

The Ethika Auto Enrolment Pension Scheme

Implementation Statement

for the year ending 31 May 2025

This Implementation Statement (“the Statement”) has been prepared by Dalriada Trustees Limited (“the Trustee”) for the Ethika Auto Enrolment Pension Scheme (“the Scheme”).

It has been prepared to comply with the requirements of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (SI 2013/2734), as amended by the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (SI 2018/988) (“the Disclosure Regulations”).

The Ethika Auto Enrolment Pension Scheme

August 2025

Introduction

Dalriada Trustees Limited (“Dalriada”) was appointed Trustee of the Scheme (“the Trustee”) by Order of The Pensions Regulator (“TPR”) amid concerns as to how the Scheme was being managed by the former trustees and, further, that members may have been victims of a pensions scam.

A Statement of Investment Principles (“SIP”) dated September 2020 was prepared by the Trustee and published on 30 September 2020, to comply with Section 35 of the Pensions Act 1995 as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The SIP was updated in October 2022, May 2023 and September 2024. The Scheme’s assets have been invested in line with the SIP and Investment Strategy over the period. No SIP was in place prior to 30 September 2020, due to the particular circumstances of the Scheme, as outlined below.

The Scheme appointed Advisory Investment Services Limited (“AIS”) as Investment Adviser in October 2020 and AIS has remained in this role during the current Scheme Year.

This Statement has been prepared in accordance with the Disclosure Regulations, in as far as it has been possible to do so, given the circumstances of the Scheme.

BACKGROUND OF THE SCHEME

Prior to Dalriada’s appointment as Trustee, the former trustees had invested Scheme assets in inappropriate and unorthodox investments, without taking appropriate advice, as required by pensions legislation. These assets were generally illiquid and/or of uncertain value.

Therefore, the Trustee’s aim is to recover what funds it can for members, resolve any associated tax or legal issues and, thereafter, to allow members to transfer the value of their pension pots to alternative, more appropriate arrangements and wind-up the Scheme. Given the irregular nature of the Scheme, the time frame for this is uncertain and may extend to a number of years.

In so far as it is possible to do so, the Trustee invests the available assets to secure a return over cash, with a lower level of risk. The tolerance to capital losses is minimal, accepting there will be drawdowns on the capital value, not least to meet ongoing expenses.

The SIP and this Statement only apply to those assets that the Trustee has been able to recover and realise, such that they are capable of being invested in accordance with the SIP. If the Trustee is able to recover and realise these unorthodox investments, such funds will be invested in line with the SIP.

Under applicable legislation, the Scheme is a defined contribution (“DC”) scheme, for the purpose of this Statement. The Trustee’s investment powers are set out in the Trust Deed and Rules and subsequent amending deeds. The SIP is consistent with those powers.

In this Statement we seek to:

- set out the Trustee’s investment policies as per the SIP;
- comment on the voting and engagement behaviour and how the Trustee’s policy has been followed during the Scheme Year;

- comment on the review of the SIP, including any changes to the SIP during the Scheme Year (if any); and
- set out how, and the extent to which, the SIP has been followed during the Scheme Year.

Trustee Investment Policies

Generally, the ultimate objective of any (legitimate) pension scheme is to provide an income in retirement for its members which reflects the level of funds paid into members' individual accounts and the returns achieved from the investment funds held.

This section sets out the policies in the SIP in force at the Scheme year end, relating to the following:

- Financially Material Considerations for the Investment Strategy
- Non-Financial Matters
- Stewardship (Voting and Engagement)
- Investment Manager Arrangements

FINANCIALLY MATERIAL CONSIDERATIONS FOR THE INVESTMENT STRATEGY

The Trustee has, to the extent possible given the particular circumstances of the Scheme, considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine the investment strategy over the length of time it is anticipated the Scheme will remain ongoing.

The Trustee believes that, to the extent possible given the particular circumstances of the Scheme, financially material considerations (including climate change) are allowed for when setting the investment strategy.

To invest in the best financial interests of the beneficiaries, the Trustee has elected to invest realised assets through pooled funds. The Trustee acknowledges that it cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest or of the unorthodox investments held by the Scheme. However, the fund managers and the investment consultant are expected to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Scheme's assets are subject to the investment managers' own philosophy and processes to ESG issues. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies will also be reviewed regularly for existing managers with the help of the investment consultant. The Trustee will only invest with investment managers that are signatories for the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standard.

The Trustee will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors, including climate change, could impact the Scheme and its investments;
- Use ESG ratings information to assess how the Scheme's investment managers take account of ESG issues; and

- Request that all of the Scheme's investment managers share information about their ESG policies and details of how they integrate ESG into their investment processes, via its investment consultant.

If the Trustee determines that financially material considerations have not been factored into the investment managers' processes, it will take this into account on whether to select or retain an investment manager.

NON-FINANCIALLY MATERIAL CONSIDERATIONS

The Trustee has not considered non-financially material matters in the selection, retention and realisation of investments.

STEWARDSHIP

The Trustee's policy on the exercise of rights attaching to investments, including any voting rights, is that these rights should be exercised by the investment managers on the Trustee's behalf, having regard to the best financial interests of the beneficiaries.

The investment managers should engage with companies to take account of ESG factors in the exercise of such rights as the Trustee believes this will be beneficial to the financial interests of members over the long term. The Trustee will review the Investment Managers' voting policies, with the help of its investment consultant, and decide if they are appropriate.

The Trustee also expects the Investment Managers to engage with investee companies on the capital structure of those companies and their management of conflicts of interest.

If the policies or level of engagement are not appropriate, the Trustee will engage with the investment managers, with the help of its investment consultant, to influence the investment managers' policy. If this fails, the Trustee will review the investments made with the investment manager.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments they manage.

INVESTMENT MANAGER ARRANGEMENTS

The Trustee, after considering suitable advice from the Investment Adviser, appointed BlackRock and Legal & General Investment Management as the managers ("Investment Managers") of the assets held by the Scheme, all of which are held on the Mobius Life investment platform ("Mobius").

The Investment Managers are authorised and regulated by the FCA and are responsible for stock selection, asset allocation and the exercise of any voting rights. All the managers are remunerated by fund-based charges on the value of the Scheme's assets that they hold.

Incentives to align investment managers investment strategy and decisions with the Trustee's policies

The Scheme invests in pooled funds. The Trustee acknowledges the funds' investment strategy and decisions cannot be tailored to the Trustee's policies. However, the Trustee sets its investment strategy and then selects managers that best suits its strategy, taking into account the fees being charged, which acts as the Investment Managers' incentive.

The Trustee uses the fund objective/benchmark as a guide on whether the fund's investment strategy is being followed and monitors this regularly.

Incentives for the investment manager to make decisions based on assessments about medium to long-term financial and nonfinancial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustee selects managers based on a variety of factors including investment philosophy, and process, which it believes should include assessing the long term financial and non-financial performance of the underlying company.

The Trustee also considers the managers' voting and ESG policies and how it engages with the company, as it believes that these factors can improve the medium to long-term performance of the investee companies.

The Trustee will monitor the Investment Managers' engagement and voting activity on an annual basis as they believe this can improve long term performance. The Trustee expects their managers to make every effort to engage with investee companies but acknowledges that their influence may be more limited in some asset classes, such as cash and bonds, as they may not have voting rights.

The Trustee acknowledges that in the short term, these policies may not improve the returns it achieves, but do expect those companies with better financial and non-financial performance over the long term will lead to better returns for the Scheme.

The Trustee believes the annual fees paid to the Investment Managers incentivises them to execute their investment policies consistently, as the longer the units are held the larger the income to the investment manager.

If the Trustees feel that the Investment Managers are not assessing financial and non-financial performance or adequately engaging with the companies they are investing in, it will use these factors in deciding whether to retain or terminate a manager.

How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies

The Trustee reviews the performance of each fund quarterly on a net of fees basis compared to its objective.

The Trustee assesses the performance periods of the individual funds over at least a 3-5 year period or over a market cycle, if appropriate, when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The Investment Managers' remuneration is a percentage of the assets held in each fund so the amount each manager receives is based upon the value of assets held with them. The remuneration paid out by the Scheme will depend upon the asset allocation. The charges are considered as part of the manager selection process. The charges are monitored regularly with the help of its investment consultant to ensure they are in line with the Trustee's policies for each fund. The Trustee believes that its and each Investment Managers' goals are aligned.

How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustee monitors the portfolio turnover costs on an annual basis.

The Trustee defines target portfolio turnover as the average turnover of the portfolio expected in the type of strategy the manager has been appointed to manage. This is monitored on an annual basis.

The Trustee has delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to their Investment Adviser.

The duration of the arrangement with the asset manager

The Trustee plans to hold each of its investments for the period which the Scheme expects to remain ongoing, but will keep this under review.

Changes in investment strategy or change in the view of the Investment Managers can lead to the duration of the arrangement being shorter than expected.

Stewardship – Voting and Engagement

The Trustee is required to disclose the voting and engagement activity over the Scheme year, where applicable. The Trustee requested the Scheme’s Investment Adviser to obtain voting and investment engagement information from the Investment Managers (LGIM and BlackRock) on the Scheme’s behalf.

This statement provides a summary of the key information provided by the Investment Managers to the Investment Adviser in relation to the Scheme Year.

VOTING AND ENGAGEMENT ACTIVITY

The Trustee’s policy in relation to stewardship is set out on page 9 of the SIP updated in September 2024.

As the Scheme’s investments are exclusively in cash and bond funds, with no voting rights, there was no voting activity to report.

Should the Investment Strategy of the Scheme (and the SIP) be amended in the future to include an element of listed equities or other assets that carry voting rights and afford fund managers the opportunity to engage with investee companies, the Trustee will work with its Investment Adviser and Investment Managers in relation to providing information regarding voting and engagement activity in future implementation statements.

For completeness, as the Scheme’s investments carry no voting rights, no “significant votes” have been identified or voted on over the course of the Scheme Year.

MANAGER ENGAGEMENT INFORMATION

The Trustee believes that an important part of responsible oversight is for Investment Managers to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, it expects the Scheme’s Investment Managers to engage with investee companies where they have identified any such issues.

The engagement activity was requested from all of the Scheme’s Investment Managers, where appropriate.

LGIM Short-Dated Sterling Corporate Bond Index Fund


LGIM have provided the summary overleaf of the engagement activity and key ESG metrics for their Short-Dated Sterling Corporate Bond Index Fund. The information provided was not in line with the Scheme’s reporting period but covered the 12-month period to 31 March 2025.


Engagement (12 month period)^{xx}




Key ESG metricsⁱ

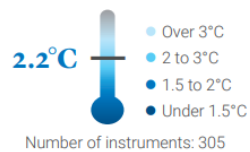
As at 31 March

 Carbon footprint ^{ii,iii}	Corporates	Corporates and Sovereigns ^{iv}
Tonnes CO ₂ e per £1 million invested*	24.7	25.6
1 year change	▼ -4.7%	▼ -4.1%
Eligibility ^{v,vi,viii}	94.7%	95.4%
Eligible coverage ^{v,vi,vii}	78.7%	78.8%
Total coverage ^{v,vi,vii}	74.5%	75.2%

 Weighted average carbon intensity (WACI) ^{iii,ix}	Corporates	Corporates and Sovereigns ^{iv}
Tonnes CO ₂ e per £1 million revenue	45.8	47.3
1 year change	▼ -5.9%	▼ -5.9%
Eligibility ^{v,vi,viii}	94.7%	95.4%
Eligible coverage ^{v,vi,vii}	91.2%	91.3%
Total coverage ^{v,vi,vii}	86.4%	87.1%

 Total carbon emissions ^{v,x,xl}	Corporates	Corporates and Sovereigns ^{iv}
Scope 1 ^{xii}	9,314.3	-
Scope 2 ^{xiii}	3,071.4	-
Scope 1 + Scope 2	12,385.7	-
Scope 3 ^{xiv}	334,500.4	-
Total Carbon Emissions^{xv,xvi}	-	13,519.3

Implied temperature alignment^{xvii}



Climate Value at Risk (VAR)^{xviii}



Climate Value at Risk 1.5°C (Climate VaR). This metric aims to analyse the potential impact of LGIM's 1.5°C Net Zero 2050 scenario on the present market value of financial assets. As this is a climate transition scenario, the majority of these risks will likely be due to climate policy rather than the impact of physical climate change.

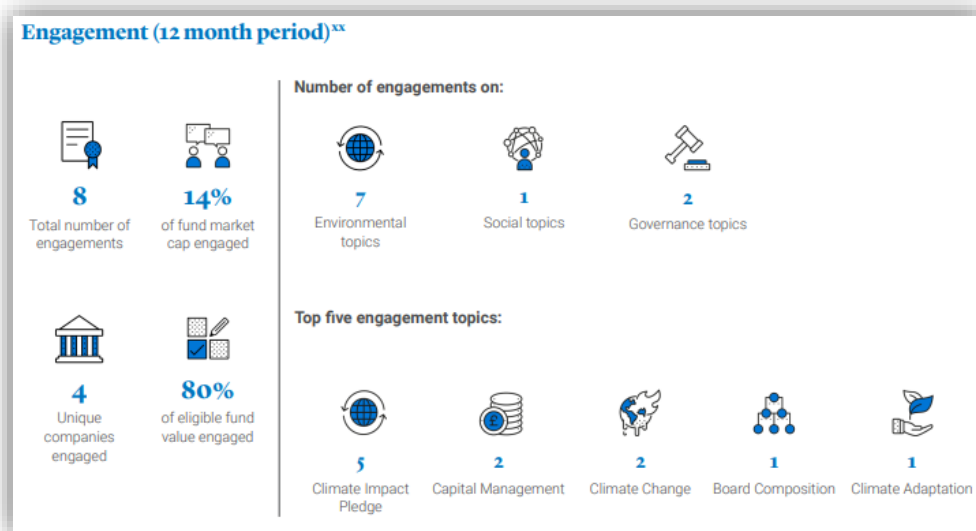
The engagement and ESG metric information provided by LGIM for the year to 31 March 2025 provides a comparison with the equivalent information for the year to 31 March 2024. Some of the significant figures when comparing the periods are as follows for the Bond Fund:

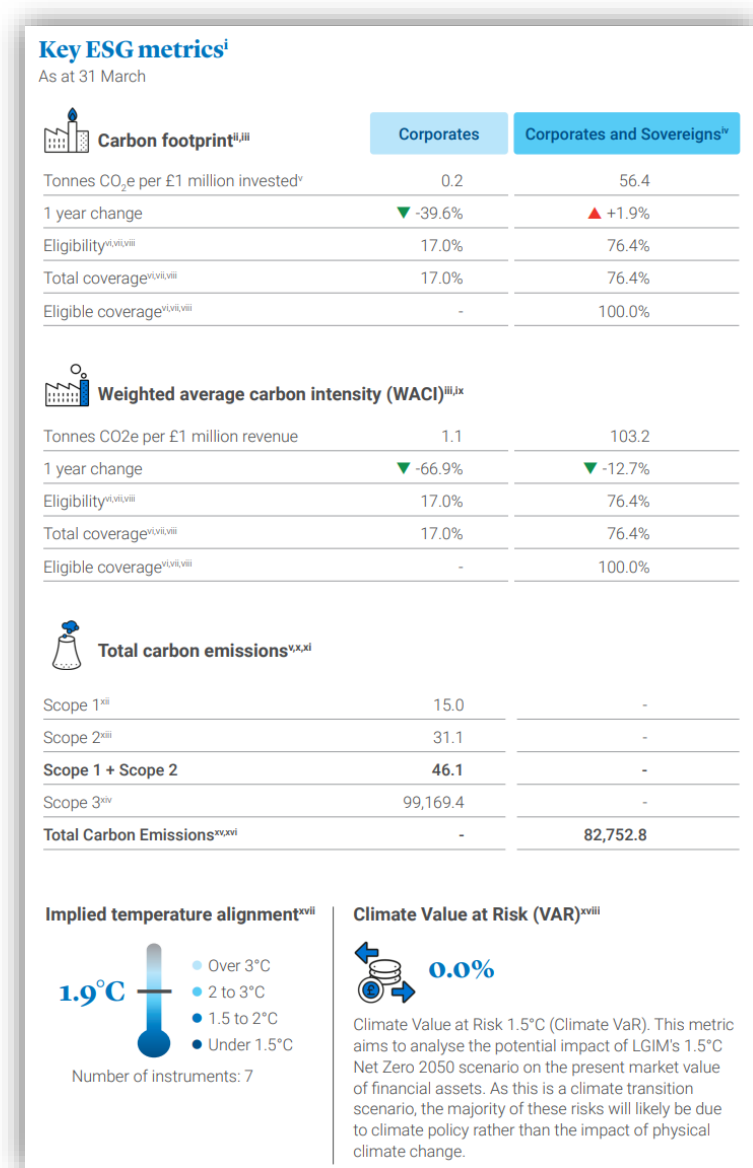
- The total number of engagements is much higher (271 this period c.f. 151 last period), with 72% of eligible fund value engaged (c.f. 46% last period). This suggests stronger stewardship and an active climate agenda on behalf of the Fund.
- ‘Climate Impact Pledge’ was the dominant engagement topic over the year, with Corporate Strategy, Remuneration, Climate Change and Human Rights completing the top five topics.
- The ESG metrics show a significant increase in the rate of climate engagement, from 27.9% in 2024 to 63.3% in 2025.
- In the previous reporting period the percentage of the fund engaged in the Science Based Targets Initiative decreased, but in the year to 31 March 2025 it has increased from 40.8% to 41.6%, showing more companies in the fund have emissions targets.
- Headline statistics relating to total carbon emissions for the Fund have increased over the year to 31 March 2025 (10,337.9 to 13,519.3 tonnes CO₂e). However, carbon intensity has decreased by 3.0%, indicating increased carbon efficiency across the companies in the fund portfolio.

Carbon reserves have seen a significant improvement, with a 27.3% reduction in the fund’s exposure to fossil fuels over the year, from 688.3 to 500.3 tonnes CO₂e per \$1 million invested.

LGIM Cash Fund

The LGIM Cash Fund has limited potential for engagement and ESG activity, but LGIM still provided summaries for the fund for the year to 31 March 2025, as detailed below.





The ESG metrics in relation to the LGIM Cash Fund for the year to 31 March 2025, when compared to the information available for the previous year, show the following in relation to the Cash Fund:

- The carbon footprint of the Cash Fund (including sovereign cash investments) rose from 55.4 to 56.4 tonnes CO₂e per \$1 million invested.
- Total carbon emissions from the Cash Fund increased from 77,894.7 tonnes CO₂e to 82,752.8 tonnes CO₂e over the period, indicating higher absolute emissions from the holdings in the portfolio.
- Carbon intensity statistics for the Cash Fund improved over the period, from 118.2 to 103.2 tonnes CO₂e per \$1 million, indicating better operational efficiency.

BlackRock Aquila Life up to 5-Year Corporate Bond Index Fund

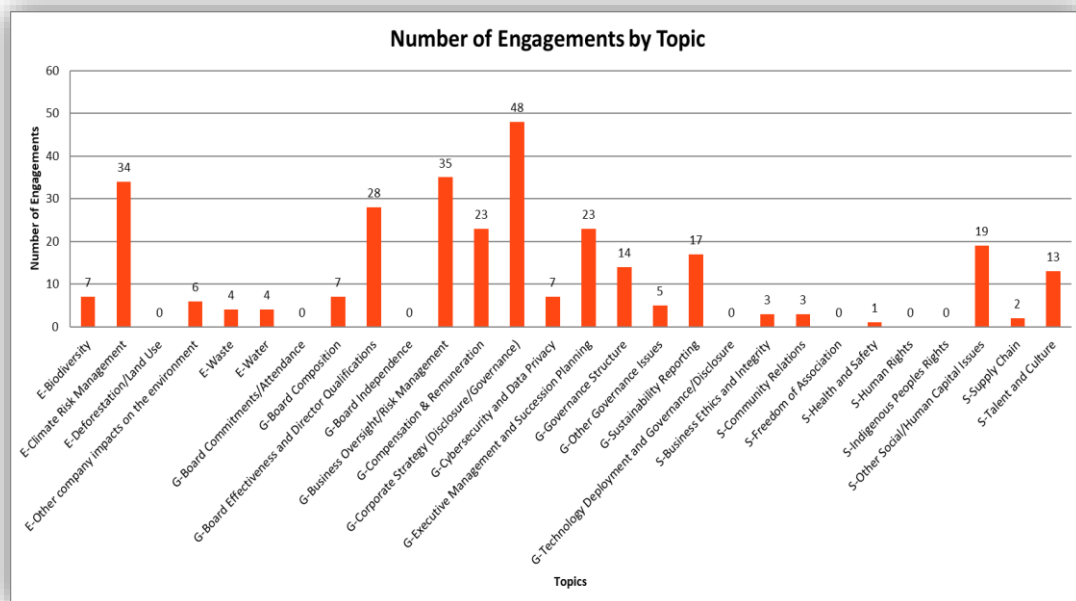
In previous reporting periods, BlackRock was unable to provide fund level engagement information in respect of the Corporate Bond Fund. The Investment Adviser suggested to BlackRock that they

reconsider their reporting in the future, as ESG engagement becomes more of a regulatory priority in the UK. The Trustee also urged BlackRock to provide fund level reporting. BlackRock acknowledged this feedback and prepared engagement information for the fund for the year to 30 June 2025. This was a welcomed change of reporting policy and one which we trust BlackRock will continue to produce going forward. We will also encourage BlackRock to provide ESG metrics for the fund, as produced by LGIM.

BlackRock provided the below summary of the engagement activity for their 5-Year Corporate Bond Index Fund, covering the 12-month period to 31 March 2025.

Aquila Life Up To 5 Year Corporate Bond Index Fund - Engagement Summary Report - Jul 01, 2024 to Jun 30, 2025	
Portfolio covered: ALSHCBTTL	Number
Total companies in portfolio (as of 06-30-2025)	276
Total company engagements	
Americas	14
EMEA	62
APAC	4
Number of individual companies engaged	
Americas	12
EMEA	31
APAC	4
Number of companies with multiple engagements	
(of individual companies where we held multiple engagements over the course of the reporting period)	20
Engagement themes*	
Governance	73
Social	28
Environmental	34

The engagement information provided by BlackRock for the year to 30 June 2025 included the following breakdown by topic.



The fund-level information provided in relation to the BlackRock Aquila Life up to 5-Year Corporate Bond Index Fund shows the following:

- From the 276 companies in the fund’s bond portfolio, there were 80 engagements over the year, albeit with those engagements covering 47 (17%) individual companies.
- Over 91% of engagements (73 out of 80, with engagements having multiple themes) were focused on governance themes.
- Board quality, risk oversight and corporate strategy represented the particular areas of focus for the governance engagements.
- Climate risk management was addressed in every environmental engagement raised, with a distinct lack of focus on more specific environmental themes like biodiversity and deforestation.
- Social engagement was the least prevalent, with the emphasis resting on talent and workforce issues rather than community work or human rights.

In previous reporting periods BlackRock provided the Investment Adviser with an asset-level engagement report, in respect of their Sterling Fixed Income funds. However, when asked for an updated version for this reporting period, BlackRock advised the asset-level engagement report is no longer produced.

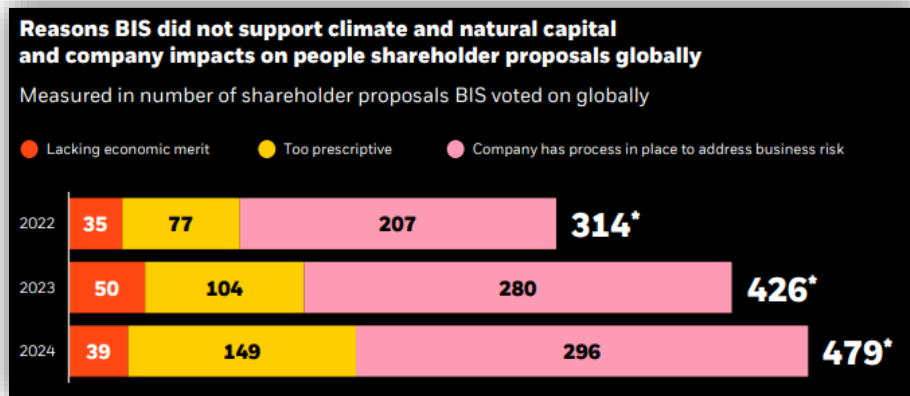
BlackRock did provide an Investment Stewardship Annual Report for the year to 31 December 2024. This was not specific to the asset class invested in by the Scheme, but rather covered BlackRock’s investment portfolio as a whole.

In 2024, the BlackRock Investment Stewardship (“BIS”) team had a total of 3,384 engagements (an decrease from 3,768 in 2023) and voted on more than 167,000 proposals (a slight decrease from 170,000 in 2023) across 18,375 shareholder meetings (an increase of 76 meetings from 2023) in respect of 13,938 individual companies (a decrease of 262 from 2022).

BlackRock confirmed that in 2024, the engagement across their five priority areas was as follows:



In regard to the engagements focused on ESG issues (i.e. ‘climate and natural capital’ and ‘company impacts on people’), BIS noted that these proposals outnumbered governance motions (i.e. ‘board quality and effectiveness’) in 2024. However, BIS expressed the view that the majority of these ESG-focused proposals were “over-reaching, lacked economic merit, or sought outcomes that were unlikely to promote long-term shareholder value” and were “focused on business risks that companies already had processes in place to address”. As such, these proposals “continued to garner low investor support”, with BIS supporting approximately 4% of such proposals.



BIS noted that the majority of stewardship focus remained on board quality, financial resilience and executive incentives, with climate and social proposals considered cautiously, unless they had a material financial benefit. As such, stewardship activities for BIS were grounded in financial materiality rather than environmental or social activism. The fund-level information provided by BlackRock clearly illustrates this to be the case for the Aquila Life up to 5-Year Corporate Bond Index Fund.

While this suggests a lack of ESG support on behalf of BIS, it is clear that BIS critically evaluates all ESG focused proposals and does not vote for any such proposals without clear merit. Given the challenging economic backdrop of 2024 (such as higher interest rates, inflation and low growth) for companies, it is not surprising that BIS has focused its stewardship on promoting corporate governance to encourage long-term financial returns.

OUTSTANDING INFORMATION

This section sets out the status of outstanding information the Investment Adviser has requested.

While BlackRock provided an Annual Stewardship Report for 2024, an updated version was not available for 2025. Despite initially being unavailable, BlackRock did produce fund level ESG engagement reporting. The Investment Adviser has encouraged BlackRock to continue to produce fund level reports in the future, and provide asset class level reports on a more regular basis.

CONCLUSION

As the Scheme’s investments are exclusively in cash and bond funds, with no voting rights, there was no voting activity to report. For completeness, as a result, no “significant votes” have been identified or voted on over the course of the Scheme Year.

While the nature of the Scheme’s portfolio does not lend itself to high levels of voting and engagement activity, the Trustee will continue to review the information provided.

LGIM were able to provide fund specific summaries in relation to engagement and ESG metrics, for both the cash and bond funds. This did not precisely cover the Scheme’s reporting period but did cover the 12-month period to 31 March 2025.

LGIM were able to provide engagement information in relation to the LGIM Cash, albeit this was in respect of only 8 engagements. Given the cash nature of the fund, it is not surprising that there were

a small number of engagements over the 12-month period, with the majority of these engagements focusing on climate change.

LGIM has continued to provide good levels of information and the analysis suggests they have placed more focus on stronger stewardship and an active climate agenda, with climate related engagements increasing from 28% in 2024 to 63% in 2025. While the overall carbon emissions of companies in the LGIM Bond Fund has increased, the data does suggest improved carbon efficiency too.

As this was the first time BlackRock provided fund level ESG engagement reporting, it is not possible to critically analyse the results against earlier periods. Assuming fund level reports continue to be available, a more critical analysis of BlackRock's engagement will be possible in future reporting periods.

The information provided by BlackRock for their Bond Fund this year does indicate a relatively low engagement rate (17% of the companies in the portfolio), but this is not unexpected given the nature of the asset class and may be more indicative of the companies themselves not focusing on ESG policies on which it is possible to engage. Where BlackRock has engaged, it has shown a focus on governance topics, with climate and social proposals considered cautiously, unless they had a material financial benefit.

While the provision of engagement information from BlackRock for this reporting period is to be welcomed, there is still a lack of ESG metrics in relation to the companies within the portfolio (which LGIM has provided for recent reporting periods). The Trustee and Investment Adviser will continue to seek improved reporting from BlackRock going forward.

Review and Changes to the SIP during the Scheme Year

The Scheme did not have a SIP in place prior to September 2020. The SIP that was prepared in September 2020 was updated in October 2022. It was reviewed again in May 2023 and September 2024 by the Investment Adviser and comfort provided that all areas remained relevant. Copies of the SIPs can be found [here](#).

The Trustee prepared and signed the current SIP in September 2024, complying with all the legislative requirements including the requirements on clarifying and strengthening trustee duties that came into force on 1 October 2019, as well as other changes that came into force on 1 October 2020. The Scheme's assets, excluding the inappropriate assets, were invested in January 2021 in line with the September 2020 SIP. The Scheme's assets remain invested in line with the most recent SIP dated September 2024.

The SIP sets out the Trustee's policies relating to:

- Investment strategy;
- Types of investment;
- Balance between different types of investment;
- Expected return on investments; Realisation of investments; and
- Risks.

Full details of these policies can be viewed in the SIP (linked above).

In order to comply with the requirements on clarifying and strengthening trustee duties (that came into force on 1 October 2019), the Trustee also set out the following in the SIP:

- how they take account of financially material considerations over the appropriate time horizon of the investments, including those arising from ESG considerations, including climate change;
- their policies in relation to the stewardship of the investments, including engagement with investee firms and the exercise of the voting rights associated with the investment, where applicable; and
- The Trustee decided not to set a policy for non-financial matters in the selection, retention and realisation of investments. Whilst the Trustee believes it looks out for the best interests of the members, they have not yet explicitly taken into account the member views on ESG or ethical views due to the particular circumstances of the Scheme.

In order to comply with the requirements on investment manager arrangements as well as policies on engagement and stewardship (that came into force on 1 October 2020), the Trustee set out the following in the SIP:

- Arrangements with any asset manager, including incentives, remuneration, performance evaluation, portfolio turnover and duration of the arrangement.

- How they monitor the investee company on capital structure and how they manage actual and potential conflicts of interest in relation to their engagement.
- The Trustee also set out how they would monitor financially material considerations.

The Trustee remains of the view that all of the above policies will help deliver long-term value for all members.

REVIEW AND CHANGES TO THE INVESTMENT STRATEGY

During the Scheme Year, the Trustee sought the advice of the Investment Adviser to confirm the suitability of the SIP and associated investment strategy.

The primary aim of the investment strategy was to avoid default risk whilst achieving a return above that available on cash. While the strategy was originally created for a benign economic environment, with relatively stable inflation and interest rates, the amendment made to the SIP in October 2022 (i.e. to reduce the exposure of the Scheme to corporate bond funds and increase the proportion of funds invested in cash, based on the Scheme's expected time to wind-up) has allowed the Trustee to manage unstable economic conditions of recent years.

At each quarterly review over the Scheme Year, the Investment Adviser has advised that the SIP and investment strategy remained suitable for the Scheme's investments. There have therefore been no changes to the investment strategy over the period.

The only amendments to the SIP over the Scheme Year were:

- the addition of the 'Default Arrangement' section on page 7 of the SIP, to address the disclosure requirements introduced by the Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023, and;
- an update to the fund charges detailed in Appendix A of the SIP.

Compliance with SIP during the Scheme Year

The Trustee is of the opinion that the SIP (i.e. the SIP dated October 2022 and the updated SIP dated September 2024) has been followed over the Scheme Year. The actions taken over the year in compliance with the SIP are as follows:

- The Trustee has monitored the investments via regular reviews with the Investment Adviser to ensure that this objective is being met. This includes areas such as manager performance, fees and costs, as well as overall governance costs. Mobius also provide quarterly reports that have been reviewed by the Trustee and the Investment Adviser going forward.
- Prior to investing the Scheme's funds in January 2021, the Trustees engaged with the Investment Adviser at length and obtained advice as to the most appropriate funds and investment fund managers to best implement the Investment Strategy. The Investment Adviser considered the performance of various funds and fund managers, including the costs of the funds, the fund managers' philosophy, the underlying assets of the funds, before recommending the chosen Investment Managers. The managers were also selected as they are UN PRI signatories. The Trustee is of the opinion that the manager selection exercise satisfied the requirements of the SIP and the conclusions remain appropriate following subsequent reviews with the Investment Adviser during the Scheme Year.
- Implemented the Investment Strategy in line with the Scheme's SIP and the advice of the Investment Adviser. The primary objective of the investment Strategy is to provide a reasonable, stable investment portfolio, that targets some return over cash whilst protecting against further capital loss. Investing in the funds detailed above was in line with this objective and also ensured that the Investment Strategy of the Scheme is consistent with relevant legislation/regulations, the Scheme's Trust Deed and Rules and best practice. The requirement to include diversification in the portfolio was also satisfied by the implementation.
- The Scheme's Investment Adviser has been able to obtain engagement and ESG information from the Investment Managers, which has enabled the Trustee to consider and review these requirements in line with the SIP. While the engagement opportunities are limited by the nature of the Scheme's fund portfolio, the Trustee is of the opinion that the requirements of the SIP in relation to voting, engagement and ESG have been met.
- In September 2024 the Trustee completed a formal review of the Investment Adviser's performance objectives and their continued appointment to the Scheme. It was the Trustee's conclusion that the objectives set for the Investment Adviser remain appropriate and fit for purpose, and that AIS should continue as Investment Advisor for the Scheme.

Conclusion

As identified in this Statement, the Trustee implemented an amendment to the investment strategy in 2022, in response to the volatility in the financial markets at that time. The SIP was amended in October 2022 to reflect this agreed change in approach. No changes have been made to the investment strategy over the Scheme Year.

Minor amendments were made to the SIP over the Scheme Year to address new disclosure requirements and updated management charges for the funds in the portfolio.

The Trustee is of the view that the Scheme's SIP has been followed during the Scheme Year.

With the input of the Investment Adviser, the Trustee will continue to review the Scheme's Investments, and suitability of the investment strategy and SIP, on a quarterly basis and take action should the Investment Objectives and other SIP policies not be met.