

Scottish Enterprise Pension and Life Assurance Scheme: Implementation Report

August 2026

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Document classification: Confidential

Background

Background

This statement explains how the Trustees' policies set out in the Statement of Investment Principles (SIP) have been followed during the reporting year, including the exercise of voting rights and engagement activities undertaken by the Scheme's investment managers.

Statement of Investment Principles (SIP)

The Statement of Investment Principles ('SIP') sets out the Trustees' policies in relation to voting rights and engagement activity. As stated within the SIP, the Trustees have acknowledged responsibility for the voting and engagement policies undertaken by the Scheme's investment managers on their behalf.

The SIP can be found online at the web address https://sepensions.co.uk/scheme-documents/statement-of-investment-principles-2025/

Summary of key actions undertaken over the Scheme reporting year

- Following the agreement of a risk-focussed investment strategy at the September 2024 Trustee Board, the Trustees continue to implement the revised investment strategy on a phased basis over the reporting year.
- In December 2024, the Trustees agreed to make a full disinvestment from the BlackRock Long Lease Property mandate, following senior team changes and significant redemptions. The disinvestment instruction was submitted for the 31 December 2025 trade date. At the May 2025 Investment Committee meeting, the Trustees agreed to reinvest the LLP proceeds equally into Liquid MAC and Infrastructure Equity (+2.5% each). This resulted in an updated strategy, approved at the June 2025 Trustee meeting, which retained the current manager line-up and modestly increased the expected return.
- Following manager selection exercises completed over 2025, the Trustees formally selected the M&G Sustainable Total Return Credit Investment Fund for the new Liquid Multi-Asset Credit allocation, and the Apollo Asset Backed Finance Fund for the Private Debt allocation. The M&G allocation was funded over June 2025 and October 2025, which involved re-investing excess cash from unwinding illiquid allocations.
- In June 2025, the Trustees increased the hedge target from 70% to 75% on a Technical Provisions basis, following an LDI review using updated liability cashflows from the 2023 valuation. This change was implemented in July 2025 and involved terminating the Scheme's index-linked gilts allocation to achieve a more efficient hedging solution using LDI. As part of this activity, the Trustees also increased allocations to Short Duration Credit and Asset Backed Securities to align with target weights and provide further collateral resilience.
- The Trustees completed a further review of the liability hedge in Q1 2026, based on updated cashflows from the 2023 valuation adjusted for Scheme and market experience to 30 September 2025. As part of this review, the Trustees raised the liability hedging target from 75% to 80% on the Technical Provisions basis, which was implemented in April 2026.
- In April 2026, the Trustees funded an initial £30m investment in the Apollo Asset Backed Finance Fund. This was funded using surplus cash from the BlackRock ICS Liquidity Fund

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(arising from the unwind of illiquid funds), together with £4m of excess collateral within the LDI mandate, with cash in transit as at 31 March 2026. The remaining allocation is expected to be funded in late 2026 to bring the total allocation to 7.5% of Scheme assets.

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 considerations including ESG factors and climate change.

Signed: J Miller

Position: Chair of Trustees

Date: 22 October 2026

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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 75% of these risks on a Technical Provisions liability basis. (Post reporting period, the Trustees' policy was amended to target 80% of liabilities on the Technical Provisions basis).	In June 2025, the Trustees and Sponsor approved raising the hedge target from 70% to 75% on a Technical Provisions basis, following an LDI review using updated liability cashflows from the 2023 valuation. This change was implemented in July 2025. The Trustees completed a further review of the liability hedge in Q1 2026, based on updated cashflows from the 2023 valuation adjusted for Scheme and market movements to 30 September 2025. Post reporting period, the Trustees approved raising the liability hedging target to from 75% to 80% on the Technical Provisions basis, which was implemented in April 2026.
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 made top-up investments to existing collateral supporting assets (Short Duration Credit and Asset Backed Securities), bringing those assets to their target weightings. The Trustees also implemented a new allocation to Liquid Multi-Asset Credit (MAC) (7.5% of Scheme assets) which provides daily liquidity and additional collateral resilience to the LDI portfolio.

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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 made progress in implementing a new risk-focussed investment strategy over the period and increased the Scheme's 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 enhanced diversification within the credit portfolio through the introduction of the new Liquid MAC mandate. The Trustees also reviewed options to top-up the Scheme's Private Debt allocation to target weight and agreed to introduce a new Asset Backed Finance allocation with Apollo, with the initial investment taking place in April 2026.
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 criterion: 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 2025. 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.	The Trustees reviewed the Scheme's currency hedging approach in November 2025 and subsequently agreed a formal currency hedging policy in March 2026 for the passive developed market equity allocation (BlackRock ESG Tracker Fund). The policy establishes a market-based trigger framework under which specific GBP/USD exchange rate levels prompt a review of the developed market equity FX hedge. No triggers were hit or changes implemented 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.

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Changes to the SIP

Over the period to 31 March 2026, the Trustees updated the SIP in August 2025 to reflect recent investment strategy changes.

<table>
<tr><th>Changes to the SIP</th><th></th></tr>
<tr><td>Date updated: August 2025</td><td></td></tr>
<tr><td>Hedging target</td><td>• The SIP was updated to reflect the change in the Scheme's hedging target to 75% (on a Technical Provisions basis).</td></tr>
<tr><td>Strategic benchmark</td><td>• The SIP was updated to reflect the new strategic benchmark agreed in September 2024, including references to the expected return target of Gilts + 2.5% per annum.</td></tr>
<tr><td>Collateral management policy</td><td>• The Scheme's collateral management policy within the SIP was amended to reflect the new collateral waterfall, shown below. This includes the new Lower Risk Multi-Asset Credit Mandate with M&G and removes the Baillie Gifford Diversified Growth allocation (which has been fully disinvested).
<table>
<tr><th>Manager</th><th>Asset Class</th><th>Dealing frequency</th></tr>
<tr><td>LDI manager</td><td>Short Duration Credit</td><td>Daily frequency</td></tr>
<tr><td>Non-LDI manager</td><td>Asset Backet Securities</td><td>Daily frequency</td></tr>
<tr><td>Non-LDI manager</td><td>Lower Risk Multi-Asset Credit</td><td>Daily frequency</td></tr>
<tr><td>LDI manager</td><td>Equity</td><td>Daily frequency</td></tr>
<tr><td>Non-LDI manager</td><td>Equity</td><td>Daily frequency</td></tr>
</table>
</td></tr>
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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.

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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 demonstrates a strong approach to ESG integration, supported by clear fund-level ESG objectives, exclusions and a detailed ESG scoring framework embedded within the investment process. The manager also demonstrates strong stewardship capabilities, with evidence of engagement and voting, and enhanced quantitative risk screening tools.	BG could provide more detailed, stock-level ESG reporting, including greater clarity on how key ESG metrics are calculated and verified. BG could also provide clearer temperature pathway alignment reporting. BG could enhance collaboration on ESG initiatives, particularly in demonstrating progress against net zero and decarbonisation objectives.	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 benefits from strong firm-level ESG policies, established stewardship priorities, and active collaboration across the industry. At a fund level, ESG integration is less advanced, reflecting the passive nature of the strategy. The fund lacks explicit ESG objectives and climate risk modelling, and reporting is less developed relative to peers. Recent changes to BlackRock's climate positioning, including	BlackRock should introduce firm-level stewardship objectives and formal approach within the firmwide ESG policy. BlackRock should develop clearer fund-level ESG objectives and integrate the use of climate scenario analysis within the risk framework. BlackRock should incorporate ESG metrics (including climate data) into regular 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.

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	withdrawal from net zero initiatives, have also weakened the overall approach.	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 EM Equity	BlackRock maintains a firmwide ESG policy and has set clear stewardship priorities which are overseen by the central team, while also collaborating with the wider investment community on a range of ESG topics. ESG integration at the fund level remains limited, with no clear ESG objectives, no exclusions framework and weak climate data coverage. Reporting and evidence of engagement, on both carbon emissions and non-environmental metrics, remains weaker than peers, highlighting areas for further improvement.	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 improve ESG reporting coverage (including carbon metrics). BlackRock should provide more robust evidence of engagement and voting activity at the fund level, to better demonstrate the effectiveness of stewardship relative to peers. BlackRock should develop clearer fund-level ESG objectives and integrate the use of climate scenario analysis within the risk framework.	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.

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BlackRock Long Lease Property	The Fund benefits from BlackRock's firm-level ESG policy and stewardship priorities. At the fund level, key strengths include the integration of ESG considerations within the risk management process and the use of a comprehensive ESG scorecard across underlying investments. There are, however, opportunities to enhance the fund's investment approach, stewardship activities, and ESG-related reporting and disclosures. Due to the nature of the asset class, the Fund has a limited level of control to implement some ESG practices.	BlackRock should enhance ESG reporting by providing regular fund-level disclosures on ESG metrics, including climate and social indicators, carbon-related data and asset-level ESG scores to improve transparency for investors. BlackRock should strengthen stewardship activities by providing clearer evidence of engagement on material ESG issues and reporting engagement outcomes, allowing investors to better assess the effectiveness of its responsible investment approach. BlackRock should also 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.	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.
Manulife CQS ("CQS") Multi-Asset Credit	CQS has strong firm-level policies, (e.g. 2050 net zero commitment on >50% assets) and engagement with collaborative initiatives across industry topics, being a signatory to several key organisations. The Fund has quantifiable ESG objectives: lower weighted average carbon intensity ("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 enhance ESG reporting coverage, as current disclosures are limited to weighted carbon intensity and capture less than 50% of the portfolio. CQS should develop ESG reporting further to cover social and nature metrics. CQS should also grow the coverage of reported / verified greenhouse gas emissions.	Isio 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.

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Apollo Multi-Asset Credit	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 framework consistently and a detailed quarterly ESG report is produced for the fund.	Apollo should encourage the formalisation of climate as a key stewardship priority, including clearer articulation of how climate considerations are embedded within engagement activity and investment decision-making. Apollo should consider introducing explicit fund-level ESG objectives, alongside greater use of climate scenario analysis and portfolio risk modelling, to strengthen the integration of climate risks within the investment process.	Isio 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.
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 fund-level ESG objectives with a quantifiable target to enhance ESG policy. PG should look to evidence engagement activity, including quantified engagement coverage, clear case studies, and outcomes linked to ESG priorities, across climate, social, and nature topics. PG should improve the breadth and consistency of fund-level ESG reporting, particularly by increasing GHG data coverage, moving beyond ad hoc carbon disclosures, and include temperature alignment metrics and broader ESG indicators (e.g. social and nature metrics).	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. ESG reporting has been an area for development, however Aegon have recently made improvements in this area by including greater detail on	Aegon should provide more clarity on plans to expand the proportion of AUM covered by firm-level net zero commitments, and how this translates into fund-level implementation and portfolio outcomes. Aegon should look to further evidence climate risk mitigation within the investment process, including the use of portfolio-level analysis or scenario modelling to demonstrate how climate risks are identified and managed.	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.

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	ESG ratings and metrics in fund reporting.		
BlackRock Infrastructure Equity	BlackRock demonstrates clear strengths in the fund's ESG integration across its investment approach and reporting capabilities. However, firm-level changes to the risk-management process has led to a deterioration in its risk management approach. In addition, BlackRock's inability to provide fund-level case studies remains a weakness of their ESG capabilities. 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 2024/2025 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 included the Trustees arranging an additional meeting with BlackRock in August 2025 to receive a direct update on the Fund, recent team changes, and actions being taken by BlackRock to recover value and improve processes going forward. The Trustees continue to monitor fund developments closely and escalate issues to BlackRock as required.
M&G Sustainable Total Return Credit	M&G maintains strong firm-wide climate commitments and well-established stewardship practices. The Fund has a clear focus on sustainable investment opportunities, with proprietary ESG analytical tools used to identify and monitor ESG-themed bonds across the investment universe.	M&G should improve ESG reporting by increasing the frequency and breadth of metrics included within regular fund report, including climate and social metrics.	Isio engaged with M&G 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 M&G engagements.
Patrizia Infrastructure Debt	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	Patrizia should establish clearer fund-level ESG objectives and stewardship priorities, supported by a more formalised engagement framework to improve accountability and demonstrate how ESG considerations influence outcomes over the fund's remaining life. Patrizia should enhance transparency around	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.

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	processes are supported by ESG scores and assessments of each asset. However, the fund's mature stage and operation outside the investment period, limits the scope for significant ESG change.	engagement activity by providing more structured tracking of engagement actions, escalation pathways and outcomes, enabling investors to better assess the effectiveness of stewardship efforts.	
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. The firm has strong collaboration capabilities as they are signatories to a number of ESG initiatives. 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 consider using a formal ESG scorecard during its ongoing monitoring and review the Fund's ESG scorecard on an annual basis. IFM should seek to provide broader ESG metrics in regular fund reporting such as social and nature-based, IFM should provide more detailed case study evidence of engagement aligned with set priorities.	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	BlackRock have set explicit stewardship priorities on which to engage with investee companies, overseen by a central team. They also have strengths in the risk management approach, specifically in using multiple data sources and modelling LDI funds have no specific ESG objectives. They have a proprietary green bond taxonomy framework and rate green gilts within this. Improved reporting and greater transparency around stewardship activity and engagement outcomes would strengthen the overall approach.	BlackRock should introduce firm-level stewardship objectives and formal approach within the firmwide ESG policy. BlackRock should develop more standardised ESG reporting at the fund level, including broader ESG metrics beyond current disclosures. 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	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.

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		counterparty ESG scores and/or metrics.	
BlackRock Sustainable Short Duration Credit ("SDC")	BlackRock have clear forward-looking climate objectives for the fund embedded in its approach. A key strength is the use of BlackRock's PEXT/NEXT framework, which assesses the broader societal and environmental impacts of portfolio holdings, as well as a suite of climate, nature, and social metrics reported for the Fund. Stewardship remains a weak area for the Fund, with limited fund-level ESG engagement and limited evidence of strategic alignment. Firm-level environmental pledges are also weak, with no net-zero target in place.	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 encourage greater evidence of fund-level engagement and voting activity, including clearer articulation of how stewardship priorities translate into measurable outcomes at the portfolio level.	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 Liquidity Fund	BlackRock demonstrates strengths in the fund's investment and risk management processes, with ESG considerations incorporated through the use of an ESG scorecard and the exclusion of certain harmful sectors. BlackRock are also able to evidence active voting and engagement on relevant ESG priorities and provides an appropriate level of fund-level carbon-related metrics reporting. While there remain opportunities to further enhance ESG integration, we note that BlackRock are partly constrained due to the nature of the asset class.	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 include ESG metrics in regular reporting (incl. ESG scores, climate and social scores).	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.

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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 2026.

Fund name	Engagement summary	Commentary
Baillie Gifford Global Alpha Paris-Aligned	Total engagements: 62 Environmental: 29 Social: 27 Governance: 82 One engagement can comprise of more than one topic across each company. Therefore, the total number of engagements may not equal the sum of individual topic totals. Topic totals can also include engagements that span multiple sub-topics. For example, an engagement addressing several governance matters, such as board effectiveness and remuneration, may be counted as more than one governance engagement above.	Baillie Gifford contacted numerous companies where they engaged on a diverse variety of subjects. Examples of significant engagement include: Alphabet Inc.: Baillie Gifford engaged with Alphabet through a shareholders call with the Global Head of Data Centre Energy, to better understand how the company is managing rapid data centre expansion while maintaining its low-carbon energy and water commitments. The discussion covered grid capacity constraints, regulatory challenges and workforce shortages, alongside Google's efforts to improve system efficiency, increase flexible demand and invest in emerging low-carbon technologies, including nuclear and geothermal energy. The engagement provided reassurance that Alphabet remains committed to its environmental objectives despite growing demand and policy uncertainty. Baillie Gifford will continue to engage with the company on these issues and monitor progress against their sustainability objectives.

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BlackRock Global ESG Equity	Total engagements: 443 Environmental: 173 Social: 159 Governance: 419 One engagement can comprise of more than one topic across each company. Therefore, the total number of engagements may not equal the sum of individual topic totals.	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. BlackRock does not provide fund-specific ESG engagement examples. However, the following firm-level engagement relates to a company held within the Fund: Western Digital Corporation (WDC): BlackRock engaged with WDC's board and executive leadership ahead of the 2025 AGM to discuss governance matters relating to the company's strategy and capital allocation priorities following the spin-off of its Flash business. Discussions covered post-separation business developments, leadership succession and growth opportunities linked to increasing AI-driven demand for data storage solutions. The engagement provided additional insight into the company's strategic direction and capital allocation framework, supporting the manager's assessment of AGM proposals and voting decisions.
BlackRock EM Equity	Total engagements: 164 Environmental: 61 Social: 43 Governance: 157 One engagement can comprise of more than one topic across each company. Therefore, the total number of engagements may not equal the sum of individual topic totals.	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. BlackRock does not provide fund-specific ESG engagement examples. However, the following firm-level engagement relates to a company held within the Fund: POSTCO Holdings Co (POSCO): BlackRock engaged with members of POSCO's board and executive leadership to discuss the company's approach to managing health and safety risks, following a series of workplace accidents. Discussions focused on the company's efforts to strengthen its safety culture, governance and operational controls, including the

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		use of technology and enhanced supplier assessments. The engagement improved the manager's understanding of the board's oversight of health and safety matters and the actions being taken to reduce operational and workforce risks.
BlackRock Long Lease Property	BlackRock currently do not provide details 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.	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 Infrastructure Equity	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: 114 Environmental: 4 Social: 2 Governance: 29 Other: 81 One engagement can comprise of more than one topic across each company. Therefore, the total number of engagements may not equal the sum of individual topic totals.	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. Examples of significant engagement include:

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		Various Residential Mortgage Backed Securities (RMBS) and consumer Asset Backed Securities (ABS) issuers: Aegon engaged with RMBS and consumer ABS issuers during the year with the aim of improving the availability of ESG-related, loan-level data. This involved distributing ESG questionnaires to issuers and encouraging enhanced disclosure through direct discussions where data availability was limited. Aegon noted that, although the availability of ESG data improved over the past year, significant gaps remain. In particular, the limited availability of Energy Performance Certificate (EPC) data continues to present a key challenge for investors seeking to integrate ESG considerations into RMBS assessments. Aegon intends to continue engaging with issuers to promote greater transparency and improve the quality and consistency of ESG disclosures.
Manulife CQS ("CQS") Multi-Asset Credit	Total engagements: 53 CQS do not provide a breakdown of their ESG engagements by topic.	CQS engages with corporate issuers, banks to whom they provide regulatory capital relief, CLO managers, regulators and service providers. Key engagement priorities include governance, climate risk management and people factors. Examples of significant engagement include: Food Retail Company: CQS engaged with the company on human and labour rights, following concerns on wage growth, employment disclosure and human rights diligence relative to peers. Discussions with senior management covered employee pay, union engagement and supply chain oversight. The company outlined actions including wage increases in line with the National Living Wage, ongoing union dialogue and enhancements to its human rights framework and supplier standards. CQS encouraged further progress on transparency and governance, and will continue to monitor wage competitiveness,

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		labour relations and supply chain risks.
M&G Sustainable Total Return Credit	Total Engagements: 32 Environmental: 21 Social: 6 Governance: 5	M&G established company-wide policies and stewardship priorities when engaging with portfolio firms. These priorities focus on environmental factors however also cover social and governance factors. M&G can provide evidence of engagements on ESG issues at the underlying strategy and firm level. Examples of significant engagement include: Bayer: M&G engaged with Bayer through the Access to Medicine Foundation initiative (ATMI) on improving access to medicine in low- and middle-income countries. The company outlined progress through its Global Health Unit, which focuses on expanding availability and sustainability of healthcare systems via partnerships and reinvestment. Reporting, in particular impact reporting, continues to be a challenge for the company. The company confirmed that establishing a framework to measure impact remains a work in progress. It is currently looking into established models
Apollo Multi-Asset Credit	Total Engagements: 209 Environmental: 203 Social: 204 Governance: 203 One engagement can comprise of more than one topic across each company. Therefore, the total number of engagements may not equal the sum of individual topic totals.	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. Examples of significant engagement include: Breitling: In an effort to help drive value creation and address stakeholder issues, Apollo held a sustainability engagement call with Breitling. Key takeaways from the engagement include Breitling being on track to achieve

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		100% Artisanal & Small Scale Mining (ASM) gold, which generally has more ethical practices, alongside 100% lab-grown diamonds. Additionally, rather than sourcing directly from mines, Breitling works through a diversified set of vetted refiners discloses all refining partners, and is actively building a multi-brand ASM sourcing initiative within the industry.
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): 23 Environmental: 11 Social: 8 Governance: 4	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. Examples of significant engagement include: Adapteo: Patrizia engaged directly with Adapteo's Chief Sustainability Officer and Group Treasurer to gain a greater understanding of the company's sustainability strategy, circular economy model, decarbonisation initiatives and approach to evolving EU sustainability

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		regulations. Through a dedicated sustainability deep-dive discussion, Adapteo demonstrated progress against its three strategic sustainability pillars and provided updates on its assessment of EU Taxonomy alignment and CSRD requirements. The engagement improved Patrizia's understanding of the company's sustainability framework and future reporting plans.
IFM Global Infrastructure	IFM do not provide a detailed breakdown of ESG engagements undertaken during the year. However, they note that engagement activity within the Global Infrastructure Fund is continuous and embedded within their asset ownership model.	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. Examples of significant engagement include: Veolia Energia Polska: IFM engaged closely with the company through its active ownership approach, including board representation and regular dialogue with management, to support ongoing sustainability improvements. With IFM's involvement, the company committed to transitioning away from coal, supporting Poland's shift towards a cleaner energy mix. This objective aligns with IFM's broader commitment to achieving net zero emissions across all asset classes, including the Global Infrastructure Fund, by 2050. IFM reports that the first phase of the decarbonisation programme is progressing well and they will continue to work alongside the company to help future-proof its energy generation assets and facilitate the use of lower-emission fuels.
BlackRock LDI 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

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		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 and liquidity funds.
BlackRock Sustainable Short Duration Credit ("SDC") Fund	Total Engagements: 56 Environmental: 19 Social: 10 Governance: 48 One engagement can comprise of more than one topic across each company. Therefore, the total number of engagements may not equal the sum of individual topic totals.	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.	*"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 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."*

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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 2026. 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: 1,258 Proposals Voted: 99.8% For votes: 93.4% Against votes: 5.2% Abstain votes: 1.4%	Prosus N.V.: Baillie Gifford voted against the resolution to approve the remuneration policy due to concerns regarding a special "moonshot" award for the CEO, which they did not believe appropriately aligned pay with performance. It also voted against the standard long-term incentive plan, citing concerns over the level of stringency within the performance targets. Although both resolutions were ultimately approved, Baillie Gifford communicated its concerns directly to the Chair of the Remuneration Committee.	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: 6,878 Proposals Voted: 97.0% For votes: 97.0% Against votes: 2.0% Abstain votes: 0.0% *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.	Amazon.com, Inc.: In May 2025, BlackRock voted in favour of a shareholder resolution requesting enhanced disclosure on the impact of its data centres on the company's climate commitments. BlackRock supported the proposal on the basis that it aligns with the investment objectives of the funds and with BlackRock's Investment Stewardship Climate and Decarbonisation Guidelines, which emphasise improved transparency on material climate risks. Despite this support, the resolution was a failure.	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.

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BlackRock EM Equity	Votable Proposals: 23,092 Proposals Voted: 99.0% For votes: 85.0%* Against votes: 14.0%* Abstain votes: 4.0%* *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.	The Siam Cement Public Company Limited: In March 2026, BlackRock voted against the election of a Director, citing concerns regarding board independence and the individual's capacity to provide effective oversight given their role on a number of public company boards. BlackRock considered that these factors could impair the director's ability to fulfil their responsibilities effectively. Despite BlackRock's opposition, the resolution was ultimately approved by 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.

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