedge to 75% (on a Technical Provisions basis) and aligning the Short-Duration Credit and ABS assets to their target weights (7.5%).

In December 2024, following the escalation of risk within the BlackRock Long Lease Property Fund and higher than expected redemptions being received at the June 2024 dealing date, the Trustees instructed a redemption of remaining holdings at the December trade date, with the proceeds received in July 2025.

Whilst the new investment strategy changes are implemented on a phased basis, excess cash (c.£36.5m) was invested in the BlackRock ICS Liquidity Fund in January 2025 as a more secure and higher yielding cash solution.

Derivatives

Managers for the Scheme may use derivative products for the efficient management of their portfolios.

Custodial Arrangements

For the Scheme's pooled fund investments, the Trustees have no direct ownership of the underlying assets of the pooled funds. The policies, proposal forms, prospectuses and related principles of operation, set out the terms on which the assets are managed. The safekeeping of the assets within the pooled funds is performed on behalf of the representative investment managers by custodian banks specifically appointed to undertake this function and whose appointment is reviewed at regular intervals by the manager.

Social, Environmental and Ethical Considerations & Exercise of Voting Rights

The Trustees believe that environmental, social and corporate governance issues are a financial risk but also an investment opportunity for the Scheme.

The Scheme's voting policy is exercised by its investment managers in accordance with their own corporate governance policies and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The Trustees review their approach to ESG and updates the Scheme's SIP to reflect their views accordingly. The most recent update was to ensure the Scheme was compliant with the Department of Work and Pensions ("DWP") new requirements, most notably setting out how they take account of financially material considerations, including (but not limited to) those arising from Environmental, Social and Governance considerations, including climate change.

The Trustees have developed an "ESG +" approach with regards to the Scheme's investment strategy, which includes both active and passive ESG equity mandates, and a renewable infrastructure equity mandate. The Trustees have been working with Isio on these changes and will continue to monitor and evolve the Scheme's exposure to sustainable investments as opportunities arise. The Trustees conducted an impact assessment to review the ESG credentials of each of the Scheme's managers, who Isio review formally on an annual basis. The Trustees received the latest annual report in Q2 2025.

Investment managers are expected to report on their adherence to ESG periodically as part of the Trustees' increased monitoring on ESG. The Trustees review the underlying investment managers' integration of and approach to ESG on an annual basis.

Section 2 – Trustees' Report (continued)

Investment Report (continued)

Social, Environmental and Ethical Considerations & Exercise of Voting Rights (continued)

The Trustees have delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them, however acknowledge responsibility for the voting policies that are implemented on the Trustees' behalf. Accordingly, the managers have produced written guidelines of their process and practice in this regard. The managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary meetings of companies.

Investment Management Arrangements

The Trustees have appointed several investment managers to manage the assets of the Scheme as listed in the Investment Implementation Policy Document. The investment managers are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustees take investment managers' policies into account when selecting and monitoring managers. The Trustees also take into account the performance targets the investment managers are evaluated on. The investment managers are expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

The investment managers' remuneration is based upon a percentage value of the assets under management. The fees have been negotiated to be competitive. The Scheme's mandates for Direct Lending, Infrastructure Equity, and unlisted Private Equity are also subject to a performance related fee element.

As all of the Scheme's assets are invested in pooled vehicles, the custody of the holdings is arranged by the investment manager.

Section 2 – Trustees' Report (continued)

Investment Report (continued)

Risks, Financially Material Considerations and Non-Financial matters

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	- Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. - Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	- Funding risk is considered as part of the investment strategy review and the actuarial valuation. - The Trustees will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	When developing the Scheme's investment and funding objectives, the Trustees take account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.

Remuneration

The Trustees review the performance of all of the Scheme's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives.

The Trustees evaluate performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years.

Investment manager fees are reviewed annually to make sure the correct amounts have been charged and that they remain competitive.

The Trustees do not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.

Incentivisation

As the Scheme is invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustees' policies. However, the Trustees invest in a portfolio of pooled funds that are aligned to the strategic objective.

The Scheme's mandates for Direct Lending, unlisted Private Equity, and Infrastructure Equity are subject to a performance related fee.

The Trustees review the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements.

The Trustees do not incentivise the investment managers to make decisions based on non-financial performance.

Section 2 – Trustees’ Report (continued)

Investment Report (continued)

Investment Manager Monitoring and Engagement

The Trustees monitor and engage with the Scheme’s investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustees seek to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	- The Trustees receive a quarterly performance report which details information on the underlying investments’ performance, strategy and overall risks, which are considered at the relevant Trustees’ meeting. - The Scheme’s investment managers are invited, in person, to present to the Trustees on their performance, strategy and risk exposures.	- There are significant changes made to the investment strategy. - The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustees’ expectations. - Underperformance vs the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance factors and the exercising of rights	- The Trustees’ investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. - The Trustees receive information from their investment advisers on the investment managers’ approaches to engagement. - The Trustees will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually.	- The manager has not acted in accordance with their policies and frameworks. - The manager’s policies are not in line with the Trustees’ policies in this area.

Through the engagement described above, the Trustees will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustees will review the relevant investment manager’s appointment and will consider terminating the arrangement.

Employer Related Investments

There were no employer related investments during the year (2024: nil).

Section 2 – Trustees' Report (continued)

Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustees. Pension Scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Section 2 – Trustees' Report (continued)

Further Information

Internal Dispute Resolution (“IDR”) Procedures

It is a requirement of the Pensions Act 1995 that the Trustees of all occupational pension schemes must have IDR procedures in place for dealing with any disputes between the Trustees and the scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustees, details of which are included in the member booklet.

Contact for Further Information

Further information about the Scheme is available on request. The Trust Deed and Rules governing the Scheme are available for inspection. Enquiries should be addressed to the Scheme Administrator (details on page 2).

The Pensions Regulator (“TPR”)

TPR has the objectives of protecting the benefits of members, promoting good administration and reducing the risk of claims on the Pension Protection Fund. TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against employers failing to abide by their pension obligations. TPR may be contacted at the following address:

The Pensions Regulator

Telecom House

125-135 Preston Road

Brighton

BN1 6AF

Website: www.thepensionsregulator.gov.uk

The Money and Pensions Service (“MaPS”)

This service is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustees of the Scheme. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

The Money and Pensions Service

Bedford Borough Hall

138 Cauldwell Street

Bedford

MK42 9AB

Tel: 0800 011 3797

Website: www.moneyhelper.org.uk

Section 2 – Trustees' Report (continued)

The Pensions Ombudsman

Members have the right to refer a complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the events(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade

Canary Wharf

London

E14 4PU

Tel: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

Members can also submit a complaint form online: <https://www.pensions-ombudsman.org.uk/making-complaint>

Pension Tracing Service

The Pension Schemes Registry has been replaced with the Pension Tracing Service and is now provided by the Department for Work and Pensions. Responsibility for compiling and maintaining the register of occupational pension schemes has been passed to The Pensions Regulator.

Contact details for the services are as follows:

The Pension Service

Post Handling Site A

Wolverhampton

WV98 1AF

United Kingdom

Tel: 0800 731 0175

Website: www.gov.uk/find-pension-contact-details

Approval of the Report by the Trustees

Signed for and on behalf of the Trustees of the Scottish Enterprise Pension And Life Assurance Scheme by:

Julia Miller

Trustee

Laura Birch

Trustee

10 September 2025

Date

Section 3 – Independent Auditor’s Report

Independent Auditor’s Report to the Trustees of the Scottish Enterprise Pension And Life Assurance Scheme

Opinion

We have audited the financial statements of the Scottish Enterprise Pension And Life Assurance Scheme (the “Scheme”) for the year ended 31 March 2025 which comprise the Fund Account, Statement of Net Assets and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Section 3 – Independent Auditor’s Report (continued)

Other information

The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor’s report thereon. The Trustees are responsible for the other information contained within the Annual report and financial statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees’ responsibilities statement set out on page 19, the Scheme’s Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to wind up the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

Section 3 – Independent Auditor’s Report (continued)

Auditor responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Trustees’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.
- The Pension Schemes Statement of Recommended Practice (2018).
- The Pensions Acts 1995 and 2004.
- Financial Reporting Standard 102.
- The Scheme’s schedule of contributions certified by the Scheme Actuary on 28 March 2024.

We gained an understanding of how the Scheme is complying with these laws and regulations by making enquiries of management and the Trustees. We corroborated these enquiries through our review of Trustees’ meeting minutes.

Section 3 – Independent Auditor's Report (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur, by enquiring of management and the Trustees to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and the Trustees were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and the Trustees oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- Management override of controls.
- Revenue recognition – contributions and investment income from pooled investment vehicles.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of Trustees' meetings for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.
- Reviewing the latest available internal control reports of the Scheme Administrator and Scheme investment managers.
- Performing audit procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing judgments made by management in their calculation of accounting estimates for potential management bias.
- Completion of appropriate checklists and use of our experience to assess the Scheme's compliance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.
- Agreement of the financial statement disclosures to supporting documentation.
- Reviewing the accounting records of contributions received and receivable by the Scheme during the year to identify any instances of non-compliance with the requirements of the schedule of contributions to pay specified contributions by specified due dates.
- Reviewing investment manager transactions reports and distribution notes for investment income for the year and ensure correctly treated in the accounts.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Section 3 – Independent Auditor's Report (continued)

Use of our report

This report is made solely to the Scheme's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP
Statutory Auditor
227 West George Street
Glasgow, G2 2ND
United Kingdom
Date:

Section 4 – Financial Statements

Fund Account for year ended 31 March 2025

	<i>Note</i>	2025 £	2024 £
Contributions and Benefits			
Contributions – Employer	4	15,333,628	14,189,378
– Members	4	359,813	365,915
Transfer in	5	2,444,823	-
Other income	6	252,799	164,808
		18,391,063	14,720,101
Benefits paid or payable	7	(28,332,125)	(24,683,384)
Payments to and on account of leavers	8	(581,916)	(344,710)
Life assurance premiums	9	(223,403)	(250,195)
Administrative expenses	10	(1,184,296)	(1,171,810)
		(30,321,740)	(26,450,099)
Net withdrawals from dealings with members		(11,930,677)	(11,729,998)
Returns on Investments			
Investment income	11	13,993,356	11,272,715
Change in market value of investments	13	(36,121,675)	(7,185,435)
Investment management expenses	14	(1,010,280)	(589,549)
Net returns on investments		(23,138,599)	3,497,731
Net decrease in the Scheme during the year		(35,069,276)	(8,232,267)
Net assets at the start of the year		562,648,713	570,880,980
Net assets at the end of the year		527,579,437	562,648,713

The notes on pages 29 to 45 form part of these financial statements.

Section 4 – Financial Statements (continued)**Statement of Net Assets (available for benefits) as at 31 March 2025**

		2025	2024
	Note	£	£
Investment assets			
Pooled investment vehicles	13	510,685,834	537,547,636
Other investment balances	13	1,113,514	2,119,393
		511,799,348	539,667,029
Current assets	15	16,277,727	23,342,767
Current liabilities	16	(497,638)	(361,083)
Closing net assets of the Scheme available for benefits		527,579,437	562,648,713

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with on page 6 and 7 and the Actuarial certificate is on page 48 and these financial statements should be read in conjunction therewith.

Signed for and on behalf of the Trustees of the Scottish Enterprise Pension And Life Assurance Scheme by:

Julia Miller

Trustee

Laura Birch

Trustee

10 September 2025

Date

The notes on pages 29 to 45 form part of these financial statements.

Section 5 – Notes to the Financial Statements

Notes to the financial statements for the year ended 31 March 2025

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS 102) – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidance set out in the Statement of Recommended Practice, “Financial Reports of Pension Schemes” (Revised 2018) (“the SORP”).

The financial statements are prepared on a going concern basis, which the Trustees believe to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least the next twelve months from the date of approval of these financial statements. In reaching this conclusion, the Trustees have taken into account plausible downside assumptions of the sponsoring employer to gain comfort that it will continue to make contributions as they fall due. This assessment gives the Trustees confidence to prepare the financial statements on a going concern basis.

The financial statements have been prepared on an accruals basis.

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under Scottish law. The address for enquiries to the Scheme is Scottish Enterprise Pension And Life Assurance Scheme Administration, Hymans Robertson LLP, 20 Waterloo Street, Glasgow, G2 6DB.

3 ACCOUNTING POLICIES

The principal accounting policies are set out below.

Contributions

Employer and member contributions are accounted for on an accruals basis at rates agreed between the Trustees and the Employer based on the recommendations of the Actuary and set out in the Schedule of Contributions.

Members’ additional voluntary contributions are accounted for on an accruals basis.

Additional contributions in respect of the transfer in was received during the year to 31 March 2025 – see Note 5 for further details.

Other income

Any additional income is accounted for on an accruals basis.

Benefits paid or payable

Benefits are included in the financial statements on an accruals basis when the member notifies the Trustees as to the type or amount of benefit to be taken, or where there is no choice, on the date of retirement or leaving.

Where a member’s benefit entitlement exceeds the United Kingdom HMRC tax limits (Lifetime Allowance or the Annual Allowance), the member is liable for taxation which can be settled by the member or the Trustees may settle the tax on behalf of the member for a reduction in benefit entitlement. When the Scheme settles the tax, the cost is accounted for on an accrual basis.

Notes to the financial statements for the year ended 31 March 2025 (continued)

3 ACCOUNTING POLICIES (continued)

Individual and group transfers

Individual transfers to and from the Scheme during the year are included in the financial statements when the member liability is discharged.

Group transfers to and from the Scheme during the year are included in the financial statements and become a liability to the Scheme when the cash is received.

Administrative expenses and investment management expenses

Administrative expenses and investment management expenses are accounted for on an accruals basis.

Investment income

Income arising from the underlying investments of the pooled investment vehicles that is not distributed but reinvested within the pooled investment vehicles is reflected in the unit price. Such income is reported within the change in market value.

Income from pooled investment vehicles is accounted for when declared by the fund manager and can be accrued for at the year end.

Foreign currencies

The Scheme's functional currency is in pounds sterling ("GBP") however the Scheme also has bank accounts denoted in US dollars ("USD") and Euros ("EUR") for investment transactions.

Amounts denominated in foreign currencies at the year end are translated into sterling at the rates of exchange ruling at the year-end date. Differences on foreign currency transactions are shown in the fund account within the change in market value of investments to which they relate.

Investment income denominated in foreign currencies is recorded at the rate of exchange on the date of the transaction. Any exchange differences are disclosed in return on investments.

The presentational currency is pounds sterling.

Investments

Pooled investment vehicles are valued at the bid price at the accounting date as advised by the investment managers.

Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the Scheme has investments based on accounting estimates and these can be found in Level 3 of the Fair Value Hierarchy disclosed in Note 13.3.

Notes to the financial statements for the year ended 31 March 2025 (continued)

4 CONTRIBUTIONS

	2025	2024
	£	£
Employers:		
Employer contributions - normal	14,591,628	14,189,378
Additional in respect of transfer in	742,000	-
	15,333,628	14,189,378
Members:		
Employee contributions – normal	44,561	50,836
Additional voluntary contributions	315,252	315,079
	359,813	365,915
	15,693,441	14,555,293

Employer and Employee contributions are due under the Schedule of Contributions, certified by the Scheme Actuary on 28 March 2024.

Salary sacrifice applies from 1 April 2016 and the majority of Scheme members have opted into this arrangement. During the year, employer contributions totalling £3,333,017 (2024: £3,235,361) were made under the salary sacrifice arrangement. They are included as Employer contributions – normal, in the table above.

Additional contributions in respect of the transfer in were received during the year – see Note 5 for detail.

Members have the ability to pay additional voluntary contributions to the Scheme in return for extra years of pensionable service added to their benefits.

Notes to the financial statements for the year ended 31 March 2025 (continued)

5 TRANSFER IN

	2025	2024
	£	£
Group transfer in	2,444,823	-

During the year to 31 March 2025, the Trustees, with the consultation of the Scheme Actuary undertook a project to review the funding in respect of 15 members who changed pension arrangements from the Civil Service Pension Arrangement ("CSPA") to the Scheme. From 1 October 2019, these members accrued benefits in the Scheme. After consultation, 11 of these members elected to transfer their past service benefits from the CSPA into the Scheme. This transfer took place in March 2025 and assets of £2,444,823 were transferred from the CSPA into the Scheme.

As part of this consultation, the Scheme Actuary advised that further assets were required to be transferred to the Scheme to prevent any funding strain. In March 2025, the Employer transferred £742,000 (2024: £nil) to the Trustee Bank Account to mitigate the impact on the Scheme's funding position and this was accounted for as an additional contribution – see Note 4.

6 OTHER INCOME

	2025	2024
	£	£
Transfer calculation fees	4,120	3,339
Lump sum death benefits	248,679	161,469
	252,799	164,808

Included in the above table is lump sum death in service receipts that have been reclaimed from the assurance policy held with MetLife which are offset against the benefit paid to the members beneficiary.

Notes to the financial statements for the year ended 31 March 2025 (continued)

7 BENEFITS PAID OR PAYABLE

	2025	2024
	£	£
Pensions	21,778,292	19,841,936
Commutations and lump sum retirement benefits	6,088,625	4,596,390
Taxation where lifetime or annual allowances are exceeded	-	23,673
Lump sum death benefits	465,208	221,385
	28,332,125	24,683,384

8 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2025	2024
	£	£
Individual transfers to other schemes	581,916	344,710

9 LIFE ASSURANCE PREMIUMS

	2025	2024
	£	£
Life assurance premiums	223,403	250,195

Lump sum death in service benefits are secured by an assurance policy and the underwriting arrangements are carried out by MetLife.

Notes to the financial statements for the year ended 31 March 2025 (continued)

10 ADMINISTRATIVE EXPENSES

	2025	2024
	£	£
Administration, actuarial and investment consultancy	1,041,817	1,028,602
Audit fee	25,500	22,400
Legal and other professional fees	95,166	102,722
Independent Trustee fees and expenses	21,813	18,086
	1,184,296	1,171,810

The employer has met the cost of the PPF levy in the year under review, as in the prior year.

The cost of the levy is disclosed in Note 18 under the related party transactions associated with the Scheme.

11 INVESTMENT INCOME

	2025	2024
	£	£
Pooled investment vehicles	13,348,382	10,605,660
Interest on cash deposits	691,098	743,219
Currency exchange	(46,124)	(76,164)
	13,993,356	11,272,715

Currency exchange includes all gains and losses arising from transactions denoted in either USD or Euro.

12 TAX

The Scottish Enterprise Pension And Life Assurance Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate (see Note 11 above).

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS

13.1 INVESTMENT RECONCILIATION

The movements in investments during the year were:

	Value at 1 April 2024	Purchases at cost	Sales proceeds	Change in market value	Value at 31 March 2025
	£	£	£	£	£
Pooled investment vehicles	537,547,636	112,817,166	(103,557,293)	(36,121,675)	510,685,834
Other investment balances	2,119,393				1,113,514
	539,667,029				511,799,348

As disclosed in the Investment Report, the Trustees implemented strategy changes during the year to 31 March 2024 and 31 March 2025 in line with the Actuarial Valuation at 31 March 2023, these are reflected in the above purchases and sales.

The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction Costs

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme. It has not been possible for the Trustees to quantify such indirect costs.

Other investment balances	2025	2024
	£	£
Cash deposits	131,246	540,702
Accrued investment income	982,268	1,578,691
	1,113,514	2,119,393

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS (CONTINUED)

13.1 INVESTMENT RECONCILIATION (CONTINUED)

Concentration of investments

The following pooled investment vehicles, account for more than 5% of the Scheme's net assets as at 31 March 2025 and 31 March 2024:

	2025		2024	
	Market value	%	Market value	%
	£		£	
Liability Solutions Funds II*	171,192,270	32	162,146,497	29
CQS Credit Multi Asset Fund	49,572,453	9	45,468,979	8
Apollo Total Return Fund	42,898,324	8	43,166,860	8
Patrizia Infrastructure Debt Partners	37,755,039	7	38,129,758	7
BlackRock – Liquidity Fund	36,777,575	7	-	-
BlackRock – Index-Linked Gilt Funds	34,182,570	6	80,161,684	14
BlackRock UK Long Lease Property Fund	30,359,319	6	46,544,167	8
Aegon European ABS Fund GBP Class I Inc Hedged	28,273,221	5	-	-
Partners Group Private Markets Credit Strategies 2018	15,176,014	3	26,498,286	5

*This fund contains both the Liability Driven Investment and Short Duration Credit elements.

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS (CONTINUED)

13.2 POOLED INVESTMENT VEHICLES ("PIV")

The holdings of pooled investment vehicles are analysed below:

	2025	2024
	£	£
Venture capital funds	4,261,758	5,680,004
Property funds	30,359,319	56,319,203
Growth and growth fixed income unit trusts	181,397,070	179,136,339
Gilt unit trusts	205,374,841	242,308,181
Cash funds	36,777,575	-
Infrastructure funds	52,515,271	54,103,909
	510,685,834	537,547,636

Where the investments are held in pooled investment vehicles the change in market value also includes reinvested income, where the income is not distributed. All pooled investment vehicles are managed by companies registered in the UK.

POOLED INVESTMENT VEHICLES - CAPITAL COMMITMENTS

As a consequence of the contracts entered into by BlackRock Investment Management (UK) Limited, Pantheon Ventures Limited and Patrizia Infrastructure Ltd, the Scheme is committed to complying with funding requests, known as draw downs, up to an agreed maximum funding limit.

BlackRock Investment Management (UK) Limited

Maximum committed	Drawn down	Potential further commitment
\$14,000,000	\$12,177,614	\$1,822,386

Pantheon Ventures Limited

Maximum committed	Drawn down	Potential further commitment
£55,236,579	£51,434,739	£3,801,840

Patrizia Infrastructure Ltd

Maximum committed	Drawn down	Potential further commitment
£40,000,000	£33,526,041	Investment period closed

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS (CONTINUED)

13.3 INVESTMENTS FAIR VALUE HIERARCHY

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment date.
Level 2	Inputs other than quoted prices included within Level 1 which are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs which are unobservable (i.e. for which market data is unavailable for the asset or liability).

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

As at 31 March 2025	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	395,834,468	114,851,366	510,685,834
Other investment balances	1,113,514	-	-	1,113,514
	1,113,514	395,834,468	114,851,366	511,799,348

As at 31 March 2024	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	408,098,576	129,449,060	537,547,636
Other investment balances	2,119,393	-	-	2,119,393
	2,119,393	408,098,576	129,449,060	539,667,029

Scheme assets that are categorised as Level 3 are often less liquid by nature. However, most of the Level 3 assets regularly pay out income to the Scheme and some are naturally unwinding over time. The income generated from these assets ensures that the Scheme remains in a strong liquidity position in order to meet ongoing cashflow requirements. Furthermore, the Trustees maintain a sufficient allocation to liquid assets so that there is a prudent buffer to meet cashflow requirements and adhere to regulatory guidance.

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS (CONTINUED)

13.4 INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustees' Report. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolios.

Further information on the Trustees' approach to risk management and the Scheme's exposures to credit and market risks is set out below. This does not include cash and 'other investments' as these are not considered significant in relation to the overall investments of the Scheme.

Investment Strategy

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

The Trustees' over-riding funding principles for the Scheme are as follows – to set the employer contribution at a level which is sufficient:

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

Trustees will invest the assets in a manner which is appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme and will take into account of the security, quality, liquidity, and profitability of the portfolio as a whole. The investment strategy is set out in the Trustees' Statement of Investment Principles and Investment Implementation Policy Document.

The current strategy benchmark is disclosed on page 12.

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS (CONTINUED)

13.4 INVESTMENT RISKS (continued)

The Investment Strategy (continued)

The actual allocations will vary from the above due to market price movements. However the Trustees review the asset split on a quarterly basis at Investment Committee (“IC”) meetings and decide where to invest/disinvest cashflows. In the event of the proportion of assets materially diverging from the strategic benchmark, and cashflows being insufficient to remedy the situation, the Trustees will review what action should be taken at the next scheduled IC meeting or earlier if appropriate, following advice from their investment consultant.

Credit Risk

Pooled investment arrangements used by the Scheme are listed below. The Scheme’s holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustees manage and monitor the credit risk arising from its pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment.

Direct credit risk arising from pooled investment vehicles structured as authorised unit trusts, limited companies, closed ended funds, limited partnerships and open ended investment companies is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Cash held by the pooled manager’s custodian is not ring-fenced but the credit risk arising on this is mitigated by the use of regular cash sweeps (typically daily) and investing cash in liquidity funds.

Indirect credit risk arising on the underlying derivatives held by the pooled investment vehicles depends on whether the derivatives are exchange traded or over the counter (“OTC”) derivatives. OTC derivatives contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements. Indirect credit risk also arises on forward foreign currency contracts. The credit risk relating to these futures is also mitigated by collateral arrangements.

A summary of pooled investment vehicles by legal structure is disclosed below:

	2025 £	2024 £
Open ended investment companies	171,796,779	121,997,768
Authorised unit trust	205,374,841	252,083,217
Unauthorised unit trust	30,359,319	46,544,167
Shares of Limited Liability Partnership	42,898,324	43,166,860
Public limited liability company	15,176,014	26,498,286
Closed-ended alternative investment fund	37,755,039	38,129,758
Special Limited Partnership	7,325,518	9,127,580
Total	510,685,834	537,547,636

Notes to the financial statements for the year ended 31 March 2025 (continued)**13 INVESTMENTS (CONTINUED)****13.4 INVESTMENT RISKS (continued)****Market Risk****Currency Risk**

Indirect currency risk arises from the Scheme's investment in sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currency and direct currency risk arises from the Scheme's investments in pooled investment vehicles priced in foreign currency. The Scheme's equity funds with Baillie Gifford and BlackRock fall under this category, as do the pooled private equity funds, asset backed securities fund, multi-asset credit fund, private debt fund and infrastructure debt fund, managed by Pantheon, Aegon, CQS, Partners Group and Patrizia respectively.

Interest Rate Risk

The Scheme is subject to interest rate risk because a proportion of the Scheme's investments are held in bond-like instruments through pooled vehicles. These assets match the characteristics of the liabilities (interest rate and inflation sensitivity). Under this strategy, if interest rates fall (rise), the value of the bonds will rise (fall) to match the increase (fall) in the actuarial value placed on the liabilities arising from a fall (rise) in the discount rate.

The Scheme has exposure to growth fixed income assets via the CQS multi-asset credit, Apollo semi-liquid credit mandates, Aegon ABS and BlackRock Short Duration Credit. The interest rate exposure for these funds are expected to be low. The Partners Group direct lending mandate and Patrizia junior infrastructure debt mandates have exposure to floating rate loans which minimise interest rate risk. The Scheme's infrastructure investments with IFM and BlackRock GRP, in addition to the BlackRock Long Lease Property Fund, are also subject to interest rate risk as underlying asset valuations are impacted from higher (lower) interest rates through the discount rate, which decreases (increases) the present value of future income streams.

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS (CONTINUED)

13.4 INVESTMENT RISKS (continued)

Other Market Risk

Other price risk arises principally in relation to the Scheme's return seeking assets, which includes equities held in pooled vehicles, semi-liquid credit, direct lending, multi-asset credit, private equity and property.

The table below shows the specific investment risks which affect each of the Scheme's investments as at 31 March 2025 and 31 March 2024:

Fund Name	Credit risk	Currency risk	Interest rate risk	Other price risk	Value 31 March 2025	Value 31 March 2024
Aegon - European Asset Backed Securities	x	x	x	x	28,273,221	-
Apollo – Semi-Liquid Credit	x	-	x	x	42,898,324	43,166,860
Baillie Gifford – Global Alpha Paris-Aligned	-	x	-	x	14,857,443	15,164,973
Baillie Gifford – Positive Change	-	x	-	x	-	5,744,469
Baillie Gifford – Diversified Growth	x	x	x	x	-	18,946,137
BlackRock – ESG Tracker	-	x	-	x	24,610,772	18,487,617
BlackRock – EM Equity	-	x	-	x	6,008,843	5,659,018
BlackRock – Balanced Property	x	-	-	x	-	9,775,036
BlackRock – Long Lease Property	x	-	x	x	30,359,319	46,544,167
BlackRock – Liquidity	x	-	x	x	36,777,575	-
BlackRock – Index-Linked Gilt Funds	x	-	x	x	34,182,570	80,161,684
BlackRock – Liability Driven Investment	x	-	x	x	141,289,718	133,809,703
BlackRock – Short Duration Credit	x	-	x	x	29,902,552	28,336,794
BlackRock – Infrastructure Equity	x	x	x	x	7,325,518	9,127,580
IFM - Infrastructure Equity	x	-	x	x	7,434,715	6,846,571
CQS – Multi-Asset Credit	x	x	x	x	49,572,453	45,468,979
Pantheon - Private Equity	x	x	-	x	4,261,758	5,680,004
Partners Group - Direct Lending	x	x	x	x	15,176,014	26,498,286
Patrizia – Junior Infrastructure Debt	x	-	x	-	37,755,039	38,129,758
Total					510,685,834	537,547,636

In the above table, the risk noted [x] affects the asset class, [-] has none or negligible exposure.

Notes to the financial statements for the year ended 31 March 2025 (continued)

14 INVESTMENT MANAGEMENT EXPENSES

	2025	2024
	£	£
Administration, management and custody	1,010,280	589,549

As disclosed in the Investment Report, the Trustees implemented strategy changes during the year to 31 March 2024 and 31 March 2025 in line with the Actuarial Valuation at 31 March 2023, investment management expenses to 31 March 2025 have increased in line with the change in the portfolio as the Scheme moved towards holdings with BlackRock.

15 CURRENT ASSETS

	2025	2024
	£	£
Cash in bank	16,060,323	21,974,636
Payroll paid in advance	-	1,368,131
Other prepayments	217,404	-
	16,277,727	23,342,767

There were no employer-related investments (2024: none) within the meaning of section 40(2) of the Pensions Act 1995.

16 CURRENT LIABILITIES

	2025	2024
	£	£
Accrued benefits payable	171,027	209,166
Accrued fees payable	326,611	151,917
	497,638	361,083

17 ADDITIONAL VOLUNTARY CONTRIBUTIONS

Members have the ability to pay additional contributions to the Scheme in return for extra years of pensionable service added to their benefits.

Notes to the financial statements for the year ended 31 March 2025 (continued)**18 RELATED PARTY TRANSACTIONS**

During the period from 1 April 2024 to 31 March 2025, eight Trustees were contributing members of the Scheme (2024: seven), two Trustees were deferred members (2024: one) and two Trustees were in receipt of a pension from the Scheme (2024: one).

Trustee contributions are paid and benefits have been paid in accordance with the Rules of the Scheme.

In addition, the employer has met the cost of the PPF levy of £10,549 in the year under review (2024: £14,585).

The fees of the independent Trustee are paid by the Employer and recharged to the Scheme. The amount reimbursed to the Employer by the Scheme was £8,530 to Alistair Gray and then £13,152 to Julia Miller (2024: £18,086 to Alistair Gray and £nil to Julia Miller). There were also out of pocket expenses paid in the year to 31 March 2025 which totalled £131 (2024: £nil), details of these can be found in Note 10.

As disclosed in Note 4, during the year the Employer paid £742,000 to the Scheme (2024: nil) on behalf of the Trustees as part of a top-up payment for members who transferred into the Scheme from the Civil Service Pension Arrangement ("CPSA") on 1 October 2019. This transaction was calculated by the Scheme Actuary on behalf of the Trustees and the Employer was instructed to make the payment after detailed consultation.

19 GUARANTEED MINIMUM PENSION

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue affects the Scheme.

Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

For the actuarial valuation as at 31 March 2023, the Trustees have included a 1% loading to the Scheme's technical provisions to account for GMP equalisation and this is considered immaterial.

In November 2020 a further High Court judgment was made in respect of GMP equalisation and historic transfer values. The judge ruled that historic transfer values would fall under the scope of GMP equalisation and that trustees of pensions schemes remain liable to members where transfer value payments reflected unequalised GMP benefits. The Trustees of the Scheme are aware of the issue and will consider this as part of the wider GMP equalisation project. The impact is expected to be immaterial so no allowance is included.

Notes to the financial statements for the year ended 31 March 2025 (continued)**19 SUBSEQUENT EVENTS****Virgin Media case**

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was subject to appeal which was heard on 25 July 2024 and the original decision was upheld however on 5 June 2025, the Department of Work and Pensions announced that the UK Government would be introducing legislation to help pension schemes manage the implications of section 37.

The Trustees have no reason to believe that the relevant requirements were not complied with however are consulting with its advisors, to understand the potential impact, if any, on the Scheme.

Trump Tariffs

On 2 April 2025, the President of the United States America, Donald Trump announced a raft of tariffs affecting all trading partners with the United States. As a result of this, there were substantial falls in global equity markets from the announcement of the tariffs at the end of March 2025 to 7 April 2025.

The Scheme's Investment Consultant have confirmed that the tariffs have largely impacted equity markets and therefore the Fund has avoided the largest proportion of the volatility. It has been noted by the Trustees that there has been more volatility in gilt markets during the first week of April 2025, however with the wider backdrop of the UK economy also coming into play, the overall impact is less known. The Trustees continue to monitor the situation with the support of their Advisers.

Investment Transitions

Post year-end the Trustees disinvested holdings from BlackRock and invested in the M&G European Specialist Investment Fund with £26.0m being invested in June 2025.

Other than noted above, there were no other subsequent events requiring disclosure in the financial statements (2024: £nil).

Section 6 – Independent Auditor’s Statement about Contributions

Independent Auditor’s Statement about Contributions to the Trustees of the Scottish Enterprise Pension And Life Assurance Scheme

We have examined the Summary of Contributions to the Scottish Enterprise Pension And Life Assurance Scheme for the Scheme year ended 31 March 2025 to which this statement is attached.

Statement about contributions payable under the Schedule of Contributions

In our opinion contributions for the Scheme year ended 31 March 2025 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 28 March 2024.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustees and the auditor

As explained more fully in the Statement of Trustees’ Responsibilities, the Scheme’s Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our report

This report is made solely to the Trustees, as a body in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an Auditor’s Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme’s Trustees as a body, for our work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP
Statutory Auditor
227 West George Street
Glasgow
G2 2ND
Date:

Section 7 – Summary of Contributions

Summary of Contributions payable in the year

During the year ended 31 March 2025, the contributions payable to the Scheme under the Schedule of Contributions were as follows:

	Employers	Members
	£	£
Employers		
Employer contributions - normal	14,591,628	-
Members		
Employee contributions - normal	-	44,561
In accordance with the Schedule of Contributions	14,591,628	44,561
Other contributions payable		
Additional voluntary contributions	-	315,252
Additional in respect of transfer in	742,000	-
Total (as per Fund Account)	15,333,628	359,813

Signed for and on behalf of the Trustees of the Scottish Enterprise Pension And Life Assurance Scheme by:

Julia Miller

Trustee

Laura Birch

Trustee

10 September 2025

Date

Section 8 – Actuarial Certificate

Scottish Enterprise Pension & Life Assurance Scheme Schedule of Contributions – Actuarial Certificate

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective on 31 March 2023 can be expected to be met by the end of the period for which the schedule is to be in force.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 27 March 2024.

Please note that the adequacy of contributions statement in this certificate relates to the Scheme’s statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the Scheme’s full liabilities with annuities if the Scheme were to wind up.

Signature	
Date	28-Mar-2024 12:06 GMT
Name	Calum Cooper
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	20 Waterloo Street, Glasgow, G2 6DB

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

Section 9 – Schedule of Contributions

Scottish Enterprise Pension & Life Assurance Scheme

Schedule of Contributions

This schedule sets out the contributions that will be paid to the Scottish Enterprise Pension & Life Assurance Scheme (the Scheme). This schedule is dated 27 March 2024 and applies from 1 April 2024 until 31 March 2029. It replaces the previous schedule dated 1 June 2021.

This schedule has been prepared after consultation with Scottish Enterprise (the sponsor) and after taking the advice of Calum Cooper (the scheme actuary). This schedule has been certified by the scheme actuary and the certificate is included in the appendix.

Salary definition

A member's pensionable salary for contribution purposes is defined in the Scheme rules to be basic salary of the member. Where a member's salary is reduced under the pensions salary exchange arrangement, salary is defined in the Scheme rules as the amount before the reduction.

Member contributions

Members shall pay contributions at the rate of 6% of pensionable salary. These contributions and any voluntary contributions are due to be paid to the Scheme not later than 19 days from the end of the month in which the deduction from pay is made. However, if a member elects to participate in the pensions salary exchange arrangement they will not be required to contribute to the Scheme¹.

Sponsor contributions for new benefits

The sponsor shall pay the following contributions to the Scheme (less any contributions payable by the member) on a monthly basis in respect of the accrual of new benefits:

- contributions at the rate of 26% of monthly pensionable salary roll up to 31 March 2026
- contributions from 1 April 2026 will be determined and based on an annual test carried out in advance of the 1 April application date. Further details on the annual test are set out below.

All monthly sponsor contributions shall be paid to the Scheme not later than 19 days after the end of the calendar month to which they relate.

Annual test

An annual test, certified by the scheme actuary, will be applicable for contributions payable from 1 April 2026 to test whether the contribution rate should remain constant or increase or decrease by 1% of pensionable salary. The test will calculate whether the assets plus projected contributions (sponsor and member) are sufficient to meet the long term objective.

Test to determine contributions payable from 1 April 2026

"Success" is determined as having a 60% chance (on a gilts basis) of paying all the pensions promised to members (allowing for future accrual and new entrants) over the long term (stated as 30 years at 31 March 2023) on the current strategy and without additional remedial action. The test will be carried out as at 31 March of the relevant year (e.g. the test to determine contributions payable from 1 April 2026 will be carried out as at 31 March

Section 9 – Schedule of Contributions (continued)

2025), or such later date as agreed between the Trustees and sponsor. All contributions are a % p.a. and net of any contribution payable by members.

If contributions are:

- greater than 20% then the following test applies: if there is less than a 55% chance of success then contributions increase by 1%. If there is a 65% or greater chance of success then contributions reduce by 1%.
- less than 20% then the following test applies: if there is less than a 65% chance of success then contributions increase by 1%. If there is a 75% or greater chance of success then contributions reduce by 1%, subject to a minimum contribution of 18%.
- 20% then the following test applies. If there is less than a 60% chance of success then the contribution rate will increase by 1%. If there is a 70% or greater chance of success then the contribution rate will reduce by 1%.

In all other circumstances, contributions will remain unchanged.

Sponsor contributions are subject to a minimum of 18% p.a. (net of any contributions payable by the member).

Certifying the annual tests

Tests will be certified by the scheme actuary with sponsor notification at least six months prior to their respective 1 April application. All assumptions will be consistent with the Statement of Funding Principles dated 27 March 2024, updated for market conditions. Where the test shows that further increases are required, the sponsor will ensure total contributions increase as required. However, in non-valuation years and for these annual test purposes a 1% step-up will always be deemed enough.

Timing of the annual tests

The timing of the tests are set out in the table below. Please note that where a new valuation is agreed, if a test is due within three months of the date of signing that valuation, then the test is no longer due.

Date of test	Latest date contributions to be agreed by	Date new contribution rate (if changing) would take effect
31 March 2025	30 Sept 2025	1 April 2026
31 March 2026	30 Sept 2026	1 April 2027
31 March 2027	30 Sept 2027	1 April 2028
31 March 2028	30 Sept 2028	1 April 2029

Sponsor deficit reduction contributions

The 31 March 2023 actuarial valuation showed that the Scheme had no funding deficit relative to the Scheme's statutory funding objective and so no deficit contributions are required.

All sponsor contributions are due to be paid to the Scheme not later than 19 days after the end of the month to which they relate.

Section 9 – Schedule of Contributions (continued)

The sponsor shall also pay to the Scheme any additional contributions required from time-to-time on the advice of the scheme actuary as required from time to time under the Scheme's trust deed and rules.

Expenses, Levies, Fees and Insurance Premiums

The sponsor's contributions include an allowance for the following which are payable by the Scheme:

- the Pension Protection Fund administration levy
- the Pension Regulator's general levy
- life insurance premiums
- fees payable to the Scheme's administrators, investment managers and other professional advisors
- other Scheme expenses that are reasonably incurred in the course of the Trustees performing their duties.

This list is not exhaustive and other ongoing expenses may be met from the Scheme at the discretion of the Trustees on the advice of the scheme actuary.

The sponsor's contributions do not include any allowance for the Pension Protection Fund levy or the Trustees' indemnity insurance, which are payable in addition to the contributions shown on this schedule, unless otherwise agreed by the Trustees on advice from the scheme actuary.

Prepared by the Trustees of the Scheme

Signature  on behalf of the Trustees

Print name ALISTAIR GRAY Position Chair of Trustee Board

Date 28-Mar-2024 | 13:22 GMT

Agreed by the sponsor

Signature  on behalf of Scottish Enterprise

Print name Douglas Colquhoun Position Chief Financial officer

Date 28-Mar-2024 | 14:14 GMT

This schedule of contributions is provided to meet the requirements of section 227 of the Pensions Act 2004.

Section 10 – Implementation Statement

Scottish Enterprise Pension And Life Assurance Scheme – Implementation Statement to 31 March 2025

The following pages contain the Implementation Statement Report for the Scottish Enterprise Pension And Life Assurance Scheme to the Scheme year end 31 March 2025.



Scottish Enterprise Pension and Life Assurance Scheme: Implementation Report

August 2025

isio.

Background and Implementation Statement

Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their statement of investment principles (SIP) and demonstrate adherence to these policies in an implementation report.

Statement of Investment Principles (SIP)

The Scheme updated its SIP in to in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments

The SIP can be found online at the web address [Statement Of Investment Principles | Scottish Enterprise \(sepensions.co.uk\)](https://www.sepensions.co.uk/Statement-Of-Investment-Principles)

Implementation Report

This implementation report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Trustees have taken in relation to risk management and implementing the key policies in its SIP
- the approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Trustees have followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 March 2025 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

While this report focusses mainly on engagement with the Scheme's investment managers and, in turn, their engagement activity at the underlying portfolio level, the Trustees have engaged more widely in relation to ESG related topics over the period. Given the Sponsor's public facing role, a number of Freedom of Information (Fol) requests were received, which requested details on areas such as the Scheme's exposure to deforestation and defence / armaments investments. The Trustees addressed these requests comprehensively and to the apparent satisfaction of the enquirers.

Summary of key actions undertaken over the Scheme reporting year

- At the March 2024 Trustee meeting, the Trustees agreed to appoint Aegon as the new ABS manager. The Scheme completed its £28m investment in the Aegon European ABS Fund in May 2024. The investment was funded by a full disinvestment from the Baillie Gifford DGF (c.£19m) and excess cash in the Scheme bank account (c.£9m).
- With the 2023 Actuarial Valuation finalised in early 2024, the Trustees discussed potential evolution of the investment strategy over second half of 2024. It was agreed to proceed with a more risk focussed approach, which better manages funding risk through a more capital efficient LDI approach, builds out liquid credit assets to support the collateral framework and increases the allocation to infrastructure equity. As part of this, the Trustees engaged with the Sponsor in relation to alignment of ESG views, noting the Sponsor's significant ambitions in driving forward ESG integration. With the input of our advisers, these shared ambitions were considered when setting our investment strategy.
- The revised investment strategy was subsequently agreed at the September 2024 Trustee meeting. The implementation of the new investment strategy was still in progress as at 31 March 2025, and the agreed strategy is expected to be implemented over the remainder of 2025 / early 2026. Over the reporting period, the Trustees completed the following actions to implement the new investment strategy:
 - The initial phase of the liability hedge restructure was completed during November 2024. This involved disinvesting £40m from the BlackRock index-linked gilts allocation, which was invested in the BlackRock LDI Portfolio and was estimated to increase the liability hedge from c.60% to c.65% on the Technical Provisions basis.
 - The full disinvestment from the Baillie Gifford Positive Change Fund was completed in January 2025, with proceeds re-allocated to the BlackRock ESG global equity mandate.
 - At the March 2025 Trustee meeting, the Trustees agreed to appoint M&G as their new liquid multi-asset credit ('MAC') manager for a 5% allocation. This new mandate was funded over Q2 2025.
- At the June 2024 Trustee meeting, the Trustees agreed to reduce the Scheme's allocation to the BlackRock Long Lease Property Fund from approximately 8% to 5% of Scheme assets, with a partial redemption of £17m instructed in late June 2024. This decision was driven by Isio's research rating downgrade to "Partially Meets Criteria" and the departure of the lead portfolio manager for the Fund. The partial redemption aimed to retain the Scheme's exposure to high-quality assets while mitigating risks related to investor sentiment and fund viability. The redemption was completed on 31 December 2024, with proceeds settling in the Trustee Bank Account early-January.
- Following Isio's decision to downgrade the BlackRock Long Lease Property Fund to "Significantly Fails to Meet Criteria" in December 2024 due to an escalation of risks at BlackRock, the Trustees agreed with Isio's recommendation to terminate the Scheme's Long Lease Property mandate. The Trustees submitted the

redemption request at the December 2024 semi-annual trade date with proceeds to be paid from July 2025 onwards.

Implementation Statement

This report demonstrates that Scottish Enterprise Pension and Life Assurance Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed: **Julia Miller**

Position: **Chair of Trustees**

Date: **10 September 2025**

Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 70% of these risks on a Technical Provisions liability basis. (Post reporting period, the Trustees' policy was amended to target 75% of liabilities on the Technical Provisions basis).	As part of the investment strategy changes agreed in September 2024, the policy was updated from hedging c.60% on the Technical Provisions basis (c.45% on a gilts flat basis) to hedging 70% on the Technical Provisions basis. Over the reporting period, the Trustees completed the initial phase of the liability hedge restructure which involved disinvesting c.£40m from the BlackRock index-linked gilts allocation to the BlackRock LDI mandate. This was estimated to increase the liability hedge to c.60% on the TPs basis to 65%). Post reporting period, the Trustees formally reviewed the liability hedge and agreed a higher 75% target. Trading to this target completed post reported period and this change in policy will be referenced in next year's report.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	The Trustees regularly monitor the collateral and liquidity position to reduce the impact of this risk via quarterly reporting provided by their investment consultant. Over the reporting period, the Trustees implemented a new allocation to asset backed securities (c.5% of Scheme assets) which provides daily liquidity and additional collateral resilience to the LDI portfolio.

			Amongst other changes, the new investment strategy agreed in September 2024 looks to build out liquid credit assets to support the collateral framework through increased allocations to short-duration credit (SDC) and asset backed securities (ABS) and the introduction of a new liquid MAC mandate.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	As noted in previous sections, the Trustees agreed a new risk-focussed investment strategy over the period with a higher liability hedging target (reducing unrewarded risks).
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.	The Trustees implemented an allocation to ABS over the reporting period. The Trustees also agreed to introduce a new liquid multi-asset credit mandate with M&G.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustees monitor the managers on an ongoing basis.	The Trustees completed the Scheme's Annual Sustainability Integration Assessment in Q2 2024. The purpose of the assessment was to evaluate the investment managers' approach to integrating ESG factors and suggest actions for improvement. The Scheme's investment advisor Isio then communicates these proposed actions to the Scheme's investment managers on the Trustees' behalf.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge all currency risk on all assets that deliver a return through contractual income.	No action or change over the reporting period.

Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	No action or change over the reporting period.
---------------	---	---	--

Changes to the SIP

There were no changes made to the SIP over the 12-month period to 31 March 2025. The Trustees are in the process of reviewing the Scheme's SIP and changes will be set out in next year's Implementation Statement covering the 12-month period to March 2026.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regarding to ESG as a financially material risk. This page details how the Scheme's ESG policy is implemented, while the following page outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Scheme's managers' ESG policies and procedures. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

The below table outlines the areas which the Scheme's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustees intend to review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights	• The Trustees will obtain regular training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments. • As part of ongoing monitoring, the Trustees will use any ESG ratings information provided by their investment consultant to assess how the Scheme's investment managers take accounts of ESG issues. • Through their investment consultant, the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an annual basis. • Through the manager selection process, ESG considerations will form part of the evaluation criteria.	• The manager has not acted in accordance with their policies and frameworks. • The manager has received a 'red' ESG rating from the investment consultant, signifying that its ESG approach is below satisfactory.

ESG summary and engagement with the investment managers

Manager, fund	ESG Summary	Actions identified	Engagement with manager commentary
Baillie Gifford Global Alpha Paris-Aligned	The Fund is a variation of the Baillie Gifford ("BG") Global Alpha strategy. The parent fund is adjusted in order to screen out carbon intensive companies from the portfolio. The Fund has a commitment to lowering carbon intensity and this is assessed by having a lower greenhouse gas intensity than the MSCI ACWI EU Paris Aligned Requirements Index. BG have strong firm-level policies and a dedicated ESG team covering research and stewardship activities. BG also have a strong firm-level approach to Stewardship and Collaboration. The Fund has dedicated ESG objectives and net zero targets.	BG could consider setting diversity targets as well as a defined ESG training syllabus. BG could look to increase proportion of firm assets covered by net zero commitments. BG should improve social and environmental engagement elements and the scope of coverage of emissions to include ITR and GHG emissions.	Isio engaged with Baillie Gifford on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the Baillie Gifford engagements.
BlackRock Global ESG Equity	BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team. They collaborate with initiatives on a broad range of ESG topics. The Fund is passively managed, and therefore BlackRock's scope for active ESG integration is limited. However, the underlying benchmark index excludes firms	BlackRock should introduce firm-level stewardship objectives and formal approach within the firmwide ESG policy. BlackRock should commit to a Net Zero firm-wide target, with meaningful interim targets. BlackRock's global business withdrew from the Climate Action 100+ initiative in early 2024, transferring its membership to its European arm. BlackRock should	Isio engaged with BlackRock on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the BlackRock engagements. Following BlackRock's change in Climate Action 100+ membership, the Trustees held a meeting with BlackRock in 2024 to understand and challenge this decision. The Trustees

	involved in several industries, including Tobacco, Thermal Coal and Controversial Weapons; while the index also uses an optimisation process to tilt towards firms with lower carbon exposure and higher ESG scores. While the Fund has climate targets, it has no social or nature targets and lacks quantitative ESG objectives.	reconsider this position, which reduces their ability to drive forward stewardship responsibilities on behalf of their clients.. BlackRock should consider extending the Fund's ESG policy to include net zero targets. BlackRock should report on stewardship and engagement actions and consider developing a model to assess climate scenario impacts.	expressed the view that the investment manager should reconsider its position and would monitor closely going forward.
BlackRock EM Equity	BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team. They collaborate with initiatives on a broad range of ESG topics. The underlying index does not have ESG objectives or exclusions. BlackRock provides engagement and voting data; however, this is not linked to specific fund stewardship priorities.	BlackRock should introduce firm-level stewardship objectives and formal approach within the firmwide ESG policy. BlackRock should commit to a Net Zero firm-wide target, with meaningful interim targets. BlackRock's global business withdrew from the Climate Action 100+ initiative in early 2024, transferring its membership to its European arm. BlackRock should reconsider this position, which reduces their ability to drive forward stewardship responsibilities on behalf of their clients. BlackRock should enhance metric reporting capacities across the mandate, in both broad ESG scoring and also specific climate, social and biodiversity metrics. BlackRock should include more detail on portfolio engagements and how these align with specific stewardship priorities.	Isio engaged with BlackRock on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the BlackRock engagements.
BlackRock Long Lease Property Fund	BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team. They also collaborate with initiatives and institutions on ESG risks.	BlackRock should introduce firm-level stewardship objectives and formal approach within the firmwide ESG policy. BlackRock should commit to a Net Zero firm-wide target, with meaningful	Isio engaged with BlackRock on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the BlackRock engagements.

	The Fund reports Scope 3 greenhouse gas emissions. Due to the nature of the asset class, the Fund has a limited level of control to implement some ESG practices.	interim targets. BlackRock's global business withdrew from the Climate Action 100+ initiative in early 2024, transferring its membership to its European arm. BlackRock should reconsider this position, which reduces their ability to drive forward stewardship responsibilities on behalf of their clients. BlackRock should provide evidence of detailed ESG metrics within their regular reporting cycle. BlackRock should implement quantifiable ESG targets and produce an ESG scorecard (in line with best practice).	
Manulife CQS	CQS has strong firm-level policies, (e.g. 2050 net zero commitment on >50% assets) and engagement with collaborative initiatives across industry topics. The Fund has quantifiable ESG objectives: lower WACI than a benchmark, a net-zero target and limiting exposure to low-scoring issuers. Regular reporting for the fund includes ESG and climate metrics.	CQS should introduce a formal ESG training program with defined priorities. CQS should consider greater centralisation of stewardship to ensure efforts are joined-up across fund teams and increase overall engagement with underlying issuers on ESG matters. CQS should develop ESG reporting further to cover social and nature metrics. CQS should also grow the coverage of reported / verified greenhouse gas emissions.	The investment consultant engaged with CQS on the Trustees' behalf to review their ESG policies, set actions and priorities. The investment consultant regularly reports back to the IC with updates on the CQS engagements.
Apollo Semi-Liquid Credit Fund	Apollo publish firm-level ESG and engagement policies. They have a well-resourced and dedicated sustainability team and platform. Additionally, high-level engagement priorities and escalation approaches are in place. The Fund has no direct ESG objectives, nor a formal exclusions list. However, a scorecard is used to apply their ESG risk	Apollo should publish a Net Zero commitment and agree interim targets as well as diversity & inclusion targets. Apollo could also consider further collaborative initiatives including NZAMI, CA 100+, and UK Stewardship Code. Apollo should develop ESG objectives for the fund, including formalising an exclusions policy.	The investment consultant engaged with Apollo on the Trustees' behalf to review their ESG policies and set actions and priorities. The investment consultant regularly reports back to the Scheme's IC with updates on Apollo engagements.

	framework consistently and a detailed quarterly ESG report is produced for the fund.	Apollo should increase engagement coverage and GHG emissions data coverage for TCFD reporting.	
Partners Group - Direct Lending (PMCS 2018)	Partners Group ("PG") have a well-resourced central SI team and a structured training program. They also have a strong net zero commitments, including pathway to net zero by 2030 on all corporate activities and 2050 across all portfolios. At a fund level, Partners Group maintain a robust investment approach aligned with industry recognised guidance, e.g. UNGC principles. An ESG scorecard is used during initial due diligence to assess each asset's ESG risk.	PG should implement firm-level ESG objectives with a quantifiable target to enhance ESG policy. PG should establish nature and biodiversity-related stewardship priorities. PG should become a signatory to the Net Zero Asset Manager's Initiative (NZAMI). PG should begin regular reporting on fund-level temperature pathway alignment and emissions data. PG should engage with a significant number of the underlying issuers and improve the reporting of these engagements.	Isio engaged with Partners Group on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the Partners Group engagements.
Aegon Asset Backed Securities	Aegon have net zero and interim targets and are signatories to many ESG initiatives. Aegon have a self-standing RI team, a firm level ESG policy and track all engagements centrally. The Fund integrates ESG using a scorecard approach to exclude issuers below specified limits.	Aegon should evidence engagement against stewardship priorities. Aegon should integrate RI members within portfolio management/asset class teams and provide some level of mandatory firmwide ESG training. Aegon should improve reporting on greenhouse gas emissions. Aegon should model how various climate scenarios may affect fund value, and develop Climate and Social objectives for the Fund.	Isio engaged with Aegon on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the Aegon engagements.

BlackRock Infrastructure Equity Fund	BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team. They also collaborate with initiatives and institutions on ESG risks. The Global Renewable Power Fund III (GRP III) is an article 9 Fund under SFDR with clear ESG objectives. The Fund invests to be aligned to various UN SDG goals and provides annual ESG reporting against these objectives.	BlackRock should introduce firm-level stewardship objectives and formal approach within the firmwide ESG policy. BlackRock should commit to a Net Zero firm-wide target, with meaningful interim targets. BlackRock's global business withdrew from the Climate Action 100+ initiative in early 2024, transferring its membership to its European arm. BlackRock should reconsider this position, which reduces their ability to drive forward stewardship responsibilities on behalf of their clients. BlackRock should provide fund level case studies of how ESG risks are captured during the due diligence process. BlackRock should demonstrate clear examples / case studies of fund level engagements with outcomes that support ESG risk mitigation.	Isio engaged with BlackRock on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the BlackRock engagements. Following some portfolio write downs incurred over the period, the Trustees have actively engaged with BlackRock in relation to the portfolio impacts, the investment managers' fiduciary responsibilities and its plan to recover value. This will monitored closely going forward.
Patrizia Infrastructure Debt Fund	Patrizia have strong firm-level policies, (e.g. net zero commitment by 2040). They also have a strong focus on sustainable investment knowledge implemented through a robust training program across the firm. Reporting for the Fund covering climate risk mitigation/opportunities and ESG metrics is provided annually. Ongoing monitoring processes are supported by ESG scores and assessments of each asset.	Patrizia should implement a central process to oversee engagements and review objectives. Patrizia should increase collaboration by working with academic institutions to improve research and risk management frameworks. Patrizia could provide examples and evidence of engagement initiatives which have been carried out to mitigate ESG-related risks for assets.	Isio engaged with Patrizia on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the Patrizia engagements.

IFM Global Infrastructure	IFM has a firm-wide Net Zero Commitment with interim targets. The firm has a dedicated ESG team for various strategies, and a stewardship team which covers climate, social, and biodiversity. Sustainable investment factors are incorporated into the due diligence on new investments. IFM ensures each asset has a net zero transition and an emissions reduction pathway in place.	IFM should set up a stewardship policy with climate and social factors as explicit priorities. IFM should set up a stewardship policy with climate and social factors as explicit priorities. IFM should obtain a UNPRI score across Strategy & Governance and Infrastructure Equity. IFM should review its ESG scorecard on an annual basis. IFM should provide social and nature-based metrics as part of regular reporting	Isio engaged with Isio on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the IFM engagement.
BlackRock LDI Portfolio and Index-Linked Gilts ("ILGs")	BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team. They also collaborate with initiatives and institutions on ESG risks. LDI and ILGs funds have no specific ESG objectives. They have a proprietary green bond taxonomy framework and rate green gilts within this. ESG reporting is limited due to quantity of data available.	BlackRock should introduce firm-level stewardship objectives and formal approach within the firmwide ESG policy. BlackRock should commit to a Net Zero firm-wide target, with meaningful interim targets. BlackRock's global business withdrew from the Climate Action 100+ initiative in early 2024, transferring its membership to its European arm. BlackRock should reconsider this position, which reduces their ability to drive forward stewardship responsibilities on behalf of their clients. BlackRock should provide evidence of engagement with counterparties and provide counterparty ESG scores and/or metrics.	Isio engaged with BlackRock on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the BlackRock engagements.
BlackRock Sustainable Short Duration Credit ("SDC")	BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team. They also collaborate with initiatives and institutions on ESG risks. BlackRock's SDC Fund has a primary ESG objective relating to a 20% reduction in emissions relative to	BlackRock should introduce firm-level stewardship objectives and formal approach within the firmwide ESG policy. BlackRock should commit to a Net Zero firm-wide target, with meaningful interim targets. BlackRock's global business withdrew from the Climate Action 100+ initiative in early 2024,	Isio engaged with BlackRock on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the BlackRock engagements.

	the ICE BAML 1-5 Year Global Corporate Index. The Fund demonstrates strong integration of ESG factors through these quantifiable climate objectives.	transferring its membership to its European arm. BlackRock should reconsider this position, which reduces their ability to drive forward stewardship responsibilities on behalf of their clients. BlackRock should enhance stewardship through active and direct engagement with corporates on key ESG issues. BlackRock should increase the frequency of reporting of ESG / climate metrics from ad-hoc to quarterly.	
BlackRock Liquidity Fund	BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team. They also collaborate with initiatives and institutions on ESG risks. BlackRock are limited in their integration of ESG factors for the Fund due to the asset class involved.	BlackRock should commit to a Net Zero firm-wide target, with meaningful interim targets. BlackRock's global business withdrew from the Climate Action 100+ initiative in early 2024, transferring its membership to its European arm. BlackRock should reconsider this position, which reduces their ability to drive forward stewardship responsibilities on behalf of their clients. BlackRock should enhance stewardship through active and direct engagement with corporates on key ESG issues. BlackRock should implement specific ESG objectives for the Fund and update the Fund's ESG scorecard annually (in line with best practice). BlackRock should develop an approach for climate modelling and estimating implied temperature in reporting.	Isio engaged with BlackRock on the Trustees' behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the IC with updates on the BlackRock engagements.
Pantheon Private Equity	The Scheme has a small allocation to a historic Private Equity Fund of Funds with Pantheon. No engagement has taken place with this manager on ESG issues.		

Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 31 March 2025.

Fund name	Engagement summary	Commentary
Baillie Gifford Global Alpha Paris-Aligned	Total engagements: 101 Environmental: 32 Social: 24 Governance: 143 Other: 83	Baillie Gifford contacted numerous companies where they engaged on a diverse variety of subjects. Amazon.com: Baillie Gifford engaged with Amazon on a variety of topics including their employee engagement, supply chain transparency, AI governance, and decarbonisation. BG were satisfied that the company was able to provide data-backed responses to defend challenges raised. For example, the company have reduced recorded injury rates to substantially below industry average through their efforts to improve working conditions, highlighting initiatives such as introducing software tool 'Dragonfly' to record employee safety-related feedback. Going forward, given the scale and complexity of the company's operations, BG will continue to engage with the company on their continued sustainability challenges.

BlackRock Global ESG Equity	Total engagements: 527 Governance: 506 Social: 213 Environmental: 209 One engagement can comprise of more than one topic across each company.	The BlackRock Investment Stewardship Team (BIS) carry out all voting and engagement activities. The BIS engage across all funds at an issuer level thereby leveraging all the capital at their disposal to maximise engagement effectiveness. Shell plc: BlackRock Investment Stewardship (BIS) engaged with Shell on their Energy Transition Strategy. BIS were supportive of the strategy as they believe that Shell continues to provide a clear assessment of its plans to manage material climate-related risks and opportunities, whilst also demonstrating progress against its stated energy transition targets. For example, the BIS team assessed that Shell remains on track to meet its goal of reducing its scope 1 and 2 emissions under its operational control by 50% by 2030 compared to 2016.
BlackRock EM Equity	Total engagements: 255 Governance: 243 Social: 73 Environmental: 130 One engagement can comprise of more than one topic across each company.	The BlackRock Investment Stewardship Team (BIS) carry out all voting and engagement activities. The BIS engage across all funds at an issuer level thereby leveraging all the capital at their disposal (for example across equity and credit) to maximise engagement effectiveness. CSPC Pharmaceutical Group Limited (CSPC): BlackRock Investment Stewardship (BIS) engaged with CSPC on board quality and effectiveness. The company proposed to re-elect CSPC's Chairman as an executive director and the BIS team assessed that this may not support effective board oversight given the Chairman's existing positions as a controlling shareholder and leader of the nominating Committee. BIS provided the view that independent leadership of the nominating committee helps to protect shareholders' interests by

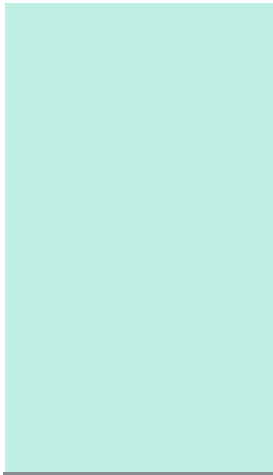
		presenting over-concentration of power in a single director.
BlackRock Long Lease Property Fund	BlackRock currently do not provide details of their engagement activities for this investment due to the nature of the Funds. Isio will work with BlackRock on behalf of the Scheme to develop BlackRock's engagement reporting going forward.	As with the equity mandates, BlackRock's ESG related engagement is led by the BIS team. BlackRock lease on full repairing and insuring ("FRI") terms, which means that whilst a tenant is in a property BlackRock has limited control over that property. BlackRock does recognise the importance of engaging with tenants and other stakeholders to gain insight into their ESG practices and key performance indicators. Engagement activity varies from asset to asset, but often includes a combination of campaigns, activities and events to address sustainable best practice, particularly in relation to energy and resource efficiency, which is a key priority area for BlackRock and the wider industry.
BlackRock Global Renewable Power III	BlackRock currently do not provide a breakdown of their engagement activities for this investment due to the nature of the Fund. Isio will work with BlackRock on behalf of the Scheme to develop BlackRock's engagement reporting going forward.	BlackRock actively engages with underlying assets on ESG issues to enhance risk mitigation within the mandate. BlackRock have explicit stewardship priorities from a firm-level perspective and use a central team to drive engagements. However, this is done without fund-specific KPIs or milestones. BlackRock have been unable to provide case studies of any engagements for the Fund.
Aegon Asset Backed Securities	Total Engagements: 109 Environmental: 25 Social: 2 Governance: 38 Other: 44	Before investing in an ABS transaction, the investment team will engage with the relevant parties including the seller, sponsor, originator and other transaction parties via a sector-specific questionnaire. Aegon will monitor these engagements against set milestones and undertake further investments where necessary. Various RMBS and consumer ABS issuers: Aegon engaged

		with RMBS and consumer ABS originators to advocate for financial products that support environmental sustainability, for example, offering favourable interest rates for residential mortgages for the financing or improvement of energy-efficient properties. They provided issuers with an ESG questionnaire and held multiple meetings to discuss responses, Aegon's ESG goals and feedback on areas for ESG improvements. Aegon received positive feedback from originators on this engagement and are pleased to have seen the number of originators offering ESG-friendly mortgage products grow substantially over the year.
Manulife CQS MAC	Total engagements: 78	CQS engages with corporate issuers, banks to who they provide regulatory capital relief, CLO managers, regulators and service providers. Key engagement priorities include governance, climate risk management and people factors. An example of a high-level engagement includes: Italian spirits, wines and non-alcoholic branded beverage company : CQS initiated engagement in order to seek a water risk assessment for the company's supply chain and commitment to the CDP Water Questionnaire to enhance transparency. After engagement and encouragement from CQS, the company confirmed that they have answered the 2024 CDP Water Questionnaire. The company's Environmental Policy has also been revised and updated to address areas such as water usage intensity, wastewater discharge and management of waste.

Apollo Semi-Liquid Credit	Total Engagements: 253 Environmental: 243 Social: 245 Governance: 245 One engagement can comprise of more than one topic across each company.	Apollo has set engagement policies at the firm-level, including high-level engagement priorities and an escalation approach. As bond investors, Apollo's voting rights are limited, making it more difficult to engage with portfolio companies in comparison to equity investors. Engagement coverage for the fund has been relatively low in recent years, but Apollo can demonstrate examples of engagement with issuers. An example of engagement includes: Clean Harbors Inc – Apollo engaged with Clean Harbors (CH) regarding their progress and challenges in reducing greenhouse gas emissions. Through this engagement, Apollo learned of CH's successes in optimising routing and fleet activities, extending the life of heavy-duty vehicles through refurbishment, and constructing new plants that meet air quality standards. However, as the company grows, they face challenges of increased waste and emissions intensity. CH are working with their customers to reduce Scope 3 emissions and plan to invest in technology to improve reporting.
Partners Group - Direct Lending (PMCS 2018)	During the reporting period, the Fund did not undertake any ESG-related engagements, which is consistent with its current phase of winding down operations.	Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as debt lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks. Partners Group were unable to provide fund-level engagement examples.

Patrizia Infrastructure Debt	Total Engagements (Corporate): 28 Governance: 1 Social: 2 Environmental: 9 Other: 16	Patrizia engage with investee companies on ESG issues as part of their regular monitoring and pre-investment due diligence, the outcome may impact investing decisions. Engagement takes place on a yearly basis to collect ESG linked KPIs which thereafter feed into the Fund's Climate Change Reporting and Sustainability Reporting. Yorkshire Water: Patrizia engaged with Yorkshire Water on a variety of ESG topics including climate change, pollution, sustainability reporting and data. This engagement involved numerous calls throughout the year with the company's management, credit rating agencies, and stakeholders to provide visibility on ESG risks, and Patrizia also sought details on investments made to improve performance against ESG KPIs. From this engagement, Patrizia have expressed comfort with the ESG data and actions taken by the company. They will continue to engage with the company on a regular basis to track investment progress and ensure KPI satisfaction.
IFM Global Infrastructure	IFM currently do not provide details of their engagement activities due to the nature of the fund. Isio will work with IFM on the development of the firm's engagement reporting	IFM engage through board representation in both their private equity and public market portfolio holdings. IFM will only invest in companies which have appropriate governance structures in place. IFM bring together key executives of their portfolio companies to help spread good ESG practice and objectives across the portfolio. Mersin International Port - IFM continues to support Mersin International Port on the delivery of its Safety Remedial Actions as well as with the set-up of its longer-term Safety Culture Transformation Programme. In 2024, Mersin International Port continued to improve its safety culture, as evidenced by a further

		decrease in lost time injury frequency ("LTIF") rate by 19%.
BlackRock LDI, Index-Linked Gilts and Liquidity Funds	BlackRock currently do not provide details of their engagement activities due to the nature of the funds. Isio will work with BlackRock on the development of the firm's engagement reporting.	BlackRock integrates ESG considerations into their counterparty selection process and engages with derivative counterparties on governance issues. BlackRock continues to be an active participant and leader in the evolution of the green bond market. They have a proprietary green bond taxonomy framework and rate green gilts within this. BlackRock currently do not collect engagement data for the LDI fund.
BlackRock Sustainable Short Duration Credit ("SDC") Fund	Total Engagements: 98 Environmental: 38 Social: 29 Governance: 90 One engagement can comprise of more than one topic across each company.	BlackRock have explicit stewardship priorities from a firm-level perspective and use a central team to drive engagements. However, this is done without fund-specific KPIs or milestones. BlackRock have been unable to provide case studies of any engagements for the Fund.
Pantheon Private Equity	Pantheon has been unable to provide specific examples of engagements given the Fund of Funds approach. An extract has been provided which outlines their engagement policy.	<i>"Pantheon's active ownership is exhibited through comprehensive manager due diligence and monitoring, the core service it provides to its investors. Where there are concerns around the strategic direction or governance of a fund, Pantheon will typically work in concert with other investors, often as a member of the Limited Partner Advisory Committee for that fund, in order to bring influence to bear on the manager. In contrast with the listed markets, Private Equity firms typically manage closed end funds with a pre-defined end date and are required to raise new capital through a new fund raising every three to five years, usually raising a significant proportion of new capital from existing investors. Whilst LPs are not able to be involved in the management of the fund, this feature of the private equity market means we have a very</i>



important role to play in monitoring and engaging with its managers. Interactions with our underlying managers is frequent and will take place at least two to three times a year, and more often in many cases. In addition, we will also review the statutory reporting materials the manager is required to send to us, which will contain information on the performance of the fund and its underlying companies."

Voting (for equity/multi asset funds only)

As the Scheme invests via fund managers the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2025. The managers also provided examples of any significant votes.

Fund name	Voting summary	Examples of significant votes	Commentary
Baillie Gifford Global Alpha Paris Aligned	Votable Proposals: 1,215 Proposals Voted: 98.5% For votes: 93.6% Against votes: 6.0% Abstain votes: 0.4%	Microsoft Corporation: Baillie Gifford voted against ratification of the auditor because of the length of tenure (40+ years) as they believe it is best practice for the auditor to be rotated regularly. The outcome of the vote was successful however Baillie Gifford have explained their rationale for opposing this to the company, who have responded by outlining the policies they have in place for an independent and quality audit.	Whilst Baillie Gifford makes use of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource stewardship activities or rely upon their recommendations. All client voting decisions are made in-house.
BlackRock Global ESG Equity	Votable Proposals: 6,679 Proposals Voted: 92.0% For votes: 83.5% Against votes: 8.0% Abstain votes: 0.2% *Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.	Adidas AG: On 16 May 2024, BlackRock voted against the approval of the Remuneration Report and against the re-appointment of several compensation committee members. BlackRock's rationale was that remuneration arrangements were poorly structured, performance hurdles were not sufficiently challenging, and disclosures did not provide an adequate understanding of the company's remuneration policies and the link between performance-based pay and company performance. In some cases, these votes were made against management.	BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holding directors accountable and supporting shareholder proposals. Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against the re-election of the directors responsible to express this concern.

BlackRock EM Equity	Votable Proposals: 22,277 Proposals Voted: 98.9% For votes: 84.0%* Against votes: 11.0%* Abstain votes: 3.7%* *Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.	Accton Technology Corp: On 13 June 2024, BlackRock voted against the election of a director due to concerns over gender-related diversity at the board level. BlackRock believe greater gender board diversity may lead to better risk management and identification of business opportunities, leading to better financial outcomes for shareholders.	BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holding directors accountable and supporting shareholder proposals. Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against the re-election of the directors responsible to express this concern.
---------------------	---	--	---

